

42nd
ANNUAL
REPORT
2016-2017



MAHARASHTRA SCOOTERS LTD.



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42nd Annual General Meeting:

Tuesday, 18 July 2017 at 12.15 p.m. at the Registered Office

The Company is arranging local transport for shareholders / proxies attending the meeting.
For further details, please contact Share Department at Registered Office on
Phone No.020 66106564

**Board of Directors**

Madhur Bajaj, *Chairman*

Mrs. Charu Desai (till 27 October 2016)

Naresh Patni

Ramesh K. Nikharge

Mrs. Richa Bagla (from 24 January 2017)

Sadashiv S. Survase

Sanjay S. Degaonkar

Sanjiv Bajaj

Vikram Kumar

Yogesh J. Shah

Audit Committee

Yogesh J. Shah, *Chairman*

Mrs. Charu Desai (till 27 October 2016)

Naresh Patni

Sanjay S. Degaonkar (from 24 January 2017)

Stakeholders Relationship Committee

Yogesh J. Shah, *Chairman*

Sanjiv Bajaj

Vikram Kumar

Nomination & Remuneration Committee

Yogesh J. Shah, *Chairman*

Naresh Patni

Sanjay S. Degaonkar

Corporate Social Responsibility Committee

Yogesh J. Shah, *Chairman*

Sadashiv S. Survase

Sanjiv Bajaj

Key Managerial Personnel

Rajeev D. Haware

Chief Executive Officer

R.B. Laddha

Chief Financial Officer

N.S. Kulkarni

Company Secretary

Statutory Auditor

P.C. Parmar & Co., Pune

Secretarial Auditor

Shyamprasad D. Limaye

Internal Auditor

Jayesh Kulkarni

Registered Office

C/o. Bajaj Auto Ltd.

Mumbai-Pune Road

Akurdi, Pune 411 035

Registrar and Share Transfer Agent

M/s. Karvy Computershare Pvt. Ltd.

Karvy Selenium Tower B, Plot 31-32

Gachibowli, Financial District

Nanakramguda, Hyderabad-500 032

Works

Plot No.C-1, M.I.D.C. Area

Satara-415 004, Maharashtra

Corporate Identification No. (CIN)

L35912MH1975PLC018376

Website

www.mahascooters.com

E-mail

investors_msl@bajajauto.co.in



CIN: L35912MH1975PLC018376

Registered office:

C/o. Bajaj Auto Ltd.,
Mumbai-Pune Road, Akurdi,
Pune 411 035.

www.mahascooters.com

E-mail: investors_msl@bajajauto.co.in

NOTICE

NOTICE is hereby given that the forty-second (42nd) Annual General Meeting of the shareholders of **MAHARASHTRA SCOOTERS LTD.** will be held on **Tuesday, 18 July 2017 at 12.15 p.m.** at the Registered Office of the Company at C/o. Bajaj Auto Ltd., Mumbai-Pune Road, Akurdi, Pune-411 035, to transact the following business:-

ORDINARY BUSINESS:

Item No.1

To consider and adopt the audited Balance Sheet as at 31 March 2017 and the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors and Auditors thereon.

Item No.2

To declare a dividend on equity shares.

Item No.3

To appoint a Director in place of Shri Sanjiv Bajaj (DIN 00014615) who retires by rotation and being eligible, offers himself for re-appointment.

Item No.4

To appoint Auditors of the Company and to fix their remuneration and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED that pursuant to the provisions of section 139 and other applicable provisions of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014, M/s. Kirtane & Pandit LLP, Chartered Accountants, Pune (ICAI Firm Registration No.105215W / W100057) be and are hereby appointed as Auditors of the Company, in place of M/s. P.C. Parmar & Co., the retiring auditors, to hold office from the conclusion of this Annual General Meeting until the conclusion of 47th Annual General Meeting, subject to ratification of their appointment by the members at every intervening Annual General Meeting, on a remuneration to be mutually agreed to between the Company and Auditors."

SPECIAL BUSINESS:

Item No.5

Appointment of Mrs. Richa Bagla (DIN 06654149) as an Independent Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:-

"RESOLVED that pursuant to section 149 and other applicable provisions of the Companies Act, 2013, read with the Rules made thereunder, approval be and is hereby accorded to the appointment of Mrs. Richa Bagla (DIN 06654149), in respect of whom a notice in writing pursuant to section 160 of the Companies Act, 2013 has been received in the prescribed manner, as an Independent director on the Board of the Company, for a consecutive period of five years, effective from 24 January 2017 to 23 January 2022."

"RESOLVED further that pursuant to the provisions of section 149, 197 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Mrs. Richa Bagla be paid such fees and remuneration as the Board may approve from time to time and subject to such limits, prescribed or as may be prescribed from time to time."

By Order of the Board
for MAHARASHTRA SCOOTERS LTD.

N.S. Kulkarni
Company Secretary

Pune, 16 May 2017

NOTES:

1. **EXPLANATORY STATEMENT:** Explanatory Statement pursuant to section 102 of the Companies Act, 2013 with respect to the Special Business set out in item No.5 is annexed.
2. **PROFILE OF DIRECTORS:** As required by Regulation 36(3) of the Listing Regulations, brief resume of the Directors seeking appointment / re-appointment is annexed hereto.
3. **PROXY:** *A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS UPTO AND NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. FURTHER, A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR MEMBER. THE INSTRUMENT APPOINTING PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF HOLDING THE MEETING.*

During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than 3 days written notice is given to the Company.
4. **NOTIFICATION BY MEMBERS:** Members holding shares in physical form are requested to notify change of address, if any, to the Share Transfer Agent (STA) of the Company, Karvy Computershare Private Ltd., Karvy Selenium Tower B, Plot No.31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 008, immediately.

Beneficial owners holding shares in electronic form are requested to notify any change in address, bank particulars, NECS particulars etc., to their respective depository participants. Bank details as furnished by the respective depository participants to the Company would be used for the purpose of distribution of dividend either through payment instrument or NECS. The Company would not entertain any request from such members for change / deletion of such Bank details.
5. **DIVIDEND:** Subject to the provisions of section 125 of the Companies Act, 2013, if dividend on equity shares as recommended by the Directors is approved at the meeting, payment of such dividend will be made from **24 July 2017 to 25 July 2017**, to those shareholders, whose names appear (a) as Beneficial Owners as at the end of the business hours of Friday, 7 July 2017 as per the list to be furnished by National Securities Depository Ltd. and Central Depository Services (I) Ltd., in respect of shares held in electronic form and (b) as Members in the Register of members of the Company, after giving effect to all valid share transfers lodged with Karvy Computershare P.Ltd., Hyderabad, the Share Transfer Agent (STA) of the Company on or before Friday, 7 July 2017.
6. **UNCLAIMED DIVIDEND:** Pursuant to the provisions of section 124(5) of the Companies Act, 2013, the amount of dividend for the financial year 2009-10 remaining unpaid for a period of seven (7) years shall become due for transfer to the Investor Education and Protection Fund (IEPF) established by the Central Government, on 17 August 2017.

Further, in terms of section 124(6) of the Act, in case of such shareholders whose dividends are unpaid for a **continuous period of 7 years**, the corresponding shares shall be transferred to the IEPF Demat Suspense Account.

Shareholders who have not claimed dividends in respect of the financial years from 2009-10 onwards are requested to approach the Company / STA for claiming the same as early as possible, to avoid transfer of the relevant shares to the IEPF Demat Suspense Account.
7. **BOOK CLOSURE:** Pursuant to the provisions of section 91 of the Companies Act, 2013, Register of Members and Share Transfer Books of the Company will remain closed from **Saturday, 8 July 2017 to Tuesday, 18 July 2017**, both days inclusive, for the purpose of Annual General Meeting and payment of dividend.
8. **INSPECTION OF RECORDS:** Register of Contracts or arrangement in which Directors are interested as stipulated under section 189 of the Companies Act, 2013 and Register of Directors and Key Managerial Personnel and their shareholding maintained under section 170 of the Companies Act, 2013 are open for inspection by members and others at the registered office of the Company on all working days during business hours. The said Registers shall also be produced at the commencement of annual general meeting and shall remain open and accessible during the continuance of the meeting to a person having the right to attend the meeting.
9. **GREEN INITIATIVE IN CORPORATE GOVERNANCE:** In terms of provisions of section 101 and 136 of the Companies Act, 2013 and Rules made thereunder, Members who have opted to receive the Notice convening the general meetings, Financial Statements, Directors' Report, Auditors' Report etc. in electronic form, by registering their e-mail addresses with the Company or whose e-mail addresses are made available to the Company by the



Depositories, are being sent with such documents in the electronic form. These documents are also made available on the website of the Company viz., www.mahascooters.com. **As a Shareholder of the Company, you are entitled to be furnished, free of cost, with the copies of such documents upon receipt of requisition from you to that effect.**

10. **CORPORATE MEMBERS:** Corporate Members are requested to send in advance, duly certified copy of the Board Resolution / Power of Attorney authorizing their representative to attend the Annual General Meeting.
11. **NOMINATION:** Pursuant to section 72 of the Companies Act, 2013, members holding shares in physical form are advised to submit the nomination in the prescribed Form SH-13, available for download on the website of the Company, to the Company's Share Transfer Agent. In respect of shares held in electronic / demat form, the members are requested to contact their respective depository participant.
12. **REMOTE E-VOTING:** In terms of the provisions of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of Listing Regulations, the Company is providing facility to exercise votes on the items of business given in the Notice through electronic voting system to such investors who are the members as on **11 July 2017**, being the "**cut-off date**" fixed for determining voting rights of members reckoned on the equity shares held by them as on that day, entitled to participate in the e-voting process. The Company has entered into an arrangement with M/s. Karvy Computershare P. Ltd., the Share Transfer Agent of the Company (Karvy) for facilitating e-voting, through their e-voting platform, <https://evoting.karvy.com>
13. Route map of venue of the meeting is provided on Page No.60 of Annual Report.

INSTRUCTIONS FOR E-VOTING:

A. FOR MEMBERS WHO RECEIVE NOTICE OF ANNUAL GENERAL MEETING THROUGH E-MAIL:

- i. Use the following URL for e-voting:
<https://evoting.karvy.com>
- ii. Enter the login credentials i.e. User-ID & Password mentioned in your e-mail. Your Folio No./DP ID Client ID will be your user ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and Password for casting your votes.
- iii. After entering the details appropriately, click on LOGIN.
- iv. You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. The system will prompt you to change your password. **It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.**
- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the EVENT i.e., **MAHARASHTRA SCOOTERS LTD.**
- vii. On the voting page, the number of shares (which represents the number of votes) as held by the shareholder as on the cut-off date will appear. If you desire to cast all the votes assenting / dissenting to the Resolution then enter all shares and click "FOR" / "AGAINST", as the case may be or partially in "FOR" and partially in "AGAINST". However, the total number in "FOR" / "AGAINST" taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option "ABSTAIN", in which case the shares held will not be counted under either head.
- viii. Members holding multiple folios / demat account shall choose the voting process separately for each folios / demat account.
- ix. Cast your votes by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. During the voting period, you can login any number of times till you confirm having voted on the resolution.
- x. Corporate / Institutional members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution / Authority Letter etc. together with attested specimen signature of the duly authorized signatory (ies) who are authorized to vote, to the Scrutinizer through e-mail cssdlimaye@gmail.com. They may also upload the same in the e-voting module in their login. The scanned images of the above documents should be in the naming format "Corporate Name EVENT NO."
- xi. **Once you have cast your vote on a resolution, you will not be allowed to modify it subsequently.**
- xii. The Portal will remain open for voting from **Saturday, 15 July 2017 (9.00 a.m.) till Monday, 17 July 2017 (5.00 p.m.) and at the end of Remote e-voting period, the facility shall forthwith be blocked.**
- xiii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for members and e-voting User Manual for members available at the download section of <https://evoting.karvy.com> or contact Karvy Computershare Pvt. Ltd. on 1800 345 4001 (toll free).

B. FOR MEMBERS WHO RECEIVE THE NOTICE OF ANNUAL GENERAL MEETING IN PHYSICAL FORM:

Members holding shares either in demat or physical mode who are in receipt of notice in physical form, may cast their votes using the e-voting facility for which the User Id and initial password are provided on the attendance slip. Please follow steps from Sl. No. (i) to (xii) under heading A above to vote through e-voting platform.

C. VOTING AT THE MEETING:

Members who have not cast their vote by Remote E-Voting can exercise their voting rights at the Annual General Meeting. The Company will make necessary arrangements by way of electronic voting for exercising the options of voting by the members of the Company.

The members who have cast their vote by remote e-voting prior to the Annual General Meeting may also attend the meeting, but shall not be entitled to cast their vote again at the meeting.

D. GENERAL INSTRUCTIONS:

The Board of Directors has appointed Shri Shyamprasad D. Limaye, Practising Company Secretary (FCS No. 1587 CP No.572) as the scrutinizer to the e-voting process and voting at the venue of the annual general meeting in a fair and transparent manner.

The scrutinizer shall, immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, thereafter unlock the votes through e-voting in the presence of at least two (2) witnesses, not in the employment of the Company and make, not later than three (3) days from the conclusion of the meeting, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman of the Company, who shall countersign the same.

The scrutinizer shall submit his report to the Chairman, who shall declare the result of the voting. The results declared along with the scrutinizer's report shall be placed on the Company's website: www.mahascooters.com and on the website of Karvy – www.evoting.karvy.com, and shall also be communicated to the stock exchanges. The resolution shall be deemed to be passed at the annual general meeting of the Company scheduled to be held on Tuesday, 18 July 2017.

Annexure to Notice

BRIEF RESUME OF DIRECTORS SEEKING APPOINTMENT AT THE ANNUAL GENERAL MEETING PURSUANT TO REGULATION 36(3) OF LISTING REGULATIONS AND EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013

Item No.3**Re-appointment of Shri Sanjiv Bajaj (DIN 00014615) as a Director**

Pursuant to the provisions of section 152 of the Companies Act, 2013, Shri Sanjiv Bajaj (DIN 00014615) retires by rotation and being eligible, offers himself for reappointment.

Details as required under Regulation 36(3) of Listing Regulations 2015 with respect to the appointment of Shri Sanjiv Bajaj are annexed to the Notice.

Apart from Shri Sanjiv Bajaj, none of the Directors, Manager and other Key Managerial Personnel of the Company or their relatives are concerned or interested in the above resolution.

Shri Sanjiv Bajaj is not disqualified from being appointed as a Director in terms of section 164 of the Companies Act, 2013.

The Board commends the resolution for the approval of Members.

Item No. 5**Appointment of Mrs. Richa Bagla (DIN 06654149) as an Independent Director**

In the vacancy caused by the resignation of Mrs. Charu Desai, an Independent Director, the Board of Directors at its meeting held on 24 January 2017, had appointed Mrs. Richa Bagla (DIN 06654149) as an Independent Director for a period of five (5) years, effective 24 January 2017 to 23 January 2022, subject to approval by the Members at the ensuing Annual General Meeting.

Mrs. Richa Bagla has furnished a declaration to the Company under section 149(7) of the Companies Act, 2013, confirming that she meets the criteria prescribed for Independent Directors pursuant to the provisions of section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations and is not disqualified for being appointed as a Director pursuant to section 164 of the Companies Act, 2013.



In the above backdrop, as required pursuant to the provisions of section 150(2) of the Companies Act, 2013, it is proposed to seek the approval of Members to the appointment of Mrs. Richa Bagla as an Independent director of the Company for a period of five consecutive years with effect from 24 January 2017 to 23 January 2022, as set out at item No.5 of the Notice. As stipulated under section 160 of the Companies Act, 2013, a Notice is received by the Company from a shareholder proposing the candidature of Mrs. Richa Bagla as an Independent Director.

None of the Directors/key managerial personnel and/or their relatives, except Mrs. Richa Bagla, is directly or indirectly concerned or interested, financially or otherwise, except to the extent of their respective shareholding, if any, in the Company, in the resolution set out in item No. 5 of the Notice.

Details as required under Regulation 36(3) of Listing Regulations 2015 with respect to the appointment of Mrs. Richa Bagla are annexed to the Notice.

The Board is of the opinion that Mrs. Richa Bagla possesses requisite skills, experience and knowledge relevant to the Company's business and it would be in the interest of the Company to continue to have her association with the Company as director.

Further, in the opinion of the Board, the proposed appointment of Mrs. Richa Bagla, fulfills the conditions specified in the Act and the Rules made thereunder and that her proposed appointment as an Independent Director is independent of the Management.

The Board recommends the resolution set forth under item No.5 of this Notice for the approval of the Members.

By Order of the Board
for MAHARASHTRA SCOOTERS LTD

N.S. Kulkarni
Company Secretary

Pune, 16 May 2017

Annexure to the Notice of Annual General Meeting

Brief resume of Directors seeking appointment / re-appointment at the Annual General Meeting pursuant to Regulation 36(3) of Listing Regulations

| Name of Director | Mrs. Richa Bagla | Sanjiv Bajaj |
|--|---|--|
| DIN | 06654149 | 00014615 |
| Type | Independent Director | Nominee Director |
| Date of Birth | 4 April 1976 | 02 November 1969 |
| Date of Appointment | 24 January 2017 | 18 October 2006 |
| Educational Qualification | M.Sc (Zoology), IAS | B.E. Mechanical, M.Sc. Manufacturing System Eng., MBA (Harvard Business School) |
| Directorship held in other Public Ltd. Companies | Lokshahir Annabhau Sathe Development Corp. Ltd. Maharashtra State Small Scale Industries Development Corporation Ltd. Aurangabad Industrial Township Ltd. | Bajaj Allianz General Insurance Co.Ltd. - Chairman Bajaj Allianz Life Insurance Co. Ltd. - Chairman Bajaj Finance Ltd. - Vice Chairman Bajaj Finserv Ltd - Managing Director Bajaj Holdings and Investment Ltd. - Managing Director Bajaj Auto Ltd. Hindustan Housing Co.Ltd. Jeewan Ltd. Bajaj Auto Holdings Ltd. |
| Committee Positions held in other Companies | Nil | Audit Committee: Bajaj Allianz General Insurance Co.Ltd. Bajaj Allianz Life Insurance Co.Ltd. Bajaj Finance Ltd. Stakeholders' Relationship Committee: Bajaj Finserv Ltd. Bajaj Finance Ltd. |
| No. of shares held | Nil | Nil |
| Experience / expertise in functional areas | Public administration and management, quasi-judicial assignment, implementation of development projects and balanced regional development. | Business strategy and development, Leadership development, General management, Finance, Investments |
| Relationship with other Directors, inter-se | None | None |
| Meetings attended | 100% | 100% |

DIRECTORS' REPORT

INTRODUCTION:

The Directors present their forty-second (42nd) Annual Report and Audited Financial Statements for the year ended 31 March 2017, prepared in due compliance of extant provisions of the Companies Act, 2013 and Schedule III thereto.

REVIEW OF OPERATIONS:

During the year under review, the business activities of the Company continued to be restricted to the (i) manufacture of die casting dies, jigs and fixtures, primarily meant for the automobiles industry and (ii) treasury operations involving management of surplus funds invested by the Company.

Sales attributed to manufacture of die casting dies, jigs and fixtures were marginally lower at ₹ 843.29 lakhs, as compared to ₹ 892.96 lakhs during the previous year.

The turnover of the Company during the year under review amounted to ₹ 2923.63 lakhs as against ₹ 11714.99 lakhs during the previous year, which included additional dividend received during that year by way of interim dividend and consequently, the figures are not strictly comparable.

CLASSIFICATION AS A CORE INVESTMENT COMPANY:

The Company continued to fulfill the criteria for being classified as a Core Investment Company (CIC) exempted from registration with Reserve Bank of India pursuant to section 45-IA of RBI Act, 1934. The continued classification of the Company as a Core Investment Company, however, had no significant impact on the operations / finances of the Company.

FINANCIAL HIGHLIGHTS:

| | (₹ in lakhs) | |
|----------------------------------|----------------|----------------|
| | <u>2016-17</u> | <u>2015-16</u> |
| Net sales and other income | 2923.63 | 11714.99 |
| Gross profit before depreciation | 1425.20 | 10173.38 |
| Depreciation | 55.32 | 73.50 |
| Profit before tax | 1369.88 | 10099.88 |
| Tax expense | 148.00 | 116.00 |
| MAT credit entitlement | (34.00) | (116.00) |
| Profit after tax | 1255.88 | 10099.88 |
| Earnings per Share (₹) | 10.99 | 88.37 |

RECOMMENDATION ON DIVIDEND:

For the financial year ended 31 March 2017, the Directors are pleased to recommend for consideration of the Shareholders at the ensuing Annual General Meeting, payment of dividend @ ₹ 30 per share (300%) on 11,428,568 equity shares of ₹10 each. For the financial year ended on 31 March 2016, the Company had paid interim dividend @ ₹ 30 per share (300%), which was confirmed by the Shareholders as final dividend.

The amount of dividend inclusive of tax thereon for the financial year 2016-17 amounts to ₹ 4126.55 lakhs, same as paid during the financial year 2015-16.

SHARE CAPITAL:

The paid up Equity Share Capital as on 31 March 2017 was ₹ 11.42 crores. During the year under review, there was no public issue, rights issue, bonus issue or preference share issue, nor had the Company issued shares with differential voting rights or granted stock options or sweat equity.

PRESENTATION OF FINANCIAL STATEMENTS:

The financial statements for the year ended 31 March 2017 are prepared in due compliance of the Schedule III to the Companies Act, 2013.

CASH FLOW STATEMENT:

A Cash Flow Statement for the year 2016-17 is included in the annexed Statement of Accounts.

EXTRACT OF ANNUAL RETURN:

Pursuant to the provisions of section 92(3) of the Companies Act, 2013 and Rules framed thereunder, an extract of Annual Return as on 31 March 2017 in the prescribed Form No. MGT-9 is annexed to this Report (Annexure-I).

NUMBER OF MEETINGS OF THE BOARD:

There were four (4) meetings of the Board held during the year. Detailed information is given in the annexed Corporate Governance Report.

DIRECTORS' RESPONSIBILITY STATEMENT:

As required pursuant to clause (c) of sub-section (3) of section 134 of the Companies Act, 2013, the Directors, to the best of their knowledge and belief, state that -

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departure;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are 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 and loss of the Company for that period;
- (c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls were adequate and were operating effectively; and



(f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DETAILS IN RESPECT OF FRAUDS, IF ANY, REPORTED BY THE AUDITORS:

No offence involving fraud committed against the Company by officers or employees of the Company was reported by the Auditors to the Audit Committee or the Board pursuant to section 143(12) of the Companies Act, 2013.

STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS:

All the Independent Directors have submitted declarations to the Company to the effect that they meet the criteria of independence as provided in sub-section (6) of section 149 of the Companies Act, 2013.

DIRECTORS' APPOINTMENT AND REMUNERATION POLICY:

Information regarding Directors' Remuneration Policy and criteria for determining the qualification, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178 of the Companies Act, 2013 are contained in the Corporate Governance Report. The Policy is also available on the website of the Company i.e. www.mahascooters.com

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS:

The Company has not given any loans or provided any security. Full particulars of the investments made by the Company are provided in the Financial Statements attached to this Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

During the year under review, the Company had not entered into any transactions with the related parties which invoked the provisions of section 188 of the Companies Act, 2013, thereby necessitating its approval by the Board or prior approval of the Shareholders.

There being no such contract with related parties, which are 'material' in nature, there are no details to be disclosed in Form AOC-2, under the Companies Act, 2013.

Pursuant to the provisions of section 177 of the Companies Act, 2013 and Regulation 23 of the SEBI Listing Regulations, all Related Party Transactions were placed before the Audit Committee for its prior / omnibus approval.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website, www.mahascooters.com

DETAILS PURSUANT TO RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014:

| | |
|---------------------------------------|---|
| Conservation of energy | The Company continued to maintain power factor to unity throughout the year, resulting in getting maximum rebate in electricity bills. Company has initiated steps to introduce energy saving LED lamps in a phased manner all over the factory premises. |
| Technology absorption | No expenditure was incurred by the Company attributable to technology absorption during the year. |
| Expenditure on Research & Development | No expenditure was incurred by the Company attributable to Research & Development during the year. |
| Foreign exchange earnings and Outgo | The Company did not earn any foreign exchange, while the outgo was ₹ 36.15 lakhs. |

ANNUAL EVALUATION OF THE BOARD, COMMITTEES AND INDIVIDUAL DIRECTORS:

Pursuant to provisions of the Companies Act, 2013 and Regulation 25(4) of the Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, the Directors individually, as well as the evaluation of the working of its Committees. The manner in which formal annual evaluation was made is provided in the annexed Corporate Governance Report.

DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL WHO WERE APPOINTED OR RESIGNED DURING THE YEAR:

- a) Mrs. Charu Desai, one of the Independent Directors of the Company and Woman Director on its Board resigned during the year, owing to personal reasons. The Board records its sincere appreciation of the valuable contribution made by Mrs. Charu Desai during her tenure on the Board.
- b) On the recommendations of Nomination and Remuneration Committee, the Board at its meeting held on 24 January 2017 appointed Mrs. Richa Bagla as an Independent Director / Woman Director, for a period of 5 years, effective 24 January 2017, subject to the approval of the Shareholders at the ensuing Annual General Meeting.

- c) There was no change in the Key Managerial Personnel during the period under review.
- d) In light of provisions of the Companies Act, 2013, Shri Sanjiv Bajaj retires from the Board by rotation this year and being eligible, offers himself for re-appointment. The information as required to be disclosed under regulation 36(3) of the SEBI Listing Regulations, 2015, in case of re-appointment of the director is provided in the Notice of the ensuing annual general meeting
- e) Detailed information on the directors is provided in the Corporate Governance Report.

MATERIAL ORDERS, IF ANY, PASSED BY THE REGULATORS, COURTS ETC.,:

No material Orders were passed by any Regulators or Courts or Tribunals during the financial year under review impacting the going concern status of the Company's operations in future.

DETAILS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS:

The Company has documented its Internal Financial Controls considering the essential components of various critical processes, physical and operational, and which includes its design, implementation and maintenance along with periodical internal review of operational effectiveness and sustenance during the financial year 2015-16. The controls and processes remained unchanged during the year 2016-17 and as such the internal financial controls with reference to financial statements were adequate and operative effectively during the year 2016-17.

This ensures orderly and efficient conduct of its business, including adherence to Company's policies, safeguarding of its assets, prevention of errors, accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

The internal financial controls with reference to the financial statements were adequate and operating effectively.

RISK MANAGEMENT POLICY:

The Company has adopted a Risk Management Framework for the Company, including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company.

MATERIAL CHANGES AND COMMITMENTS:

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company and the date of this report.

CORPORATE GOVERNANCE:

In terms of Regulation 34 of Listing Regulations, a Report on Corporate Governance together with the Auditors' Certificate

thereon, Management Discussion and Analysis Report & CSR Report forms integral part of Corporate Governance Report.

BUSINESS RESPONSIBILITY REPORT:

Pursuant to Regulation 34(2) of the SEBI Listing Regulations, 2015, Annual Report of top 500 listed companies by market capitalization, calculated as on 31 March of every financial year, are required to include a Business Responsibility Report, describing therein the initiatives taken by them from environmental, social and governance perspective, in the format prescribed by SEBI.

For the financial year ended 31 March 2016, the name of your Company was listed in the top 500 companies by market capitalization and consequently, as part of the Annual Report for the financial year 2016-17, the Company has presented its first Business Responsibility Report.

In its quest of Green Initiative, the Company has hosted the Business Responsibility Report on its website viz., www.mahascooters.com On request, a physical copy of said Report would be made available to any Shareholder, free of cost.

SECRETARIAL AUDIT REPORT:

Pursuant to the provisions of section 204 of the Companies Act, 2013, the Company had appointed Shri Shyamprasad D. Limaye, a Fellow Member of the Institute of Company Secretaries of India and a Company Secretary in Practice (FCS No.1587, Certificate of Practice No. 572), to conduct the secretarial audit and give a Secretarial Audit Report for the year 2016-17 to be annexed to the Report of Board of Directors.

Secretarial Audit Report of Shri Shyamprasad D. Limaye in the prescribed Form MR-3 is annexed to this Report (Annexure-II). The Report does not contain any qualification, reservation, disclaimer or adverse remarks.

SECRETARIAL STANDARDS OF ICSI:

The Company is in compliance of Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India.

STATUTORY AUDITORS:

The current Auditors were last re-appointed by the Members at their Annual General Meeting held on 25 July 2016, to hold the office of Auditor from the conclusion of the 41st Annual General Meeting till the conclusion of this 42nd Annual General Meeting. As per the provisions of section 139 Companies Act, 2013, no listed company shall appoint an audit firm as auditors for more than two terms of five consecutive years. The Act also provided for additional transition period of three years from the commencement of the Act i.e. 1 April, 2014. The current



Auditors had completed a period of ten years at the commencement of the said Act and hence, on their completing the additional transition period of three years provided under the Act, the term of the current Auditors expires at the conclusion of the ensuing Annual General Meeting.

The Board of Directors at its meeting held on 16 May 2017, based on the recommendation of the Audit Committee, has recommended the appointment of M/s. Kirtane & Pandit LLP, Chartered Accountants (Firm Registration No.105215W/W100057), as the Statutory Auditors of the Company for approval by the members.

M/s. Kirtane & Pandit LLP, Chartered Accountants have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under section 141(3)(g) of the said Act and that they are not disqualified to be appointed as statutory auditors in terms of section 143 of the Act.

M/s. Kirtane & Pandit LLP, Chartered Accountants will be appointed as the statutory auditors of the Company from the conclusion of 42nd Annual General Meeting till the conclusion of 47th Annual General Meeting, covering one term of five consecutive years, subject to ratification by the members at each intervening Annual General Meeting, on such terms and conditions as may be mutually agreed.

The members are, therefore, requested to appoint M/s. Kirtane & Pandit LLP, Chartered Accountants (Firm Registration No.105215W/W100057), as auditors of the Company for a term of five years from the conclusion of the ensuing annual general meeting till the conclusion of the 47th annual general meeting, to be scheduled in 2022, subject to ratification at each annual general meeting and to fix their remuneration for the year 2017-18.

AUDITORS' REPORT:

The Statutory Audit Report does not contain any qualification, reservation or adverse remark or disclaimer made by Statutory Auditor.

INDUSTRIAL RELATIONS:

During the year under review, the Company had an amicable wage settlement agreement with the Workmen, valid through 30 September 2019 and the relations with the Workmen remained cordial.

ESTABLISHMENT OF VIGIL MECHANISM:

Pursuant to the provisions of section 177(9) of the Companies Act, 2013 and Rules framed thereunder, the Company has established a vigil mechanism for directors and employees to report genuine concerns and to provide for adequate safeguards against victimizations of persons who use such mechanism and the details thereof are disclosed on the website of the Company www.mahascooters.com

DETAILS OF DIRECTORS AND EMPLOYEES REMUNERATION:

Details as required under the provisions of section 197(12) of the Companies Act, 2013, read with rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are annexed to this Report (Annexure-III).

During the year under review, none of the employees of the Company was in receipt of remuneration as referred to in section 197(12) of the Companies Act, 2013 read with Rule 5(2) and (3) of the Rules aforesaid.

CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORTING:

Detailed information on Corporate Social Responsibility Policy developed and implemented by the Company on CSR initiatives taken during the year pursuant to section 135 of the Companies Act, 2013 is given in the Annual Report on CSR activities annexed to this Report (Annexure-IV).

On behalf of the Board of Directors

Madhur Bajaj

Chairman

Pune, 16 May 2017

Annexure - I to Directors' Report**FORM NO. MGT 9****Extract of Annual Return for the financial year ended 31 March 2017**

Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014

I. REGISTRATION & OTHER DETAILS:

| | |
|---|---|
| i) CIN | L35912MH1975PLC018376 |
| ii) Registration Date | 11 June 1975 |
| iii) Name of the Company | Maharashtra Scooters Ltd. |
| iv) Category/Sub-category of the Company | Public Ltd. Company |
| v) Address of the Registered office & contact details | C/o. Bajaj Auto Ltd., Mumbai-Pune Road, Akurdi, Pune - 411 035. Phone: 020 66106564 E-mail: kulkarnins@bajajauto.co.in investors_msl@bajajauto.co.in |
| vi) Whether listed company | Yes |
| vii) Name, Address & contact details of the Registrar & Transfer Agent, if any. | Karvy Computershare Private Ltd. Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad – 500 032 Phone: 040 67161562 E-mail: einward.ris@karvy.com |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

(All the business activities contributing 10% or more of the total turnover of the company shall be stated)

| Sr. No. | Name and Description of main products / services | NIC Code of the Product / service | % to total turnover of the company |
|---------|---|-----------------------------------|------------------------------------|
| 1 | Investment Activity | 6430 | 70 |
| 2 | Manufacture of Die Casting Dies & Jigs and Fixtures | 2822 | 29 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

The Company has no holding, subsidiary and associate companies.


IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):
(i) Category-wise Shareholding

| Category of Shareholders | | No. of Shares held at the beginning of the year (1 April 2016) | | | | No. of Shares held at the end of the year (31 March 2017) | | | | % Change during the year |
|--------------------------|---|--|------------------|-------------------|-------------------|---|------------------|-------------------|-------------------|--------------------------|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. | Promoters | | | | | | | | | |
| | 1 Indian | | | | | | | | | |
| | a) Individual/ HUF | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | b) Central Govt. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | c) State Govt(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | d) Bodies Corporates | 0 | 5,828,560 | 5,828,560 | 51.00 | 0 | 5,828,560 | 5,828,560 | 51.00 | 0 |
| | e) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | f) Any other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Sub-total (A)(1) | 0 | 5,828,560 | 5,828,560 | 51.00 | 0 | 5,828,560 | 5,828,560 | 51.00 | 0 |
| | 2 Foreign | | | | | | | | | |
| | a) NRIs-Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | b) Other-Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | c) Bodies Corporates | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | d) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | e) Any other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Sub-total (A)(2) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total shareholding of Promoter (A) | 0 | 5,828,560 | 5,828,560 | 51.00 | 0 | 5,828,560 | 5,828,560 | 51.00 | 0 |
| B. | Public Shareholding | | | | | | | | | |
| | 1 Institutions | | | | | | | | | |
| | a) Mutual Funds | 388,821 | 2,750 | 391,571 | 3.43 | 107,472 | 1,950 | 109,422 | 0.96 | (2.47) |
| | b) Banks / FI | 2,554 | 1,118 | 3,672 | 0.03 | 4,540 | 1,118 | 5,658 | 0.05 | 0.02 |
| | c) Central Govt. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | d) State Govt(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | e) Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | f) Insurance Companies | 352,202 | 0 | 352,202 | 3.08 | 352,202 | 0 | 352,202 | 3.08 | 0 |
| | g) Foreign Portfolio Investors | 651,992 | 0 | 651,992 | 5.70 | 577,945 | 0 | 577,945 | 5.06 | (0.65) |
| | h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | i) Others (specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Sub-total (B)(1) | 1,395,569 | 3,868 | 1,399,437 | 12.25 | 1,042,159 | 3,068 | 1,045,227 | 9.15 | (3.10) |
| | 2 Non-Institutions | | | | | | | | | |
| | a) Bodies Corporates | | | | | | | | | |
| | i) Indian | 882,907 | 2,191 | 885,098 | 7.74 | 1,077,507 | 2,141 | 1,079,648 | 9.45 | 1.70 |
| | ii) NBFC Registered with RBI | 1,050 | 0 | 1,050 | 0 | 50 | 0 | 50 | 0 | (0.01) |
| | iii) Overseas | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | b) Individuals | | | | | | | | | |
| | i) Individual shareholders holding nominal share capital upto ₹ 2 lakh | 1,614,979 | 654,223 | 2,269,202 | 19.86 | 2,064,512 | 636,484 | 2,700,996 | 23.63 | 3.78 |
| | ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh | 974,356 | 10,624 | 984,980 | 8.62 | 711,605 | 0 | 711,605 | 6.23 | (2.39) |
| | c) Others (specify) | | | | | | | | | |
| | i) Non Resident Indians | 54,715 | 2,334 | 57,049 | 0.50 | 49,266 | 2,334 | 51,600 | 0.45 | (0.05) |
| | ii) Overseas Corporate Bodies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | iii) Foreign Nationals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | iv) Clearing Members | 2,692 | 0 | 2,692 | 0.02 | 8,371 | 0 | 8,371 | 0.07 | 0.05 |
| | v) Trusts | 500 | 0 | 500 | 0 | 2,511 | 0 | 2,511 | 0 | 0 |
| | vi) Foreign Bodies - D R | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Sub-total (B)(2) | 3,531,199 | 669,372 | 4,200,571 | 36.76 | 3,913,822 | 640,959 | 4,554,781 | 39.85 | 3.10 |
| | Total Public Shareholding (B)=(B)(1)+(B)(2) | 4,926,768 | 673,240 | 5,600,008 | 49.00 | 4,955,981 | 644,027 | 5,600,008 | 49.00 | 0 |
| C. | Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Grand Total (A+B+C) | 4,926,768 | 6,501,800 | 11,428,568 | 100.00 | 4,955,981 | 6,472,587 | 11,428,568 | 100.00 | 0 |

Note: Percentage in bracket represents negative percentage

(ii) Shareholding of Promoters:

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year (1 April 2016) | | | Shareholding at the end of the year (31 March 2017) | | | % change in shareholding during the year |
|---------|--|--|----------------------------------|--|---|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares | |
| 1 | Bajaj Holdings & Investment Ltd. | 2,742,848 | 24.00 | 0 | 2,742,848 | 24.00 | 0 | 0 |
| 2 | Western Maharashtra Development Corporation Ltd. | 3,085,712 | 27.00 | 0 | 3,085,712 | 27.00 | 0 | 0 |

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

There is no change in promoters' shareholding during the Financial Year 2016-17.

(iv) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. No. | Name of the shareholders | Shareholding at the beginning of the year (As on 1 April 2016) | | Change in shareholding during the year | | Shareholding at the end of the year (As on 31 March 2017) | |
|---------|--|--|----------------------------------|--|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1 | CD Equifinance Private Ltd. | 631,452 | 5.53 | (14,103) | (0.12) | 617,349 | 5.40 |
| 2 | General Insurance Corporation of India | 352,202 | 3.08 | 0 | 0 | 352,202 | 3.08 |
| 3 | Acacia Partners, Lp | 175,978 | 1.54 | 0 | 0 | 175,978 | 1.54 |
| 4 | Raamdeo Ramgopal Agrawal | 28,126 | 0.25 | 139,615 | 1.22 | 167,741 | 1.47 |
| 5 | Acacia Institutional Partners, Lp | 166,036 | 1.45 | 0 | 0 | 166,036 | 1.45 |
| 6 | Motilal Gopilal Oswal | 279,230 | 2.44 | (139,615) | (1.22) | 139,615 | 1.22 |
| 7 | Parag Parikh Long Term Value Fund | 388,489 | 3.40 | (281,267) | (2.46) | 107,222 | 0.94 |
| 8 | Desai Brothers Ltd. | 9,100 | 0.08 | 96,941 | 0.85 | 106,041 | 0.93 |
| 9 | Chetan Sehgal | 83,154 | 0.73 | 5,038 | 0.04 | 88,192 | 0.77 |
| 10 | P Dhananjaya Sarma | 63,220 | 0.55 | 0 | 0 | 63,220 | 0.55 |

Note: Percentage in bracket represents negative percentage

**(v) Shareholding of Directors and Key Managerial Personnel:**

| Sr. No. | Name of the director/Key Managerial Personnel | Shareholding at the beginning of the year (As on 1 April 2016) | | Change in shareholding during the year | | Shareholding at the end of the year (As on 31 March 2017) | |
|---------------------------------|---|--|----------------------------------|--|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| Directors | | | | | | | |
| 1 | Madhur Bajaj | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 | Naresh Patni | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 | Mrs. Richa Bagla | 0 | 0 | 0 | 0 | 0 | 0 |
| 4 | Ramesh K. Nikharge | 0 | 0 | 0 | 0 | 0 | 0 |
| 5 | Sadashiv S. Survase | 0 | 0 | 0 | 0 | 0 | 0 |
| 6 | Sanjay S. Degaonkar | 0 | 0 | 0 | 0 | 0 | 0 |
| 7 | Sanjiv Bajaj | 0 | 0 | 0 | 0 | 0 | 0 |
| 8 | Vikram Kumar | 0 | 0 | 0 | 0 | 0 | 0 |
| 9 | Yogesh J. Shah | 2,914 | 0.03 | 0 | 0 | 2,914 | 0.03 |
| Key Managerial Personnel | | | | | | | |
| 10 | Rajeev D. Haware | 100 | 0 | 0 | 0 | 100 | 0 |
| 11 | R.B. Laddha | 6,835 | 0.06 | 0 | 0 | 6,835 | 0.06 |
| 12 | N.S. Kulkarni | 1 | 0 | 0 | 0 | 1 | 0 |

V. INDEBTEDNESS:

Company was not having any secured loans/unsecured loans and deposits during the financial year 2016-17.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

| Name of Manager & CEO: Rajeev D. Haware | | |
|---|---|--------------|
| Sr. No. | Particulars of Remuneration | ₹ in Lakhs |
| 1 | Gross salary | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 41.82 |
| | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 | 0.39 |
| | (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961 | 0 |
| 2 | Stock Option | 0 |
| 3 | Sweat Equity | 0 |
| 4 | Commission | |
| | - as % of profit | 0 |
| | - others, specify... | 0 |
| 5 | Others, please specify | 0 |
| | Total (A) | 42.21 |
| | Ceiling as per the Act | 64.90 |

B. Remuneration to other directors:

| Sr. No. | Particulars of Remuneration | Name of Non-Executive Directors | | | | | | ₹ in Lakhs |
|---------|--|---------------------------------|--------------|-------------------|--------------|---------------------|----------------|--------------|
| | | Charu Desai | Naresh Patni | Ramesh K Nikharge | Richa Bagla | Sanjay S. Degaonkar | Yogesh J. Shah | |
| 1 | Independent Directors | | | | | | | |
| | Fee for attending Board committee meetings | 0.40 | 2.00 | 0.80 | 0.20 | 0.80 | 2.40 | 6.60 |
| | Commission | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Others, please specify | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total (1) | 0.40 | 2.00 | 0.80 | 0.20 | 0.80 | 2.40 | 6.60 |
| 2 | Other Non-Executive Directors | | | Madhur Bajaj | Sanjiv Bajaj | Sadashiv S. Survase | Vikram Kumar | |
| | Fee for attending Board committee meetings | | | 0.80 | 1.20 | 1.00 | 0.40 | 3.40 |
| | Commission | | | 0 | 0 | 0 | 0 | 0 |
| | Others, please specify | | | 0 | 0 | 0 | 0 | 0 |
| | Total (2) | | | 0.80 | 1.20 | 1.00 | 0.40 | 3.40 |
| | Total (B)=(1+2) | | | | | | | 10.00 |
| | Total Managerial Remuneration | | | | | | | 52.21 |
| | Overall Ceiling as per the Act | | | | | | | 142.79 |

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

| Sr. No. | Particulars of Remuneration | Key Managerial Personnel | | Total (₹ in Lakhs) |
|---------|---|-------------------------------|------------------------|--------------------|
| | | Chief Financial Officer (CFO) | Company Secretary (CS) | |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 39.30 | 22.48 | 61.78 |
| | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 | 0.39 | 0.43 | 0.82 |
| | (c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961 | 0 | 0 | 0 |
| 2 | Stock Option | 0 | 0 | 0 |
| 3 | Sweat Equity | 0 | 0 | 0 |
| 4 | Commission | | | |
| | - as % of profit | 0 | 0 | 0 |
| | - others, specify... | 0 | 0 | 0 |
| 5 | Others, please specify | 0 | 0 | 0 |
| | Total | 39.69 | 22.91 | 62.60 |

Note: Overall ceiling as per Act is not applicable to sitting fees paid to non-executive directors.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences during the financial year 2016-17.



FORM NO. MR-3

Secretarial Audit Report for the financial year ended 31 March 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To the Members

Maharashtra Scooters Ltd.,

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Maharashtra Scooters Ltd. (hereinafter called as "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 2017, complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2017, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable:-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vi) Regulatory framework / Directions issued by the Reserve Bank of India, as are applicable to a 'Core Investment Company, not required to obtain Certificate of Registration (COR) from RBI under section 45-IA of the RBI Act, 1934, which are specifically applicable to the Company.

I have also examined compliance with the applicable clauses of the following:-

- (i) Secretarial Standards pursuant to section 118(10) of the Act, issued by the Institute of Company Secretaries of India.
- (ii) Listing Agreements entered into by the Company with BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) as per Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc., mentioned above.

I further report that the Board of Directors of the Company is duly constituted with proper balance of executive, non-executive and independent directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, including committees thereof, along with agenda and detailed notes on agenda at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting by the directors. The decisions were carried unanimously.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there was no other event/action having major bearing on Company's affairs.

Pune, 16 May 2017

Shyamprasad D. Limaye
FCS No. 1587 C P No. 572

**Annexure - III to Directors' Report**

Remuneration details under Rule 5 (1) of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 (as amended) for the year ended 31 March 2017

| Sr.No. | Name of Director / KMP | % increase in the financial year |
|--------|---|----------------------------------|
| (A) | Whole-time directors / Managerial Personnel ¹ | NA |
| (B) | Non-executive directors ¹ | NA |
| (C) | Key Managerial Personnel | |
| | Chief Executive Officer | 12.69 |
| | Chief Financial Officer | 13.70 |
| | Company Secretary | 9.56 |
| (D) | Remuneration of Median Employee (other than whole-time directors) | 41.28 |
| (E) | Permanent employees as on 31 March 2017 ² | 106 |

¹ The Company has no whole-time Director on the Board. Further, no remuneration is paid to any of the Directors, except sitting fees paid for attending the Board / Committee Meetings and therefore, the question of giving ratio of remuneration of director to median remuneration of employee does not arise.

² Permanent Employees' does not include trainees, probationers and contract employees.

Notes under Rule 5(1):

- 41.28% increase in the remuneration of median employee was attributed to a wage settlement agreement arrived at with workmen at Satara plant during the year 2016-17, valid through 30 September 2019 and therefore, this can be considered as exceptional.
- The remuneration paid as above was as per the Remuneration Policy of the Company.

Annexure - IV to Directors' Report

Annual Report on CSR Activities

1. **Brief outline of Company's Corporate Social Responsibility (CSR) Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs:**

Introduction

The Policy outlines the Company's responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking activities for welfare and sustainable development of the community at large.

Guiding Principles

The core elements of CSR are the continuing commitment by business to ethical principles, protection of human rights and care for the environment, while improving the quality of life of all the stakeholders including the local community and society at large.

It is Company's conscious strategy to design and implement Social Investments / CSR programs, by enriching value chains that encompass the disadvantaged sections of society, especially those residing in rural India, through economic empowerment based on grass-root capacity building.

This Policy shall apply to all CSR initiatives and activities taken up for the benefit of different segments of the society, especially the deprived, under privileged and differently abled persons.

CSR Policy

CSR Committee at its meeting held on 13 January 2015, framed a CSR Policy and the same was adopted by the Board.

The CSR Policy provides an overview of the projects or programmes, which are proposed to be undertaken by the Company in the coming years.

Full text of the CSR Policy is placed on the website of the Company viz., www.mahascooters.com

2. **Composition of CSR Committee:**

The Corporate Social Responsibility Committee of the Board of Directors of the Company consists of following members:-

| | |
|------------------------------|--------------------------|
| Yogesh J. Shah - Chairman | Independent Director |
| Sadashiv S. Survase - Member | Non-Independent Director |
| Sanjiv Bajaj - Member | Non-Independent Director |

During the year under review, the Committee met once on 26 October 2016.

3. Average Net Profits of the Company for the last three financial years, preceding 2016-17 : ₹ **579.59 lakhs**
4. Prescribed CSR expenditure (2% of the amount as in item 3 above) : ₹ **11.95 lakhs**
5. Details of CSR amount spent during the financial year:
- (a) Total amount to be spent for the financial year : ₹ **12.00 lakhs**
- (b) Amount unspent, if any, : **Nil**



(c) Manner in which the amount spent during the financial year is detailed below:-

| Sr. No. | Name/ Details of the implementing agency | CSR Project/ Activity identified | Sector in which the project is covered | Location of Project/ programme (Local area or State/District) | Amount outlay/ Approved (in Lakhs) | Amount spent direct/ overheads (in Lakhs) | Cumulative Expenditure upto 2016-17 (in Lakhs) |
|---------|--|---|--|---|------------------------------------|---|--|
| 1. | Vision English Medium School, Wai, Dist.Satara (managed by M/s. Maharshi Karve Stree Shikshan Sanstha, Kanyashala) | Establishing Computer and Science Laboratory - Promoting education, employment enhancing vocation skills among children / woman | Education | Wai, District-Satara | 12.00 | 12.00 | 12.00 |

Notes:

1. The amount mentioned above as spent relate to amount spent through implementing agency.
2. There is no expenditure on overheads in the above.

6. In case the Company fails to spend the 2% of the Average Net Profit (INR) of the last 3 financial years, the reasons for not spending the amount shall be stated in the Board report – **NOT APPLICABLE.**
7. Responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company duly signed by Director and Chairperson of the CSR Committee.

The CSR Committee confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

Sd/-
R. D. Haware
Chief Executive Officer

Sd/-
Yogesh J. Shah
Chairman of CSR Committee

CORPORATE GOVERNANCE

This Report is in conformity with the provisions of Companies Act, 2013, Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Schedule V appended thereto.

PHILOSOPHY:

Maharashtra Scooters Ltd. (here-in-after referred to as "Company") believes in and has always worked towards building trust with shareholders, employees, customers, suppliers and other stakeholders on the four key elements of Corporate Governance – transparency, fairness, disclosure and accountability. In addition to compliance with regulatory requirements, the Company endeavors to ensure that highest standards of ethical and responsible conduct are met throughout the Company.

BOARD OF DIRECTORS:

The Company's policy is to have an appropriate blend of non-executive and independent directors, to maintain the independence of the Board and to separate the Board functions of governance and management.

COMPOSITION OF THE BOARD:

The composition of the Board of Directors is fully compliant with the provisions of the Companies Act, 2013 and Regulation 17 of the Listing Regulations, including the appointment of requisite number of Independent Directors and Woman Director. As on 31 March 2017, the Board comprised of five (5) Non-Executive Independent Directors and four (4) Non-Executive Non-Independent Directors. Woman Director is a Non-Executive Independent Director. The Board has no institutional nominee director. The Company has a Non-executive Chairman.

According to Regulation 17(1)(b) of SEBI Listing Regulations, 2015, if the Chairman of the Company is a promoter or related to promoters, as defined therein, at least one half of the Board of the Company should consist of independent directors. The Company is in compliance with this requirement as shown in Table below.

NO. OF MEETINGS:

During the financial year ended 31 March 2017, the Board met four (4) times, on 23 May 2016, 25 July 2016, 26 October 2016 and 24 January 2017. The intervening gap between any two consecutive meetings was less than one hundred and twenty days.

ATTENDANCE OF DIRECTORS:

Attendance of Directors at the Board Meetings held during the financial year ended 31 March 2017 and at the last AGM:

| Name of director (in alphabetical order) | Category | Number of Board meetings | | Attendance at the last AGM held on 25 July 2016 |
|---|----------------------------------|--------------------------|----------|---|
| | | Held | Attended | |
| Madhur Bajaj | Non-Executive, Chairman, Nominee | 4 | 4 | Yes |
| Charu Desai (Mrs.)* | Non-Executive, Independent | 3 | 1 | Yes |
| Naresh Patni | Non-Executive, Independent | 4 | 4 | Yes |
| Ramesh Nikharge | Non-Executive, Independent | 4 | 4 | Yes |
| Richa Bagla (Mrs.)@ | Non-Executive, Independent | 1 | 1 | Not applicable |
| Sdashiv S. Survase | Non-Executive, Nominee | 4 | 4 | Yes |
| Sanjay S. Degaonkar | Non-Executive, Independent | 4 | 3 | Yes |
| Sanjiv Bajaj | Non-Executive, Nominee | 4 | 4 | Yes |
| Vikram Kumar | Non-Executive, Nominee | 4 | 1 | No |
| Yogesh J. Shah | Non-Executive, Independent | 4 | 4 | Yes |

* Ceased to be an Independent Director w.e.f. 27 October 2016

@ Appointed as Independent Director w.e.f. 24 January 2017



Composition of the Board of Directors and the number of Directorships and committee positions held by the Directors as on 31 March 2017 is as under:-

| Name of director (in alphabetical order) | DIN | No. of directorship held in * | | | Committee positions in listed and unlisted public limited companies * | |
|---|----------|-------------------------------|--------------------|------------------------|---|-----------|
| | | Listed Companies | Unlisted Companies | Private Ltd. Companies | As Chairman | As Member |
| Madhur Bajaj | 00014593 | 5 | - | 3 | - | - |
| Naresh Patni | 00045532 | - | - | 2 | - | - |
| Ramesh K. Nikharge | 02250777 | - | - | - | - | - |
| Richa Bagla (Mrs.) | 06654149 | - | 3 | - | - | - |
| Sadashiv S. Survase | 01541589 | - | 1 | 1 | - | - |
| Sanjay S. Degaonkar | 06957783 | - | 2 | - | - | - |
| Sanjiv Bajaj | 00014615 | 5 | 4 | 7 | - | 5 |
| Vikram Kumar | 03627339 | - | 4 | 2 | - | - |
| Yogesh J. Shah | 00137526 | - | - | 4 | - | - |

* excluding this Company.

Notes:

None of the directors holds office as a director, including as alternate director, in more than twenty companies at the same time. None of them has directorships in more than ten public companies. For reckoning the limit of public companies, directorships of private companies that are either holding or subsidiary company of a public company are included.

As per declarations received, none of the directors serves as an independent director in more than seven listed companies. Further, the whole-time director in the Company does not serve as an independent director in more than three listed companies.

None of the directors was a member in more than ten committees, nor a chairman in more than five committees across all companies, in which he was a director.

For the purpose of considering the limit of the committees on which a director can serve, all public limited companies, whether listed or not, have been included and all other companies including private limited companies, foreign companies and companies under section 8 of the Companies Act, 2013 have been excluded. Only audit committee and stakeholders' relationship committee are considered for the purpose of reckoning committee positions.

MAXIMUM TENURE OF INDEPENDENT DIRECTORS:

The maximum tenure of independent directors is in accordance with section 149(10) of the Companies Act, 2013 and Regulation 25 of the Listing Regulations.

REVIEW OF LEGAL COMPLIANCE REPORTS:

During the year, the Board periodically reviewed compliance reports with respect to the various laws applicable to the Company, as prepared and placed before it by the Management.

FORMAL LETTER OF APPOINTMENT TO INDEPENDENT DIRECTORS:

The Company issues a formal letter of appointment to independent directors in the manner as provided in section 149(8) of the Companies Act, 2013. As per regulation 46(2) of the SEBI Listing Regulations, 2015, the terms and conditions of appointment of independent directors are placed on the Company's website, www.mahascoters.com

SEPARATE MEETING OF INDEPENDENT DIRECTORS:

In compliance with Schedule IV to the Companies Act, 2013 and Regulation 25 (3) of SEBI Listing Regulations, 2015, the independent directors held their separate meeting on 27 March 2017, without the attendance of non-independent directors and members of Management, to inter alia:

- i) review the performance of non-independent directors and the Board as a whole;
- ii) review the performance of the chairperson of the Company, taking into account the views of non-executive directors;
- iii) assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All independent directors except Shri Sanjay Degaonkar and Mrs. Richa Bagla were present at the meeting.

The Independent Directors present elected Shri Yogesh J. Shah as Chairman for the meeting, deliberated on the above and expressed their satisfaction on each of the matters.

PERFORMANCE EVALUATION:

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, 2015, the Board has carried out an annual evaluation of its own performance, and that of its committees and individual directors. Manner in which such formal annual evaluation was made by the Board during 2016-17 is given below:-

- Performance Evaluation Criteria for Board, Committees of the Board and Directors were approved by the Board of Directors at its meeting held on 13 October 2014. The criteria are placed on the Company's website, www.mahascooters.com
- Based on the said criteria, Rating sheets were filled by each of the directors towards the end of the year with regard to evaluation of performance of the Board, its Committees and Directors (except for the director being evaluated) for the year under review.
- A consolidated summary of the Ratings given by each of the directors was then prepared, based on which a Report of performance evaluation was prepared by the Chairman in respect of the performance of the Board, its Committees and Directors during the year under review.
- The Report of performance evaluation so arrived at was then noted and discussed by the Nomination & Remuneration Committee and Board at their meetings held on 16 May 2017.
- As per the Report of performance evaluation, the Board shall determine, inter-alia, whether to continue the term of appointment of the Independent Director. During the year under review, there was no occasion to decide on the continuance of the term of appointment of any of the independent directors and hence, the question of taking a decision on their re-appointment did not arise.

As regards the evaluation of Board, non-independent Director and the Chairperson of the Company carried out by the independent directors at their separate meeting held in March 2017, the details thereof have been furnished in a separate para elsewhere in this Report.

During the year under review, SEBI vide its circular dated 5 January 2017 came out with a Guidance Note on Board Evaluation, which was to be adopted by the Company, as considered appropriate. The Performance evaluation criteria for Board, Committees of the Board, Chairperson and Directors were accordingly modified by the Board at its meeting held on 16 May 2017, as approved and recommended by the Nomination and Remuneration Committee. The updated criteria are placed on the Company's website: www.mahascooters.com and will be applicable for evaluation from the year 2017-18.

INFORMATION PLACED BEFORE THE BOARD:

The Board of Directors and its various Committees were presented with all the relevant and necessary information at their meetings as stipulated in the Listing Regulations and pursuant to the provisions of the Companies Act, 2013 and other enactments as applicable.

The Board also reviewed, periodically, the legal compliance report presented by the Chief Executive Officer & Company Secretary of the Company.

CODE OF CONDUCT:

Regulation 17(5) of SEBI Listing Regulations, 2015 requires listed companies to lay down a code of conduct for its directors and senior management, incorporating duties of directors as laid down in the Companies Act, 2013.

The Board has laid down a Code of Conduct for all Board Members, including Independent Directors and Senior Management of the Company. As mandated, the Code of Conduct is also posted on the website of the Company viz., www.mahascooters.com As on 31 March 2017, all Board Members / Independent Directors and Senior Management Personnel have affirmed compliance with the Code. A declaration to this effect signed by the Managing Director (CEO) is given in this Annual Report.

ORDERLY SUCCESSION TO BOARD AND SENIOR MANAGEMENT:

The Board of the Company satisfied itself that plans are in place for orderly succession for appointments to the Board and to senior management.



FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS:

With a view to familiarize the independent directors with the Company's operations, as required under Regulation 25 of the Listing Regulations, the Company has held various familiarization programmes for the Independent Directors throughout the year.

The newly appointed Independent Director was provided with a copy of latest Annual Report of the Company, the Code of Conduct for Directors, Code of Conduct for Prevention of Insider Trading. The Key Managerial Personnel of the Company also apprised the new Independent Director on the functioning of the Board and the nature of operation of the Company's business activities. Independent Directors were also provided with a Handbook on Independent Directors published by the Institute of Company Secretaries of India, New Delhi, which lucidly explains their role, duties and responsibilities.

Directors in particular were informed about their roles, responsibilities and duties under the new SEBI Listing Regulations through Board papers and appointment letter given to them.

Directors, who were not members of the committees of Directors, were also invited and encouraged to attend the meetings of the Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee meetings held from time to time.

BOARD DIVERSITY POLICY:

In compliance with provisions of Regulation 19(4) of Listing Regulations, the Board through its Nomination and Remuneration Committee has devised a policy on Board Diversity. The objective of the Policy is to ensure that the Board is comprised of adequate number of members with diverse experience and skills, such that it best serves the governance and strategic needs of the Company.

It is recognized that the present composition of Board broadly meets with the above objective.

VIGIL MECHANISM:

The Board at its meeting held on 13 May 2014 adopted vigil mechanism as required pursuant to section 177(9) of Companies Act, 2013 and erstwhile Listing Agreement, now under Regulation 22 of Listing Regulations.

The Vigil Mechanism provides for the director/employee to report violations, without fear of victimisation any unethical behavior, suspected or actual fraud, violation of the Code of Conduct etc. which are detrimental to the organisation's interest. The mechanism protects Whistle Blower from any kind of discrimination, harassment, victimization or any other unfair employment practice. The Company affirms that no employee has been denied access to the Audit Committee.

The directors in all cases and employees in appropriate or exceptional cases will have direct access with the Chairman of the Audit Committee. The Vigil Mechanism is placed on Company's website, www.mahascooters.com

RISK MANAGEMENT:

Pursuant to provisions of Regulation 21 of Listing Regulations, top 100 listed companies by market capitalization as at the end of immediate preceding financial year are required to constitute a Risk Management Committee. The Company was not covered under the said regulation as on 31 March 2017.

However, as required by Regulation 17(9) of Listing Regulations, the Company has laid down a procedure to inform Board members about the risk assessment and minimization procedures, to facilitate the Board to implement and monitor the risk management framework of the Company.

RELATED PARTY TRANSACTIONS:

All Related Party Transactions (RPTs) which were entered into during the financial year were on arms' length basis and were in the ordinary course of business and did not attract provisions of section 188 of Companies Act, 2013 and were also not 'material' in nature as envisaged under Regulation 23(4) of Listing Regulations.

During the financial year 2016-17, all RPTs were placed before Audit Committee for prior approval.

A summary statement of transactions with related parties was placed periodically before the Audit Committee during the year. Suitable disclosures have been made in the financial statements, together with the Management's explanation in the event of any treatment being different from that prescribed in accounting standards.

A statement showing the disclosure of transactions with related parties as required under Accounting Standard-18 is set out separately in this Annual Report.

The Company has formulated a policy on materiality of Related Party Transactions and on dealing with such Related Party Transactions. The said policy is available on the website of the Company i.e. www.mahascooters.com

Details of 'material' transactions, if any, with Related Parties are disclosed with the Compliance Report on Corporate Governance filed with the Stock Exchange/s.

There were no material transactions entered into with related parties, during the period under review, which may have had any potential conflict with the interests of the Company.

AUDIT COMMITTEE:

The Company has constituted an Audit Committee comprising three non-executive Directors, all being independent Directors, composition of which is as given below. All members of the Audit Committee are financially literate. Shri Yogesh J. Shah has accounting/related financial management expertise.

| Sr. No. | Name of Director | Status | No. of meetings attended |
|---------|----------------------------------|---------------------------------|--------------------------|
| 1. | Yogesh J. Shah | Chairman – Independent Director | 4/4 |
| 2. | Naresh Patni | Member – Independent Director | 4/4 |
| 3. | Charu Desai (Mrs.) ¹ | Member – Independent Director | 1/3 |
| 4. | Sanjay S. Degaonkar ² | Member – Independent Director | Not applicable |

¹ Upto 27 October 2016

² From 24 January 2017

The terms of reference of Audit Committee as approved by Board comply with the extant provisions of Companies Act, 2013 and Listing Regulations, as applicable and are available on the Company's website, www.mahascooters.com

The Board has been reviewing the working of the Committee from time to time to bring about greater effectiveness in order to comply with the various requirements under the Companies Act, 2013 and applicable Listing Regulations.

The meetings of the Audit Committee are attended by its members and the invitees viz., Constituted Attorney, Chief Executive Officer, Chief Financial Officer, Internal Auditor and Statutory Auditors. Company Secretary acts as Secretary to the Committee.

The committee met four times during the year on 23 May 2016, 25 July 2016, 26 October 2016 and 24 January 2017. The time gap between two meetings was not more than one hundred and twenty days.

Apart from members of the Committee, other Directors also attended the meetings by invitation.

Shri Yogesh J. Shah, Chairman of the Audit Committee was present at the 41st Annual General Meeting of the Company held on 25 July 2016 to answer shareholders queries.

Review of the information by the Audit Committee:

The Audit Committee reviews:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions submitted by Management;
- Management letters/letters of internal control weaknesses issued by the statutory auditors; and
- Internal audit reports relating to internal control weaknesses.

NOMINATION AND REMUNERATION COMMITTEE:

The Board constituted the Nomination and Remuneration Committee of the Board at its meeting held on 13 October 2014 and the Terms of reference for this committee were also approved by the Board in the said meeting in compliance with Regulation 19 of Listing Regulations and section 178 of the Companies Act, 2013. The terms of reference of the committee are placed on the website of the Company viz., www.mahascooters.com

Composition of the Nomination and Remuneration Committee

| Sr. No. | Name of Director | Status | Meetings attended |
|---------|---------------------|---------------------------------|-------------------|
| 1. | Yogesh J. Shah | Chairman – Independent Director | 2/2 |
| 2. | Naresh Patni | Member – Independent Director | 2/2 |
| 3. | Sanjay S. Degaonkar | Member – Independent Director | 1/2 |

Apart from the members of the Committee, other Directors also attended the meetings by invitation.



On the recommendation of Nomination and Remuneration Committee, the Board has adopted the policy on appointment of Directors / Independent Directors and Key Managerial Personnel and remuneration payable to them. As mandated, the said policy is posted on the website of the Company viz., www.mahascooters.com

DUPLICATE SHARE CERTIFICATES ISSUANCE COMMITTEE:

To meet the timeline stipulated under section 46 of the Companies Act, 2013, read with Rule 6 of the Companies (Share Capital and Debentures) Rules, 2014 and Regulation 39 of SEBI Listing Regulations, 2015, the Board at its meeting held on 2 February 2016 constituted a Committee of the Board to approve the issuance of duplicate share certificates in lieu of original share certificates lost or misplaced.

Composition of Duplicate Share Certificate Issuance Committee:

| Name of director | Status |
|------------------|----------|
| Madhur Bajaj | Chairman |
| Sanjiv Bajaj | Member |
| Yogesh J. Shah | Member |

During the year under review, the Committee met once on 23 May 2016, attended by all the members, to approve all the circular Resolutions passed by the members approving the issue of duplicate share certificates.

STAKEHOLDERS RELATIONSHIP COMMITTEE:

In compliance with the provisions of section 178 of Companies Act, 2013 and Regulation 20 of the Listing Regulations, the Board had constituted a "Stakeholders Relationship Committee" on 13 May 2014 with the following members:-

| Sr. No. | Name of Director | Status |
|---------|------------------|---------------------------------|
| 1. | Yogesh J. Shah | Chairman – Independent Director |
| 2. | Sanjiv Bajaj | Member – Nominee Director |
| 3. | Vikram Kumar | Member – Nominee Director |

Shri N.S. Kulkarni, Company Secretary of the Company acts as Compliance Officer for the purpose of shareholders' matters.

The terms of reference of said Committee are as under:-

- To look into the redressal of complaints of security holders on matters relating to transfer of shares, dematerialization of shares, non-receipt of annual report, non-receipt of dividend, matters relating to issue of new share certificates etc.
- To look into matters that can facilitate better security-holders' services and relations.

The committee met once during the year on 24 January 2017, which was attended by all the members. Other Directors also attended the meeting by invitation. Shri Shyamprasad D. Limaye, Secretarial Auditor and the Company Secretary, who acts as Compliance Officer, was also present at the meeting.

The Committee expressed its satisfaction on the overall status of compliance and actions taken on various investor related matters.

Complaints attended and resolved during the year 2016-17:

| Investors Complaints | Attended/Resolved during 2016-17 |
|---|----------------------------------|
| Pending at the beginning of the year | Nil |
| Received during the year | 22 |
| Disposed of during the year | 22 |
| Remaining unresolved at the end of the year | Nil |

SUBSIDIARY AND ASSOCIATE COMPANIES:

The Company has no subsidiaries and no associates.

PROHIBITION OF INSIDER TRADING:

The Company had in place a 'Code of Conduct for Prevention of Insider Trading and Corporate Practices' in accordance with SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended. These regulations have been substituted by SEBI (Prohibition of Insider Trading) Regulations, 2015, with effect from 15 May 2015 and accordingly, the Board at its meeting held on 12 May 2015 approved and adopted:

- a) Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information; and
- b) Code of Conduct to Regulate, Monitor and Report Trading by its employees and other connected persons.

The said codes are being adhered to with effect from 15 May 2015.

The Code referred to in (a) above is placed on the Company's website: www.mahascooters.com

REMUNERATION OF DIRECTORS:

The Company has no stock option plans for the directors and hence, it does not form a part of the remuneration package payable to any non-executive director. During the year under review, none of the directors was paid any performance-linked incentive.

In 2016-17, the Company did not advance any loans to any of the non-executive directors, and/or Manager. Details of Remuneration paid/payable to directors during 2016-17 are provided in an annexure to the Directors' Report in section VI of Form MGT-9, i.e. extract of the Annual Return.

SHAREHOLDING OF DIRECTORS:

Information on shares held by directors in the Company as on 31 March 2017 is provided in the annexure to the Directors' Report in section IV(v) of Form MGT-9, i.e. extract of the Annual Return.

MANAGEMENT:

Management Discussion and Analysis is given as a separate chapter in the Annual Report.

The Senior Management personnel of the Company have disclosed to the Board that they do not have any material financial and commercial transactions having personal interest, which may have a potential conflict with the interest of the Company.

GENERAL BODY MEETINGS:

Location and time where last three AGMs were held:

| AGM Number | Date & Time | Venue |
|------------|----------------------------|--|
| 39th | 15 July 2014 at 12.00 noon | Registered Office at C/o. Bajaj Auto Ltd., Akurdi, Pune-411 035 |
| 40th | 21 July 2015 at 12.00 noon | -do- |
| 41st | 25 July 2016 at 12.15 p.m. | -do- |

No special resolution was passed at the general meetings held during the years 2014, 2015 and 2016. During the year under review, the Company has not adopted postal ballot mode for passing any resolution by the shareholders.

MEANS OF COMMUNICATION:

Quarterly, half-yearly and annual financial results and other public notices issued for the shareholders are published in the newspapers i.e. Financial Express and Kesari.

The Company has its own website, www.mahascooters.com which contains all important public domain information including the information mandated to be provided pursuant to the provisions of Companies Act, 2013 and Regulation 46 of Listing Regulations.

Section 20 & 129 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 permit companies to service delivery of documents electronically on the registered members'/shareholders' email addresses. The Company, during the year under review, sent documents, such as notice calling the general meeting, audited financial statements, directors' report, auditors' report etc. in electronic form at the email addresses provided by the shareholders and made available by them to the Company through the depositories. Shareholders desiring to receive the said documents in physical form continued to get the same in physical form, upon request.

All financial and other vital official news releases and documents under SEBI Listing Regulations 2015 are also communicated to the concerned stock exchanges, besides being placed on the Company's website.



CEO / CFO CERTIFICATION:

The Chief Executive Officer and Chief Financial Officer of the Company have given to the Board a Compliance Certificate pursuant to Regulation 17(8) of Listing Regulations and Schedule thereto.

REPORT ON CORPORATE GOVERNANCE:

This chapter, read together with the information given in the Directors' Report and the chapters on Management Discussion and Analysis and General Shareholder Information, constitute the compliance report on Corporate Governance during 2016-17. The Company has complied with the requirements specified in regulations 17 to 27 and clauses (b) to (i) of the regulation 46(2) of the SEBI Listing Regulations, 2015. The Company has been regularly forwarding the quarterly compliance report to the Stock exchanges as required under regulation 27(2) of the SEBI Listing Regulations, 2015.

COMPLIANCE:

Auditors Certificate:

The Company has obtained a certificate from the auditors of the Company regarding compliance with the provisions relating to corporate governance laid down in Regulation 34 read with Schedule V to the Listing Regulation, 2015 with the stock exchanges. This report is annexed to the Directors' Report for the year 2016-17 and will be sent to the stock exchanges along with the annual report.

COMPLIANCE OF MANDATORY AND DISCRETIONARY REQUIREMENT:

MANDATORY

The Company has complied with all the mandatory requirements of the SEBI Listing Regulations 2015.

DISCRETIONARY

The Company has also complied with the following discretionary requirements as stipulated in the SEBI Listing Regulations 2015:-

(a) **Modified opinion(s) in audit report**

The Company confirms that its financial statements are with unmodified audit opinion.

b) **Separate posts of Chairperson and Chief Executive Officer**

The Company has appointed separate persons to the post of Chairman and Chief Executive Officer.

c) **Reporting of Internal Auditor**

The Internal Auditor reports directly to the Audit Committee.

GENERAL SHAREHOLDER INFORMATION:

Annual General Meeting

| | |
|-------|--|
| Date | 18 July 2017 |
| Time | 12.15 p.m. |
| Venue | C/o.Bajaj Auto Ltd., Mumbai Pune Road, Akurdi, Pune - 411035 |

Financial calendar

| | |
|---|--------------------|
| Audited annual results for year ending 31 March | May |
| Mailing of annual reports | June |
| Annual general meeting | July |
| Unaudited first quarter financial results | July |
| Unaudited second quarter financial results | October |
| Unaudited third quarter financial results | January / February |

Dividend

The Board of Directors has recommended a dividend @ ₹ 30 per equity share (300%) for the financial year 2016-17, subject to approval by the shareholders at the ensuing annual general meeting. Dividend paid in the previous year was ₹ 30 per equity share (300%).

Book Closure

The Register of Members and Share Transfer Books of the Company shall remain closed from Saturday, 8 July 2017 to Tuesday, 18 July 2017, both days inclusive.

Dates for payment of dividend

Dividend on equity shares, if declared at the annual general meeting, will be credited/dispatched between 24 July 2017 to 25 July 2017 -

- (a) to all those beneficial owners holding shares in electronic form, as per the beneficial ownership data made available to the Company by National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) as at the close of business hours on Friday, 7 July 2017; and
- (b) to all those shareholders holding shares in physical form, after giving effect to all the valid share transfers lodged with the Company on or before the close of business hours on Friday, 7 July 2017.

Payment of dividend

As per the new SEBI Listing Regulations, 2015, the Company shall use any electronic mode of payment approved by the Reserve Bank of India for making payment to the members. Where dividend payments are made through electronic mode, intimations regarding such remittance would be sent separately to the members. Where the dividend cannot be paid through electronic mode, the same will be paid by warrants with bank account details printed thereon. In case of non-availability of bank account details, address of the members will be printed on the warrants.

For enabling the payment of dividend through electronic mode, members holding shares in physical form are requested to furnish, updated particulars of their bank account, to the share transfer agent of the Company i.e. Karvy along with a photocopy of a 'cancelled' cheque of the bank account and self-attested copy of PAN card.

Beneficial owners holding shares in electronic form are requested to furnish their bank account details to their respective depository participants and make sure that such changes are recorded by them correctly. The request for updation of particulars of bank account should be signed as per the specimen signature registered with Karvy/depository participants, as the case may be.

Unclaimed dividends

Unclaimed dividends upto 1994-95 have been transferred to the general revenue account of the Central Government. Those who have not cashed their dividend warrants for the period prior to and including 1994-95 are requested to claim the amount from Registrar of Companies, Maharashtra, Pune, PMT Building, Deccan Gymkhana, Pune 411 004.

In terms of the provisions of section 124(5) of the Companies Act, 2013 the amount of dividend remaining unclaimed for a period of seven years is required to be transferred to the Investor Education and Protection Fund and in due compliance thereof, the Company had transferred the unclaimed dividend amounts for the financial years upto 2008-09 to the Investor Education & Protection Fund set up by the Central Govt.

As mandated by the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the particulars of the Shareholders whose dividend amounts have remained unpaid for the financial years 2009-10 onwards, are made available on the website of the Company i.e. www.mahascooters.com. The said details are also available on the portal of Investor Education and Protection Fund at www.iepf.gov.in. **The Shareholders who have not encashed the dividend warrants for the period aforesaid are requested to immediately write to the Company / RTA to claim the unpaid amounts.**

Unclaimed dividend for a consecutive period of seven (7) years

Under section 124(6) of the Companies Act, 2013, as amended, there is a further provision that **all shares** in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Company in the name of IEPF.

Accordingly, in due compliance of the provisions of Rule 6(3) of aforesaid IEPF Rules, the Company sent individual letters through Speed Post to such Shareholders, in respect of whom dividend for a consecutive period of seven years had remained unpaid and public notice was released in newspapers on 9 December 2016 and these details have been made available on Company's website.



Subsequently, MCA vide its notification dated 28 February 2017 amended the said Rules, stating that due date for transfer of shares under the said Rules shall be 31 May 2017 and hence another public notice was released in newspapers on 25 April 2017 giving such shareholders a fresh opportunity to claim the unpaid dividends, upto such date of transfer. The Company is accordingly in the process of taking appropriate steps with regard to transfer of such shares in accordance with the amended Rules, in line with the necessary instructions / modalities being issued by MCA in this regard.

After transfer of unclaimed amount of dividend and related shares to IEPF Demat Suspense Account, a Shareholder can claim the same by following the procedure as set out in the "IEPF Rules". The details of such cases are hosted by the Company on its website viz www.mahascooters.com together with "IEPF Rules".

For further details, the concerned Shareholders can write to the Company / STA.

Share transfer agent (STA)

The Company has appointed Karvy Computershare Pvt. Ltd. as its Share Transfer Agent (STA) and accordingly, processing of share transfer/dematerialization / rematerialisation and allied activities was outsourced to Karvy Computershare Pvt. Ltd., Hyderabad (Karvy) with effect from 10 July 2008.

All physical transfers, transmission, transposition, issue of duplicate share certificate(s), issue of demand drafts in lieu of dividend warrants etc. as well as requests for dematerialization / rematerialisation are being processed in periodical cycles at Karvy. The work related to dematerialization / rematerialisation is handled by Karvy through connectivity with National Securities Depository Ltd. and Central Depository Services India Ltd.

Share transfer system

Share transfers received by the share transfer agent/Company are registered within 15 days from the date of receipt, provided the documents are complete in all respects.

Break-up of Shares in physical and electronic mode

| Mode | No. of Shareholders | | % to Total Shareholders | | No. of Shares | | % to Total Shares | |
|--------------|---------------------|---------------|-------------------------|---------------|-------------------|-------------------|-------------------|---------------|
| | 2015-16 | 2016-17 | 2015-16 | 2016-17 | 2015-16 | 2016-17 | 2015-16 | 2016-17 |
| Physical | 3,232 | 3,098 | 33.03 | 27.24 | 6,501,800 | 6,472,587 | 56.89 | 56.64* |
| Electronic | 6,552 | 8,277 | 66.97 | 72.76 | 4,926,768 | 4,955,981 | 43.11 | 43.36 |
| Total | 9,784 | 11,375 | 100.00 | 100.00 | 11,428,568 | 11,428,568 | 100.00 | 100.00 |

* Promoters have not dematerialized their 51% shareholding on account of a pending Special Leave Petition before the Hon'ble Supreme Court of India.

Stock code

| | |
|---|--------------|
| BSE Ltd. | 500266 |
| National Stock Exchange of India Ltd. (NSE) | MAHSCOOTER |
| ISIN for Depositories (NSDL and CDSL) | INE288A01013 |

Listing on stock exchanges

Shares of the Company are currently listed on the following stock exchanges:

| Name | Address |
|--|--|
| 1. BSE Ltd., Mumbai | 1st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 |
| 2. National Stock Exchange of India Ltd. (NSE) | Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai 400 051 |

Pursuant to the SEBI Listing Regulations, 2015, the Company has entered into an Uniform Listing Agreement with BSE and NSE.

The listing fees payable for the financial year 2016-17 to each of the above stock exchanges have been paid in full by the Company.

Market price data

High, Low during each month in the financial year 2016-17

(₹)

| Month & Year | BSE Ltd. | | National Stock Exchange of India Ltd. | |
|----------------|----------|----------|---------------------------------------|----------|
| | High | Low | High | Low |
| April 2016 | 1,338.50 | 1,198.00 | 1,336.10 | 1,200.35 |
| May 2016 | 1,346.25 | 1,217.25 | 1,354.65 | 1,216.35 |
| June 2016 | 1,400.00 | 1,300.50 | 1,392.90 | 1,300.15 |
| July 2016 | 1,615.55 | 1,325.80 | 1,620.05 | 1,326.60 |
| August 2016 | 1,638.15 | 1,484.65 | 1,643.10 | 1,483.85 |
| September 2016 | 1,548.30 | 1,440.70 | 1,550.90 | 1,444.40 |
| October 2016 | 2,052.00 | 1,460.20 | 2,047.80 | 1,456.65 |
| November 2016 | 1,950.25 | 1,411.75 | 1,945.20 | 1,420.30 |
| December 2016 | 1,636.05 | 1,508.45 | 1,632.55 | 1,505.40 |
| January 2017 | 1,687.10 | 1,584.75 | 1,692.90 | 1,573.20 |
| February 2017 | 1,781.35 | 1,670.80 | 1,781.85 | 1,680.10 |
| March 2017 | 1,876.95 | 1,696.80 | 1,881.15 | 1,688.40 |

Note: The above figures are of monthly high and low of closing quotation of Equity Shares of the Company.

Share Price comparison

| | | | |
|---|----------------|-------|---------------|
| <i>Performance in comparison to broad-based indices such as S&P BSE Sensex and S&P CNX Nifty during 2016-17</i> | MSL Share | Up by | 54.48% on BSE |
| | | Up by | 53.64% on NSE |
| | S&P BSE Sensex | Up by | 16.88% on BSE |
| | S&P CNX Nifty | Up by | 18.55% on NSE |

Distribution of shareholding as on 31 March 2017

| No. of Shares | No. of shares held | % to Total shares | No. of Shareholders | % to Total Shareholders |
|------------------|--------------------|-------------------|---------------------|-------------------------|
| 1 to 5000 | 1,399,809 | 12.25 | 10,514 | 92.43 |
| 5001 to 10000 | 333,400 | 2.92 | 479 | 4.21 |
| 10001 to 20000 | 245,360 | 2.15 | 169 | 1.49 |
| 20001 to 30000 | 163,595 | 1.43 | 66 | 0.58 |
| 30001 to 40000 | 103,064 | 0.90 | 29 | 0.25 |
| 40001 to 50000 | 124,633 | 1.09 | 27 | 0.24 |
| 50001 to 100000 | 251,554 | 2.20 | 35 | 0.31 |
| 100001 and above | 8,807,153 | 77.06 | 56 | 0.49 |
| | 11,428,568 | 100.00 | 11,375 | 100.00 |

Shareholders' and investors' grievances

The Board of Directors of the Company currently has a Stakeholders Relationship Committee consisting of three non-executive directors to specifically look into and resolve grievances of security-holders on various matters. Routine queries/complaints received from shareholders are promptly attended to and replied. Queries/complaints received during the period under review related to non-receipt of dividend by warrants as well as through electronic clearing service, non-receipt of annual report, non-receipt of transferred shares and change of address and/or bank particulars. There were no pending issues to be addressed or resolved.

During the year, letters were received from Investors / SEBI (SCORES) concerning 22 complaints filed by the shareholders on various matters. In respect of each of these complaints, replies were sent to Investors / Action Taken Report uploaded on SCORES and no complaint remained pending to be attended to / resolved.

**Unclaimed Demat Suspense Account with HDFC Bank Ltd.**

In accordance with the provisions contained in clause 5A of the erstwhile Listing Agreement as amended by SEBI vide circular dated 17 December 2010, the Company, during the year 2011-12, had sent three reminders to such shareholders, whose shares were lying 'Undelivered/ Unclaimed' with the Company, followed by opening of the unclaimed share suspense demat account with HDFC Bank Ltd. Pursuant to Regulation 39(4) of Listing Regulations, the Company, in due compliance of the prescribed procedure, had transferred 33,156 No. of unclaimed shares in respect of 238 Shareholders to the Unclaimed Suspense Account opened with HDFC Bank Ltd. Voting rights on such shares are to remain frozen till the rightful owner claims the shares.

The Company, acting as a trustee in respect of the unclaimed shares, follows the modalities for the operation of the said account in the manner set out in Regulation 33(3) and Schedule V (F) to the Listing Regulations.

The information on unclaimed shares transferred, claimed and remaining outstanding during the year is as under:-

| Aggregate No. of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year i.e. 1 April 2016 | | No. of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year 2016-17 | | No. of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year 2016-17 | | Aggregate No. of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year i.e. 31 March 2017 | |
|---|--------|---|--------|---|--------|--|--------|
| Shareholders | Shares | Shareholders | Shares | Shareholders | Shares | Shareholders | Shares |
| 232 | 31,906 | 1 | 100 | 1 | 100 | 231 | 31,806 |

Nomination

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in the case of death of the registered shareholder(s). The prescribed nomination form (SH-13) will be sent by the share transfer agent of the Company upon such request and is also available on the Company's website. Nomination facility for shares held in electronic form is also available with depository participant as per the bye-laws and business rules applicable to NSDL and CDSL.

Voting through electronic means

Pursuant to section 108 of the Companies Act, 2013 and the Rules framed thereunder, every listed Company is required to provide its members facility to exercise their right to vote at general meetings by electronic means.

The Company has entered into an arrangement with Karvy Computershare Pvt. Ltd., the authorized agency for this purpose, to facilitate such e-voting for its members.

The shareholders would therefore be able to exercise their voting rights on the items put up in the Notice of annual general meeting, through such e-voting method. The Company would also make arrangements to provide for voting facility at the venue of the Annual General Meeting.

Shareholders who are attending the meeting and who have not already cast their votes by remote e-voting shall only be able to exercise their right of voting at the meeting.

Cut-off date for determining voting rights of members shall be 11 July 2017 and the remote E-voting shall be open from 15 July 2017 (9.00 a.m.) till 17 July 2017 (5.00 p.m.). The Board has appointed Shri Shyamprasad Limaye, Practising Company Secretary as scrutinizer for the e-voting process.

Detailed procedure for remote e-voting is given in the Notice of the 42nd annual general meeting and also placed on the website of the Company.

Shareholders may get in touch with the Company Secretary for further assistance.

Address for correspondence

Investors and shareholders can correspond with the office of the share transfer agent of the Company or the registered office of the Company at the following addresses:

Karvy Computershare Pvt. Ltd.

Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District,
Nanakramguda,
Hyderabad – 500 032

Contact Persons

Mr. M.S. Madhusudan / Mr. Mohd. Mohsinuddin
Telephone No.: (040) 6716 1500
Fax No.: (040) 2300 1153
Direct No. **040 6716 1562**
E-mail: enward.ris@karvy.com
[Website: www.karvy.com](http://www.karvy.com)

Maharashtra Scooters Ltd.

C/o. Bajaj Auto Ltd.
Mumbai-Pune Road, Akurdi,
Pune - 411 035
Company Secretary & Compliance Officer: N.S. Kulkarni
Telephone No.: (020) 6610 6564
E-mail: kulkarnins@bajajauto.co.in/
investor_msl@bajajauto.co.in
[Website: www.mahascooters.com](http://www.mahascooters.com)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

a) Industry structure and developments

Maharashtra Scooters Ltd. (MSL), since its inception, had been operating in the geared scooter segment of the two wheeler industry and consequently over the period it had developed adequate skills in the manufacture of pressure die casting dies, jigs, fixtures etc. for two and three-wheelers. With the market for geared scooters almost extinguished and the Company having discontinued the production of geared scooters since April 2006, production activity during the year was restricted to manufacture of pressure die casting dies, jigs and fixtures.

b) Opportunities, Threats, Outlook, Risks and Concerns

The Company ceased to manufacture geared scooters since April 2006 and since then, there has been no activity for manufacture of geared / non-geared scooters at its factory. The Company, however, continues to manufacture pressure die casting dies, jigs and fixtures for automobiles industry. During the year, the Company has taken steps to enhance its manufacturing capabilities.

c) Segment-wise or product-wise performance

There being only one reportable segment, no separate information has been given segment-wise or product-wise.

d) Internal control systems and their adequacy

The Company has strong internal control systems which have been found adequate by the Management of the Company. The Audit Committee reviews the internal control system / procedure periodically to ensure its adequacy and effectiveness.

e) Discussion on financial performance with respect to operational performance

The details have been furnished in the Directors' Report to the Members as well as in the Financial Highlights included in the Annual Report.

f) Material developments in Human Resources / Industrial Relations front, including number of people employed

Having arrived at the amicable wage settlement agreement with the Workmen, the industrial relations remained cordial during the year under review. As at the end of 31 March 2017, the Company had 52 permanent workmen and 54 permanent staff on its roll.

g) Material financial and commercial transactions, where the Management has personal interest, which may have a potential conflict with the interest of the company at large

There are no material financial and commercial transactions, where the Management has personal interest, which may have a potential conflict with the interest of the Company at large.



Auditors' Certificate on Corporate Governance

To the Members of
MAHARASHTRA SCOOTERS LTD.

We have examined the compliance of conditions of Corporate Governance by **MAHARASHTRA SCOOTERS LTD.** ('the Company') for the year ended on 31 March 2017 as stipulated in clause 49 of the Listing agreement of the said company with Stock exchanges as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (Listing Regulations) for the period 1 April 2016 to 31 March 2017.

The compliance of conditions of Corporate Governance is the 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 sought and replies given to us by the Company, its directors and officers, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement / Regulations, as applicable.

We further 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 P. C. PARMAR & CO.
Chartered Accountants
Firm Regn. No. 107604W

CA. J. P. PARMAR
Proprietor
Membership No. 46293

Pune, 16 May 2017

DECLARATION ON CODE OF CONDUCT

As required by clause 34(3) of the Listing Regulations, it is hereby affirmed that all the Board Members and Senior Management Personnel have complied with the Code of Conduct laid down for them as approved by the Board at its meeting held on 13 October 2014.

1 May 2017

RAJEEV D. HAWARE
Chief Executive Officer

INDEPENDENT AUDITORS' REPORT

To the Members of Maharashtra Scooters Ltd.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **MAHARASHTRA SCOOTERS LTD.** ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. 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 the 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 internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31 March 2017, and its profit/loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditors Report) Order, 2016 ("The Order") issued by the Central Government of India in terms of sub-section 11 of section 143 of the Act, we give in the Annexure A, a statement on the matter specified in paragraphs 3 & 4 of the order.

As required by section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.



- (e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in `Annexure B'.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Also refer Note 22 to the financial statements;
 - ii. The Company did not have any long term contract, including derivative contract, for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in the Standalone Financial Statements as to holdings as well as dealings in specified Bank notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures and relying on management representation we report that the disclosures are in accordance with the Books of accounts maintained by the Company and as produced to us by the Management – Also refer Note 26 to the financial statements.

For P. C. PARMAR & CO.
Chartered Accountants
Firm Reg. No: 107604W

C.A. J.P. PARMAR
Proprietor
Membership No. 46293

Pune, 16 May 2017

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

The Annexure referred to in our report to the members of MAHARASHTRA SCOOTERS LTD. ("the Company") for the year ended on 31 March 2017. We report that:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Management has carried out physical verification of fixed assets during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification of fixed assets is reasonable.
- (c) The title deeds of immovable properties are held in the name of the Company.
- (ii) According to the information and explanations given to us, physical verification of inventory has been conducted at reasonable intervals by the Management and no material discrepancies were noticed on physical verification during the year.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Ltd. Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- Sub-clauses (a) (b) and (c) are not applicable.
- (iv) In our opinion and according to information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security.
- (v) The Company has not accepted deposits during the year.
- (vi) Maintenance of Cost Records, for the Company, has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.
- (vii) (a) According to the records of the Company, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, employees' state insurance, Income-Tax, Sales-Tax, service tax, Custom Duty, Excise Duty, value added tax, cess and any other statutory dues with the appropriate authorities. According to information and explanations given to us, there are no arrears of statutory dues which have remained outstanding as at 31 March 2017 for a period of more than six months from the date they became payable.
- (b) According to information and explanations given to us and the records of the Company, the following dues of Sales Tax and Service Tax have not been deposited on account of dispute:

| Nature of disputed Statutory dues | Amount (₹) | Forum where dispute is pending |
|-----------------------------------|------------|--|
| Sales Tax for the year 2001-02 | 8,786,623 | Joint Commissioner of Sales Tax (Appeals)-I, Kolhapur Division, Kolhapur |
| Sales Tax for the year 2001-02 | 5,295,295 | Joint Commissioner of Sales Tax (Appeals)-I, Kolhapur Division, Kolhapur |
| Sales Tax for the year 2002-03 | 17,987,580 | Joint Commissioner of Sales Tax (Appeals)-I, Kolhapur Division, Kolhapur |
| Sales Tax for the year 2005-06 | 71,825,295 | Maharashtra Sales Tax Tribunal, Mumbai |
| Sales Tax for the year 2006-07 | 864,747 | Dy. Commissioner of Sales Tax (Appeals), Satara |
| Sales Tax for the year 2012-13 | 140,102 | Dy. Commissioner of Sales Tax (Appeals), Kolhapur |

- (viii) The Company has not defaulted in repayment of loans or borrowing to financial institutions, banks, government or dues to debenture holders.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year.
- (x) Based upon the audit procedures performed by us and according to information and explanations given to us and representations made by Management, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us, and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.



- (xiv) According to the information and explanations given to us, and based on our examination of the records of the Company, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us, and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly paragraph 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us, and based on our examination of the records of the Company, the Company has been classified as a Core Investment Company not requiring registration with Reserve Bank of India pursuant to the provisions of section 45-IA of RBI Act, 1934 - Also Refer Note 28 to the financial statements. Accordingly, separate report as required vide RBI Master Direction DNBS.PPD.03/66.15.001/2016-17 dated 29 September 2016, is not required to be furnished.

For **P. C. PARMAR & Co.**
Chartered Accountants
Firm Regn. No. 107604W

C.A. J. P. PARMAR
Proprietor
Membership No. 46293

Pune, 16 May 2017

Annexure B to the Independent Auditors' Report of even date on the Standalone Financial Statements of Maharashtra Scooters Ltd.

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Maharashtra Scooters Ltd. ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of Management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **P. C. PARMAR & Co.**
Chartered Accountants
Firm Regn. No. 107604W

C.A. J. P. PARMAR
Proprietor
Membership No. 46293

Pune, 16 May 2017

**Balance Sheet as at 31 March 2017**

(₹ in Lakhs)

| Particulars | Note No. | As at 31 March 2017 | As at 31 March 2016 |
|--|----------|---------------------|---------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 2 | 1,142.86 | 1,142.86 |
| Reserves and surplus | 3 | 31,312.31 | 30,056.43 |
| | | 32,455.17 | 31,199.29 |
| Non-current liabilities | | | |
| Other long-term liabilities | 4 | 1,044.86 | 1,391.86 |
| Long-term provisions | 5 | - | - |
| | | 1,044.86 | 1,391.86 |
| Current liabilities | | | |
| Trade payables : | | | |
| Outstanding dues of micro and small enterprises | | - | 4.61 |
| Outstanding dues of creditors other than micro and small enterprises | | 41.85 | 42.71 |
| Other current liabilities | 6 | 792.51 | 1,028.28 |
| Short-term provisions | 5 | 77.24 | 67.22 |
| | | 911.60 | 1,142.82 |
| TOTAL | | 34,411.63 | 33,733.97 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 7 | 704.96 | 717.52 |
| Non-current investments | 8 | 23,463.02 | 23,464.29 |
| Long-term loans and advances | 9 | 979.13 | 1,033.56 |
| Other non-current assets | 10 | 867.00 | 2,686.00 |
| | | 26,014.11 | 27,901.37 |
| Current assets | | | |
| Current investments | 8 | 4,865.00 | 4,572.33 |
| Inventories | 11 | 118.36 | 53.31 |
| Trade receivables | 12 | 220.78 | 244.31 |
| Cash and bank balances | 13 | 2,760.14 | 616.87 |
| Short-term loans and advances | 9 | 174.13 | 85.66 |
| Other current assets | 10 | 259.11 | 260.12 |
| | | 8,397.52 | 5,832.60 |
| TOTAL | | 34,411.63 | 33,733.97 |
| Summary of significant accounting policies followed by the Company | 1 | | |

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For and on behalf of
P. C. PARMAR & CO.
Chartered Accountants
Firm Regn. No. 107604W

R. D. Haware
Chief Executive Officer

Madhur Bajaj
Chairman

R. B. Laddha
Chief Financial Officer

Naresh Patni
Ramesh K. Nikharge
Mrs. Richa Bagla
Sadashiv S. Survase
Sanjay S. Degaonkar
Sanjiv Bajaj
Vikram Kumar
Yogesh J. Shah
Directors

J. P. Parmar
Proprietor
Membership No. 46293
Pune, 16 May 2017

N. S. Kulkarni
Company Secretary

Statement of Profit and Loss for the year ended 31 March 2017

(₹ in Lakhs)

| Particulars | Note No. | Year Ended 31 March 2017 | Year Ended 31 March 2016 |
|---|----------|-----------------------------|-----------------------------|
| Revenue from operations (gross) | | 953.65 | 1,009.09 |
| Less : Excise duty | | 104.09 | 111.68 |
| Revenue from operations (net) | 14 | 849.56 | 897.41 |
| Other income | 15 | 2,074.07 | 10,817.58 |
| Total Revenue | | 2,923.63 | 11,714.99 |
| Expenses: | | | |
| Cost of raw material and components consumed | 16 | 457.70 | 382.95 |
| (Increase) / decrease in inventories of finished goods and work-in-progress | 17 | (70.07) | 79.47 |
| Employee benefits expense | 18 | 813.42 | 801.99 |
| Finance costs | 19 | - | - |
| Depreciation and write downs | | 55.32 | 73.50 |
| Other expenses | 20 | 297.38 | 277.20 |
| Total expenses | | 1,553.75 | 1,615.11 |
| Profit before tax | | 1,369.88 | 10,099.88 |
| Tax expense | | | |
| Current tax | | 148.00 | 116.00 |
| MAT credit entitlement | | (34.00) | (116.00) |
| Total tax expense | | 114.00 | - |
| Profit after tax for the year | | 1,255.88 | 10,099.88 |
| Basic and diluted Earnings per share (in ₹) (Nominal value per share ₹ 10) | 21 | 10.99 | 88.37 |
| Summary of significant accounting policies followed by the Company | 1 | | |

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For and on behalf of
P. C. PARMAR & CO.
Chartered Accountants
Firm Regn. No. 107604W

R. D. Haware
Chief Executive Officer

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Yogesh J. Shah
Directors

J. P. Parmar
Proprietor
Membership No. 46293
Pune, 16 May 2017

N. S. Kulkarni
Company Secretary

**Cash Flow Statement for the year ended 31 March 2017**

| Particulars | Current Year | Previous Year |
|--|--------------|---------------|
| | (₹ in Lakhs) | (₹ in Lakhs) |
| A. Operating activities: | | |
| 1. Profit before tax | 1,369.88 | 10,099.88 |
| 2. Adjustments | | |
| Add: | | |
| i) Depreciation | 55.32 | 73.50 |
| ii) Loss on assets sold, demolished or discarded | 1.15 | 1.60 |
| iii) Amount written off against leasehold land | 0.06 | 0.07 |
| iv) Interest paid | - | - |
| | 56.53 | 75.17 |
| | 1,426.41 | 10,175.05 |
| Less: | | |
| i) Investment income included in above | | |
| Interest on long-term and current investments | 719.95 | 722.56 |
| Interest on fixed deposits | 256.95 | 240.78 |
| Profit on sale of investments, net | 350.10 | 287.55 |
| Dividend on long-term investments | 725.55 | 9,535.11 |
| Add: Amortisation of premium / discount on acquisition of fixed income securities, net | (1.27) | 3.26 |
| | 2,051.28 | 10,789.26 |
| ii) Surplus on sale of assets | 0.76 | 0.57 |
| | 2,052.04 | 10,789.83 |
| 3. Cash from operations | (625.63) | (614.78) |
| 4. Change in assets and liabilities | | |
| i) Inventories | 65.05 | (74.78) |
| ii) Trade receivables | (23.53) | (15.43) |
| iii) Loans and advances and other assets | (109.16) | (91.96) |
| iv) Liabilities and provisions | 412.19 | 237.24 |
| | 344.55 | 55.07 |
| 5. Net cash from operating activities before income tax | (970.18) | (669.85) |
| 6. Income tax paid | 230.42 | 126.96 |
| 7. Net cash from operating activities | (1,200.60) | (796.81) |

Cash Flow Statement for the year ended 31 March 2017 (Contd.)

| Particulars | (₹ in Lakhs) | Current Year (₹ in Lakhs) | Previous Year (₹ in Lakhs) |
|--|-----------------|------------------------------|-------------------------------|
| B. Investing activities: | | | |
| i) Sale of other current and long-term investments | 4,500.00 | | 5,952.57 |
| ii) Purchase of other current and long-term investments | - | | (6,514.38) |
| iii) (Purchase)/sale of money market mutual funds etc., net | (4,442.57) | | (69.99) |
| iv) (Increase)/decrease in other bank balances | 1,819.00 | | (1,387.00) |
| v) Purchase of fixed assets | (45.34) | | (356.44) |
| vi) Sale of fixed assets | 2.13 | | 2.45 |
| | <u>1,833.22</u> | | <u>(2,372.79)</u> |
| vii) Investment income | | | |
| Interest on long-term and current Investments | 719.95 | | 722.56 |
| Interest on fixed deposits | 256.95 | | 240.78 |
| Dividend on long-term investments | 725.55 | | 9,535.11 |
| | <u>1,702.45</u> | | <u>10,498.45</u> |
| viii) (Increase)/decrease in investment/interest receivable | (25.77) | | 4.42 |
| Net cash from investing activities | | <u>3,509.90</u> | <u>8,130.08</u> |
| C. Financing activities: | | | |
| 1. Interest paid | | - | - |
| 2. Dividend paid | | (166.03) | (6,565.31) |
| 3. Dividend distribution tax paid | | - | (1,395.96) |
| Net cash from financing activities | | (166.03) | (7,961.27) |
| D. Net change in cash & cash equivalents (A+B+C) | | 2,143.27 | (628.00) |
| E. Cash & cash equivalents as at 1 April (Opening balance) | | 616.87 | 1,244.87 |
| F. Cash & cash equivalents as at 31 March (Closing balance) | | 2,760.14 | 616.87 |

Note: 1. The above cash flow statement has been prepared in indirect method.
2. Previous year's figures have been regrouped wherever necessary.

For and on behalf of
P. C. PARMAR & CO.
Chartered Accountants
Firm Regn. No. 107604W

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Yogesh J. Shah
Directors

J. P. Parmar
Proprietor
Membership No. 46293
Pune, 16 May 2017

N. S. Kulkarni
Company Secretary



Notes to financial statements for the year ended 31 March 2017

1. Summary of significant accounting policies followed by the Company

Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under section 211(3C) of the Companies Act, 1956 [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

The Ministry of Corporate Affairs (MCA) has notified the Companies (Accounting Standards) Amendment Rules, 2016 vide its notification dated 30 March 2016. The said notification read with Rule 3(2) of the Companies (Accounting Standards) Rules, 2006 is applicable to accounting period commencing on or after the date of notification i.e. 1 April 2016.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

1) **System of accounting**

- i) The Company follows the mercantile system of accounting and recognises income and expenditure on an accrual basis except in case of significant uncertainties.
- ii) Financial Statements are prepared under the historical cost convention.
- iii) Estimates and assumptions used in the preparation of the financial statements and disclosures are based upon Management's evaluation of the relevant facts and circumstances as of the date of the financial statements, which may differ from the actual results at a subsequent date.

2) **Revenue recognition**

i) **Sales**

Sales are accounted for on dispatch from the point of sale.

ii) **Income**

- a) The Company recognises income on accrual basis.
- b) Interest income is accrued over the period of investment and net of amortisation of premium/discount with respect to fixed income securities, thereby recognising the implicit yield to maturity, with reference to coupon dates, where applicable. However, income is accrued only where interest is serviced regularly and is not in arrears, as per the guidelines framed by the management.
- c) Dividends are accounted for when the right to receive the same is established.
- d) Profit/loss on sale of investment are recognised on the contract date.

3) **Fixed assets and depreciation**

i) **Tangible assets**

Tangible assets except freehold land are carried at cost of acquisition or construction or at manufacturing cost in the case of self-manufactured assets, less accumulated depreciation and amortisation. Borrowing cost attributable to acquisition and installation of fixed assets is capitalised and included in the cost of fixed assets as appropriate.

Notes to financial statements for the year ended 31 March 2017 (Contd.)

- ii) **Depreciation and amortisation**
 - a) On Leasehold land
Premium on leasehold land is amortised over the period of lease.
 - b) On other tangible assets
Depreciation is provided on a pro-rata basis on the straight line method over the useful lives of the assets as prescribed by Schedule II of the Companies Act, 2013.
 1. Where a significant component (in terms of cost) of an asset has an economic useful life shorter than that of its corresponding asset, the component is depreciated over its shorter life.
 2. Depreciation on additions is being provided on *pro-rata* basis from the month of such additions.
 3. Depreciation on assets sold, discarded or demolished during the year is being provided at the rates upto the previous month in which such assets are sold, discarded or demolished.
 - c) **Impairment of assets**
If the carrying amount of the fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured at the higher of the net selling price and value in use, determined by the present value of estimated future cash flows.
- 4) **Investments**
 - i) Investments other than fixed income securities are valued at cost of acquisition.
 - ii) Fixed income securities are carried at cost, less amortisation of premium paid /discount received, as the case may be, and provision for diminution as considered necessary.
 - iii) Investments made by the Company are of a long-term nature, hence diminutions in value of quoted investments are generally not considered to be of a permanent nature. However, current investments, representing fixed income securities with a maturity less than 1 year and investment not intended to be held for a period more than 1 year, are stated at lower of cost or fair value.
- 5) **Current Assets**
 - i) Inventories
 - a) Inventories are valued at the lower of cost, computed on a weighted average basis, and estimated net realisable value. Finished stocks and work-in-process include costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Finished stocks lying in the factory includes provision for excise duty liability. Finished stocks in transit are valued inclusive of excise duty and insurance and those lying at the depots are valued inclusive of excise duty, insurance and inward freight.
 - b) Cost for the purposes of valuation of raw-material, bought out parts and stores and tools is inclusive of duties and taxes, freight inward, octroi and inward insurance and is net of credit under the Cenvat/VAT scheme.
 - c) Costs of conversion for the purposes of valuation of finished stock and work-in-process include fixed and variable production overheads incurred in converting materials into finished goods.
 - d) Machinery spares and maintenance materials are charged out as expenses in the year of purchase.



Notes to financial statements for the year ended 31 March 2017 (Contd.)

- ii) Sundry debtors
Sundry debtors and loans and advances are stated, after making adequate provision for doubtful debts, if any.
- 6) **Employee Benefits**
 - i) Privilege leave entitlements
Privilege leave entitlements are recognised as a liability, in the calendar year of rendering of service, as per the rules of the Company. As accumulated leave can be availed and/or encashed at any time during the tenure of employment, the liability is recognised at the higher of the actual accumulated obligation or actuarially determined value.
 - ii) Gratuity
Payment for present liability of future payment of gratuity is being made to approved gratuity fund, which covers the same under Cash Accumulation Policy of the Life Insurance Corporation of India. However, any deficits in plan assets managed by LIC as compared to the actuarial liability is recognised as a liability.
 - iii) Superannuation
Contribution to superannuation fund is being made as per the scheme of the Company under Cash Accumulation Policy of the Life Insurance Corporation of India.
 - iv) Provident fund
Provident fund contributions are made to Company's Provident Fund Trust.
 - v) Employees' pension scheme
Contribution to Employees Pension Scheme 1995 is made to Government Provident Fund Authority.
- 7) **Foreign exchange transactions**
Transactions in foreign currency are recorded in the financial statements based on the exchange rate existing at the time of the transaction.
- 8) **Taxation**
 - i) Provision for tax is made for the current accounting period (reporting period) on the basis of the taxable profits computed in accordance with the Income-Tax Act, 1961.
 - ii) Deferred tax resulting from timing difference between book profits and taxable profits are accounted for to the extent deferred tax liabilities are expected to crystallise with reasonable certainty and in case of deferred tax assets with virtual certainty that there would be adequate future taxable income against which such deferred tax assets can be realised. Deferred tax provisions are reviewed for the appropriateness of their respective carrying values at each balance sheet date.
- 9) **Provisions and contingent liabilities**
The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Notes to financial statements for the year ended 31 March 2017 (Contd.)

2 Share Capital

| | 31-Mar-2017 (₹ in Lakhs) | 31-Mar-2016 (₹ in Lakhs) |
|--|-----------------------------|-----------------------------|
| Authorised: | | |
| 11,500,000 Equity shares of ₹ 10 each | 1,150.00 | 1,150.00 |
| 50,000 Redeemable cumulative preference shares of ₹ 100 each | 50.00 | 50.00 |
| | <u>1,200.00</u> | <u>1,200.00</u> |
| Issued, subscribed and Fully paid-up shares: | | |
| 11,428,568 Equity shares of ₹10 each | 1,142.86 | 1,142.86 |
| | <u>1,142.86</u> | <u>1,142.86</u> |

a. 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. The interim dividend declared by the Board of Directors and the dividend proposed by the Board of Directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

b. Details of shareholders holding more than 5% shares in the Company

| | 31-Mar-2017 | | 31-Mar-2016 | |
|--|-------------|-----------|-------------|-----------|
| | Nos. | % Holding | Nos. | % Holding |
| Equity shares of ₹ 10 each fully paid | | | | |
| Western Maharashtra Development Corporation Ltd. | 3,085,712 | 27.00% | 3,085,712 | 27.00% |
| Bajaj Holdings & Investment Ltd. | 2,742,848 | 24.00% | 2,742,848 | 24.00% |
| CD Equifinance Pvt. Ltd. | 617,349 | 5.40% | 631,452 | 5.53% |

3 Reserves and surplus

| | 31-Mar-2017 (₹ in Lakhs) | 31-Mar-2016 (₹ in Lakhs) |
|---|-----------------------------|-----------------------------|
| General Reserve | | |
| Balance as at the beginning of the year | 25,093.10 | 24,083.10 |
| Add: Transferred from surplus in statement of profit & loss | 126.00 | 1,010.00 |
| Closing balance | <u>25,219.10</u> | <u>25,093.10</u> |
| Surplus in the statement of profit and loss | | |
| Balance as at the beginning of the year | 4,963.33 | - |
| Profit for the year | 1,255.88 | 10,099.88 |
| Less: Appropriations | | |
| Transfer to General reserve | 126.00 | 1,010.00 |
| Interim dividend | - | 3,428.57 |
| Tax on interim dividend | - | 697.98 |
| Total appropriations | <u>126.00</u> | <u>5,136.55</u> |
| Balance in the Statement of Profit and Loss | <u>6,093.21</u> | <u>4,963.33</u> |
| Total reserves and surplus | <u>31,312.31</u> | <u>30,056.43</u> |

4 Other long-term liabilities

| | | |
|---------------------------------|-----------------|-----------------|
| Annuity payable to Ex-employees | 1,044.86 | 1,391.86 |
| | <u>1,044.86</u> | <u>1,391.86</u> |


Notes to financial statements for the year ended 31 March 2017 (Contd.)
5 Provisions

| | Long-term | | Short-term | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 31-Mar-2017 (₹ in Lakhs) | 31-Mar-2016 (₹ in Lakhs) | 31-Mar-2017 (₹ in Lakhs) | 31-Mar-2016 (₹ in Lakhs) |
| Provision for employee benefits | | | | |
| Provision for gratuity (See note 33) | - | - | - | - |
| Provision for compensated absences | - | - | 77.24 | 67.22 |
| Provision for welfare scheme | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>77.24</u> | <u>67.22</u> |
| Other provisions | | | | |
| Provision for tax (net of tax paid in advance) | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>-</u> | <u>-</u> | <u>77.24</u> | <u>67.22</u> |
| Dividends not recognised at the end of the reporting period* | | | | |
| Since year end the directors have recommended the payment of dividend of ₹ 30 per equity share of ₹ 10 each. The proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting. | - | - | 3,428.57 | - |
| | <u>-</u> | <u>-</u> | <u>3,428.57</u> | <u>-</u> |

* As required by revised AS 4, the enterprise should not recognise dividend declared after balance sheet date as a liability. As such the Company has not recognised the declared dividend of ₹ 30 per equity share (300%) for the year ended 31 March 2017. The Company has paid an interim dividend of ₹ 30 per equity share (300%) on 30 March 2016 and said amount was treated as final dividend for the year ended 31 March 2016.

6 Other current liabilities

| | | |
|----------------------------------|---------------|-----------------|
| Annuity payable to Ex-employees | 349.04 | 375.66 |
| Advance received from customers | 18.60 | 9.50 |
| Security deposits | 0.30 | 0.20 |
| Unclaimed dividend | 350.03 | 516.06 |
| Bank credit balance as per books | - | 51.92 |
| Employees benefits payable | 54.21 | 48.71 |
| Taxes and duties payable | 9.09 | 10.92 |
| Other payables | 11.24 | 15.31 |
| | <u>792.51</u> | <u>1,028.28</u> |

7 Fixed Assets : Tangible assets

(₹ in Lakhs)

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|------------------------------|--------------------|--------------|--------------|--------------------|-------------------|-------------------|--------------|-------------------|--------------------|--------------------|
| | As At 01-Apr-16 | Additions | Deductions | As At 31-Mar-17 | Upto 01-Apr-16 | For the period | Deductions | Upto 31-Mar-17 | As At 31-Mar-17 | As At 31-Mar-16 |
| Land freehold | 0.02 | - | - | 0.02 | - | - | - | - | 0.02 | 0.02 |
| Land leasehold | 3.42 | - | 0.06 | 3.36 | - | - | - | - | 3.36 | 3.42 |
| Buildings | 570.02 | - | - | 570.02 | 530.25 | 0.63 | - | 530.88 | 39.14 | 39.77 |
| Plant & machinery | 2,416.52 | 32.78 | 11.43 | 2,437.87 | 1,766.75 | 50.41 | 11.13 | 1,806.03 | 631.84 | 649.77 |
| Furniture & fixtures | 24.95 | 0.34 | 0.82 | 24.47 | 21.22 | 0.53 | 0.80 | 20.95 | 3.52 | 3.73 |
| Office equipments | 5.04 | 0.08 | 0.32 | 4.80 | 4.42 | 0.38 | 0.30 | 4.50 | 0.30 | 0.62 |
| Vehicles | 34.83 | 12.14 | 4.69 | 42.28 | 14.64 | 3.38 | 2.52 | 15.50 | 26.78 | 20.19 |
| Total tangible assets | 3,054.80 | 45.34 | 17.32 | 3,082.82 | 2,337.28 | 55.33 | 14.75 | 2,377.86 | 704.96 | 717.52 |
| Previous year's total | 2,707.52 | 356.44 | 9.16 | 3,054.80 | 2,269.39 | 73.50 | 5.61 | 2,337.28 | 717.52 | |

Notes to financial statements for the year ended 31 March 2017 (Contd.)

| 8 Investments | 31-Mar-2017 (₹ in Lakhs) | 31-Mar-2016 (₹ in Lakhs) |
|--|-----------------------------|-----------------------------|
| (A) Long Term Investments: | | |
| In Fully Paid Equity Shares: | | |
| Quoted: | | |
| 6,774,072 Shares of ₹ 10 each of Bajaj Auto Ltd. | 1,824.86 | 1,824.86 |
| 18,974,660 (1,897,466 of ₹ 10 Each) Shares of ₹ 2 each of Bajaj Finance Ltd. | 5,006.76 | 5,006.76 |
| 3,725,740 Shares of ₹ 5 each of Bajaj Finserv Ltd. | 3,968.63 | 3,968.63 |
| 3,387,036 Shares of ₹ 10 each of Bajaj Holdings & Investment Ltd. | 4,665.36 | 4,665.36 |
| | <u>15,465.61</u> | <u>15,465.61</u> |
| In Fully paid Debentures: | | |
| Unquoted: | | |
| 50 9.25% Non-Convertible Debentures of ₹ 1,000,000 each of Bajaj Finance Ltd. -2018 | 502.22 | 502.22 |
| 750 9.00% Non-Convertible Debentures of ₹ 1,000,000 each of Bajaj Finance Ltd. -2019 | 7,500.90 | 7,500.90 |
| | <u>8,003.12</u> | <u>8,003.12</u> |
| Add : Amortisation of premium paid/discount received on acquisition (net) | (5.71) | (4.44) |
| | <u>7,997.41</u> | <u>7,998.68</u> |
| Total (A) | <u>23,463.02</u> | <u>23,464.29</u> |
| (B) Current Investments : | | |
| In Certificate of Deposit: | | |
| Unquoted: | | |
| - (2,500) Certificate of Deposit of ₹ 100,000 each of Canara Bank 07-03-2017 | - | 2,326.27 |
| - (2,000) Certificate of Deposit of ₹ 100,000 each of Nabard 15-02-2017 | - | 1,869.28 |
| | <u>-</u> | <u>4,195.55</u> |
| Add : Amortisation of premium paid/discount received on acquisition (net) | - | 2.33 |
| | <u>-</u> | <u>4,197.88</u> |


Notes to financial statements for the year ended 31 March 2017 (Contd.)
8 Investments

| | 31-Mar-2017 (₹ in Lakhs) | 31-Mar-2016 (₹ in Lakhs) |
|---|---|---|
| In Mutual Fund Units: | | |
| Quoted: | | |
| 1,080,196 (68,901) Units of ICICI Prudential Money Market Fund Plan-Direct-(Growth) of ₹ 100 each | 2,430.00 | 144.22 |
| 95,029 (9,656) Units of Tata Money Market Fund - Direct-(Growth) of ₹ 1000 each in Tata Mutual Fund | 2,435.00 | 230.23 |
| | <u>4,865.00</u> | <u>374.45</u> |
| Total (B) | <u>4,865.00</u> | <u>4,572.33</u> |
| Total (A+B) | <u>28,328.02</u> | <u>28,036.62</u> |

| | Book Value as at | | Market Value as at | |
|--------------|------------------|------------------|--------------------|-------------|
| | 31-Mar-2017 | 31-Mar-2016 | 31-Mar-2017 | 31-Mar-2016 |
| Quoted | 20,330.61 | 15,840.06 | 643,111.27 | 408,228.87 |
| Unquoted | 7,997.41 | 12,196.56 | | |
| Total | <u>28,328.02</u> | <u>28,036.62</u> | | |

9 Loans and advances

| | Non-current | | Current | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 31-Mar-2017 (₹ in Lakhs) | 31-Mar-2016 (₹ in Lakhs) | 31-Mar-2017 (₹ in Lakhs) | 31-Mar-2016 (₹ in Lakhs) |
| Security deposits | 6.35 | 6.35 | - | - |
| Advances recoverable in cash or kind | | | | |
| Unsecured considered good | - | - | 12.41 | 10.76 |
| Doubtful | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>12.41</u> | <u>10.76</u> |
| Provision for doubtful advances | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>12.41</u> | <u>10.76</u> |
| Other loans and advances | | | | |
| VAT refund receivable | 28.80 | 28.79 | - | - |
| Advance income-tax (net of provision for tax) | 933.11 | 920.38 | 131.98 | 1.59 |
| Loans to former employees | 10.87 | 78.04 | 4.92 | 15.79 |
| Balances with Central Excise Department | - | - | 24.82 | 57.52 |
| | <u>972.78</u> | <u>1,027.21</u> | <u>161.72</u> | <u>74.90</u> |
| Total | <u>979.13</u> | <u>1,033.56</u> | <u>174.13</u> | <u>85.66</u> |

Notes to financial statements for the year ended 31 March 2017 (Contd.)

10 Other assets

(Unsecured, good, unless stated otherwise)

| | Non-current | | Current | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 31-Mar-2017 (₹ in Lakhs) | 31-Mar-2016 (₹ in Lakhs) | 31-Mar-2017 (₹ in Lakhs) | 31-Mar-2016 (₹ in Lakhs) |
| Non-current bank balances (see note 13) | 867.00 | 2,686.00 | - | - |
| Interest receivable on investments | - | - | 258.72 | 259.65 |
| Interest receivable on loans, deposits etc. | - | - | 0.39 | 0.47 |
| | - | - | 259.11 | 260.12 |
| Total | 867.00 | 2,686.00 | 259.11 | 260.12 |

11 Inventories

| | | |
|------------------------------|---------------|--------------|
| Raw materials and components | 14.18 | 19.85 |
| Work-in-progress | 100.41 | 30.34 |
| Finished goods | - | - |
| Stores | 3.64 | 3.05 |
| Loose tools | 0.13 | 0.07 |
| | 118.36 | 53.31 |

* Refer note 1 clause 5(i) for accounting policy on valuation of inventories.

12 Trade receivable

(Unsecured, considered good unless stated otherwise)

Outstanding for a period exceeding six months from the date they are due for payment

| | | | | |
|---------------------|---|---|---------------|---------------|
| Good | - | - | 31.63 | 37.66 |
| Doubtful | - | - | - | - |
| | - | - | 31.63 | 37.66 |
| Others, Good | - | - | 189.15 | 206.65 |
| | - | - | 220.78 | 244.31 |

13 Cash and bank balances

Cash and cash equivalents

Balances with banks:

| | | | | |
|---------------------|---|---|-------------|-------------|
| In current accounts | - | - | 20.87 | 1.65 |
| Cash on hand | - | - | 0.24 | 0.16 |
| | - | - | 21.11 | 1.81 |

Other bank balances

| | | | | |
|---|---------------|-----------------|-----------------|---------------|
| Unclaimed dividend accounts | - | - | 350.03 | 516.06 |
| Deposits with residual maturity for less than 12 months | - | - | 2,389.00 | 99.00 |
| Deposits with residual maturity for more than 12 months | 867.00 | 2,686.00 | - | - |
| | 867.00 | 2,686.00 | 2,739.03 | 615.06 |
| Amount disclosed under non-current assets (see note 10) | (867.00) | (2,686.00) | - | - |
| | - | - | 2,760.14 | 616.87 |

**Notes to financial statements for the year ended 31 March 2017 (Contd.)****14 Revenue from operations**

| | 31-Mar-2017 (₹ in Lakhs) | 31-Mar-2016 (₹ in Lakhs) |
|--|---|---|
| Revenue from operations | 947.06 | 1,004.33 |
| Other operating revenue | | |
| Scrap sales | 6.59 | 4.76 |
| Revenue from operations (gross) | 953.65 | 1,009.09 |
| Less: Excise duty | 104.09 | 111.68 |
| Revenue from operations (net) | 849.56 | 897.41 |
| Details of products sold | | |
| Toolings-Dies, Jigs & Fixtures | 947.06 | 1,004.33 |
| | 947.06 | 1,004.33 |

15 Other income**Investment income:**

| | | |
|---|----------|-----------|
| Interest income on | | |
| Bank deposits | 256.95 | 240.78 |
| Long-term investments | 719.95 | 722.56 |
| Amortisation of (premium)/discount on acquisition of fixed income securities, net | (1.27) | 3.26 |
| | 975.63 | 966.60 |
| Dividend income on long-term investments | 725.55 | 9,535.11 |
| Profit on sale of investments, net | 302.12 | 247.74 |
| Surplus on redemption of securities, net | 47.98 | 39.81 |
| | 2,051.28 | 10,789.26 |
| Others: | | |
| Interest - others | 11.94 | 20.67 |
| Miscellaneous receipts | 10.08 | 7.08 |
| surplus on sale of assets | 0.76 | 0.57 |
| Sundry credit balances appropriated | 0.01 | - |
| | 22.79 | 28.32 |
| | 2,074.07 | 10,817.58 |

16 Cost of raw material and components consumed

| | | |
|---------------------------------|--------|--------|
| Raw materials & boughtout Items | 457.70 | 382.95 |
| | 457.70 | 382.95 |

Notes to financial statements for the year ended 31 March 2017 (Contd.)

| 17 (Increase)/decrease in inventories | 31-Mar-2017 | 31-Mar-2016 | (Increase)/ decrease |
|---|---------------------|---------------------|---------------------------------|
| | (₹ in Lakhs) | (₹ in Lakhs) | (₹ in Lakhs) |
| Inventories at the end of the year | | | |
| Work-in-progress | 100.41 | 30.34 | (70.07) |
| Finished goods | - | - | - |
| | <u>100.41</u> | <u>30.34</u> | <u>(70.07)</u> |
| Inventories at the beginning of the year | | | |
| Work-in-progress | 30.34 | 109.81 | 79.47 |
| Finished goods | - | - | - |
| | <u>30.34</u> | <u>109.81</u> | <u>79.47</u> |
| | <u>(70.07)</u> | <u>79.47</u> | |

| 18 Employee benefits expense | 31-Mar-2017 | 31-Mar-2016 |
|---|---------------------|---------------------|
| | (₹ in Lakhs) | (₹ in Lakhs) |
| Salaries, wages and bonus to employees | 629.42 | 675.23 |
| Contribution to provident and other funds | 118.53 | 70.44 |
| Staff welfare expenses | 65.47 | 56.32 |
| | <u>813.42</u> | <u>801.99</u> |

| 19 Finance costs | | |
|-------------------------|----------|----------|
| Interest expense | - | - |
| | <u>-</u> | <u>-</u> |

| 20 Other expenses | 31-Mar-2017 | 31-Mar-2016 |
|--|---------------------|---------------------|
| | (₹ in Lakhs) | (₹ in Lakhs) |
| Stores and tools consumed | 42.15 | 36.67 |
| Power, fuel and water | 61.06 | 48.64 |
| Repairs to buildings | 17.54 | 33.45 |
| Repairs to machinery | 35.18 | 17.17 |
| Other repairs | 37.54 | 34.14 |
| Insurance | 6.45 | 6.02 |
| Rates and taxes | 4.33 | 4.33 |
| Payment to auditor | 11.61 | 12.55 |
| Directors' fees and travelling expenses | 11.24 | 12.61 |
| Legal & Professional charges | 12.55 | 13.73 |
| Expenditure towards Corporate Social Responsibility (CSR) activities | 12.00 | 13.12 |
| Miscellaneous expenses | 44.52 | 43.10 |
| Loss on assets sold, demolished, discarded and scrapped | 1.15 | 1.60 |
| Amount written off against leasehold land | 0.06 | 0.07 |
| | <u>297.38</u> | <u>277.20</u> |

**Notes to financial statements for the year ended 31 March 2017 (Contd.)**

| | 31-Mar-2017 (₹ in Lakhs) | 31-Mar-2016 (₹ in Lakhs) |
|--|---|---|
| Payment to auditor | | |
| As auditor: | | |
| Audit fee | 6.06 | 6.00 |
| Tax audit fee | 1.01 | 1.00 |
| Limited review | 1.01 | 1.00 |
| In other capacity: | | |
| Income-Tax matters | 2.53 | 2.50 |
| Other services (including certification fees) | 0.75 | 1.91 |
| Reimbursement of expenses | 0.25 | 0.14 |
| | <u>11.61</u> | <u>12.55</u> |
| Expenditure towards Corporate Social Responsibility (CSR) activities | | |
| Gross amount required to be spent by the Company during the year | 12.00 | 13.12 |
| Amount spent in cash during the year : | | |
| i) On construction/acquisition of any asset | - | - |
| ii) On purposes other than (i) above | 12.00 | 13.12 |
| | <u>12.00</u> | <u>13.12</u> |
| 21 Earning per share (EPS) | | |
| a) Profit for the year after taxation (₹ in lakhs) | 1,255.88 | 10,099.88 |
| Weighted average number of shares outstanding during the year (nos) | 11,428,568 | 11,428,568 |
| b) Earnings per share (Basic and Diluted) in ₹ | 10.99 | 88.37 |
| Face value per share in ₹ | 10.00 | 10.00 |
| 22 Contingent liabilities | | |
| a) Claims against the Company not acknowledged as debts | 4.26 | 4.17 |
| b) Excise and Customs demand - matters under dispute and claims for refund of Excise Duty, if any, against Excise Duty refund received in the earlier year | 20.29 | 20.29 |
| c) Sales Tax matters under dispute * | 1,049.00 | 1,047.60 |
| d) Income-Tax matters under dispute | | |
| i) Appeal by Company * | 59.77 | 13.03 |
| ii) Appeal by Department | 39.84 | 39.85 |
| | <u>99.61</u> | <u>52.88</u> |
| * No provision has been made, since the Company expects favourable decision. | | |
| 23 Capital and other commitments | | |
| Capital commitments, net of capital advances | <u>23.68</u> | <u>0.15</u> |
| 24 Value of imports calculated on CIF basis | | |
| Raw materials & components | 7.84 | 6.36 |
| Capital Goods | 28.31 | 324.96 |
| | <u>36.15</u> | <u>331.32</u> |

Notes to financial statements for the year ended 31 March 2017 (Contd.)

25 Imported and indigenous raw materials, boughtout items consumed

| | 2016-17 | | 2015-16 | |
|----------------|--------------|------------|--------------|------------|
| | (₹ in Lakhs) | Percentage | (₹ in Lakhs) | Percentage |
| (a) Imported | 8.53 | 1.86 | 6.95 | 1.81 |
| (b) Indigenous | 449.17 | 98.14 | 376.00 | 98.19 |
| Total | 457.70 | 100.00 | 382.95 | 100.00 |

26 Disclosure on Specified Bank Notes (SBNs)

| | SBNs | Other denomination notes | Total |
|---|------|--------------------------|-------|
| Closing cash in hand as on 8 November 2016 | 0.04 | - | 0.04 |
| Add : Permitted receipts | - | 1.27 | 1.27 |
| Less : Permitted payments | - | 1.19 | 1.19 |
| Less : Amount deposited in banks | 0.04 | - | 0.04 |
| Closing cash in hand as on 30 December 2016 | - | 0.08 | 0.08 |

- 27** In the previous year, employee benefits expense include ₹169.51 Lakhs towards expenses incurred for early retirement opted by 12 employees, as against NIL in the current year.
- 28** The Company has been classified as a Core Investment Company, not requiring registration with RBI pursuant to the provisions of section 45-IA of the RBI Act, 1934, and thus is exempted from the requirement of registration with Reserve Bank of India under section 45-IA of the Reserve Bank of India Act, 1934.
- 29** Amount of borrowing costs capitalised as per Accounting Standard 16 during the year was Nil.
- 30** The Company is operating in a single segment. Hence, no separate segmentwise information is given.
- 31** Disclosure of transactions with related parties as required by the Accounting Standard -18:

| Name of related party and Nature of relationship | Nature of transaction | 2016-17 | | 2015-16 | |
|--|--|-------------------|--|-------------------|--|
| | | Transaction Value | Outstanding amounts carried in the Balance Sheet | Transaction value | Outstanding amounts carried in the Balance Sheet |
| | | (₹ in Lakhs) | (₹ in Lakhs) | (₹ in Lakhs) | (₹ in Lakhs) |
| A Holding company, subsidiaries and fellow subsidiary: | | | | | |
| Bajaj Holdings and Investment Ltd. (Investing party holds 24% shares of Maharashtra Scooters Ltd.) | Purchase of shares by BHIL (2,742,848 shares of ₹ 10 each) | - | 24.00 | - | 24.00 |
| | Dividend received | 254.03 | - | 1,947.55 | - |
| | Dividend paid | - | - | 1,645.71 | - |
| Western Maharashtra Development Corporation Ltd. (Investing party holds 27% shares of Maharashtra Scooters Ltd.) | Purchase of shares by WMDC (3,085,712 shares of ₹ 10 each) | - | 27.00 | - | 27.00 |
| | Dividend paid | - | - | 1,851.43 | - |


Notes to financial statements for the year ended 31 March 2017 (Contd.)

| Name of related party and Nature of relationship | Nature of transaction | 2016-17 | | 2015-16 | |
|---|--|-------------------|--|-------------------|--|
| | | Transaction Value | Outstanding amounts carried in the Balance Sheet | Transaction value | Outstanding amounts carried in the Balance Sheet |
| | | (₹ in Lakhs) | (₹ in Lakhs) | (₹ in Lakhs) | (₹ in Lakhs) |
| B Associates, joint ventures and investing parties: | | | | | |
| Bajaj Auto Ltd. | Dividend received | 338.70 | - | 6,774.07 | - |
| | Purchases | - | - | 2.11 | (1.22) |
| | Sales | 63.75 | - | 3.93 | - |
| | Services received | 11.08 | (4.30) | 9.85 | - |
| | Revenue expenses reimbursed | 10.16 | - | 7.03 | - |
| Bajaj Finserv Ltd. | Dividend received | - | - | 130.40 | - |
| Bajaj Finance Ltd. | Investment in non-convertible debentures | - | 8,000.00 | - | 8,000.00 |
| | Dividend received | 132.82 | - | 683.09 | - |
| | Interest received | 719.53 | - | 724.82 | - |
| | Services received | 10.15 | 2.91 | 8.14 | 2.09 |
| C Individuals controlling voting power / exercising significant influence and their relatives: | | | | | |
| Madhur Bajaj | Sitting fees | 0.80 | - | 0.80 | - |
| Sanjiv Bajaj | Sitting fees | 1.20 | - | 1.20 | - |
| D Key management personnel and their relatives: | | | | | |
| Included in 'C' above | | | | | |
| E Enterprises over which anyone in (c) exercises significant influence: | | | | | |
| Bajaj Allianz General Insurance Co. Ltd. | Insurance premiums paid | 7.10 | (5.62) | 2.80 | (6.22) |

Name of the related party and nature of the related party relationship where control exists have been disclosed irrespective of whether or not there have been transactions between the related parties. In other cases, disclosure has been made only when there have been transactions with those parties.

Related parties as defined under clause 3 of the Accounting Standard - 18 "Related Party Disclosures" have been identified based on representations made by key managerial personnel and information available with the Company.

- 32** In view of the uncertainty in utilising the carried forward business loss as per Income Tax Act 1961, as a prudent measure, the Company has not recognised cumulative net deferred tax asset amounting to ₹ 1,362 Lakhs arising on this account (previous year ₹ 1,361 Lakhs).

Notes to financial statements for the year ended 31 March 2017 (Contd.)

- 33** Liability for gratuity has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the Accounting Standard 15 (revised) the details of which are as hereunder:

| | As at 31-Mar-2017 (₹ in Lakhs) | As at 31-Mar-2016 (₹ in Lakhs) |
|---|---|---|
| Amount to be recognised in Balance Sheet | | |
| Present value of funded obligations | 542.63 | 483.64 |
| Fair value of plan assets | (542.63) | (483.64) |
| Net liability | - | - |
| Amounts in Balance Sheet | | |
| Liability | - | - |
| Assets | - | - |
| Net liability | - | - |
| Expense to be recognised in the Statement of Profit & Loss | | |
| Current service cost | 46.18 | 0.43 |
| Interest on defined benefit obligation | 36.26 | 36.81 |
| Expected return on plan assets | (38.69) | (39.12) |
| Net actuarial losses / (gains) recognized in year | 3.35 | 3.13 |
| Total included in "Employee benefits expense" | 47.10 | 1.25 |
| Actual return on plan assets | 38.82 | 38.37 |
| Reconciliation of benefit obligations & plan assets for the period | | |
| Change in defined benefit obligation | | |
| Opening defined benefit obligation | 483.63 | 488.92 |
| Current service cost | 46.27 | 0.43 |
| Interest cost | 36.26 | 36.81 |
| Actuarial losses / (gain) | 2.58 | 1.57 |
| Benefits paid | (26.11) | (44.09) |
| Closing defined benefit obligation | 542.63 | 483.64 |
| Change in fair value of assets | | |
| Opening fair value of plan assets | 483.63 | 488.92 |
| Expected return on plan assets | 38.69 | 39.12 |
| Actuarial gain / (losses) | (0.68) | (1.56) |
| Contributions by employer | 47.10 | 1.25 |
| Benefits paid | (26.11) | (44.09) |
| Closing fair value of plan assets | 542.63 | 483.64 |
| Summary of the actuarial assumptions | | |
| Discount rate (p.a) | 8.00% | 8.00% |
| Expected rate of return on assets (p.a) | 8.00% | 8.00% |
| Salary escalation rate (p.a) | 8.00% | 8.00% |

Note: The Company has fully funded the Group Gratuity policy of Life insurance Corporation of India, to pay the expenditure required to settle a defined benefit obligation. As such the fair value of insurance policy is deemed to be present value of the related defined benefit obligation.



Notes to financial statements for the year ended 31 March 2017 (Contd.)

34 According to the records available with the Company, dues payable to entities that are classified as the Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 during the year is ₹ Nil (Previous Year: ₹ Nil). Further, no interest has been paid or was payable to such parties under the said Act during the year. Dues to micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Company. This has been relied upon by the auditors.

35 Previous year figures

Previous year figures have been regrouped wherever necessary.

As per our attached report of even date

For and on behalf of
P. C. PARMAR & CO.
Chartered Accountants
Firm Regn. No. 107604W

R. D. Haware
Chief Executive Officer

Madhur Bajaj
Chairman

R. B. Laddha
Chief Financial Officer

Naresh Patni
Ramesh K. Nikharge
Mrs. Richa Bagla
Sadashiv S. Survase
Sanjay S. Degaonkar
Sanjiv Bajaj
Vikram Kumar
Yogesh J. Shah
Directors

J. P. Parmar
Proprietor
Membership No. 46293
Pune, 16 May 2017

N. S. Kulkarni
Company Secretary

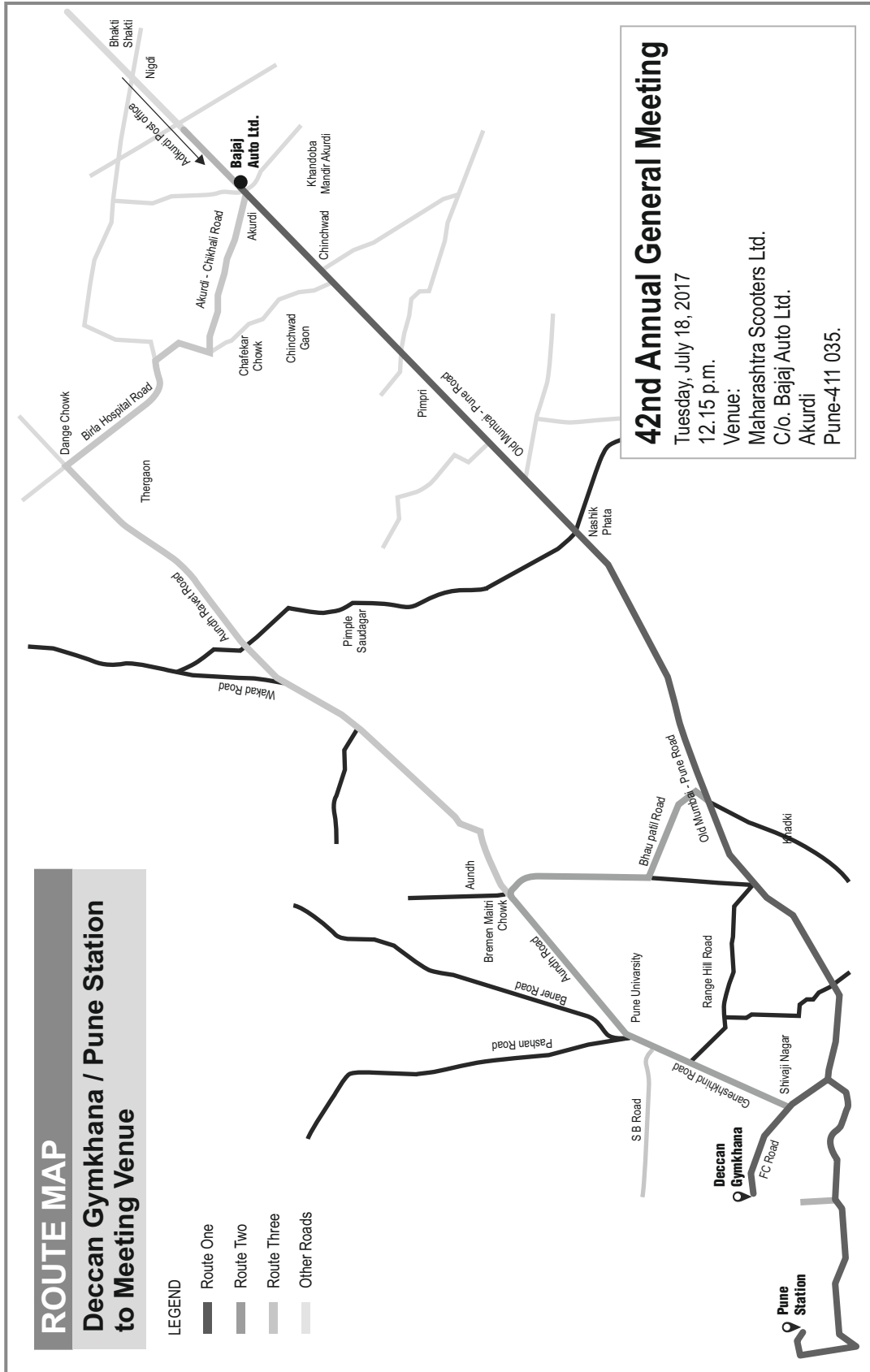
5 YEARS' HIGHLIGHTS

(₹ in Lakhs)

| | | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
|---|-------|---------|---------|---------|---------|---------|
| SALES & EARNINGS: | | | | | | |
| Net sales & other income | | 2,924 | 11,715 | 6,986 | 5,753 | 5,992 |
| Gross profit before interest, depreciation and exceptional items | | 1,425 | 10,173 | 5,792 | 4,850 | 4,984 |
| Profit after tax | | 1,256 | 10,100 | 5,476 | 4,760 | 4,884 |
| ASSETS EMPLOYED: | | | | | | |
| Net fixed assets | | 705 | 718 | 438 | 736 | 732 |
| Investments at cost | | 28,328 | 28,037 | 27,114 | 26,042 | 22,313 |
| Net Working Capital | | 3,422 | 2,445 | (2,326) | (2,901) | (586) |
| Capital Employed | Total | 32,455 | 31,199 | 25,226 | 23,877 | 22,460 |
| FINANCED BY: | | | | | | |
| Shareholders' funds: | | | | | | |
| i) Shareholders' investment | | 100 | 100 | 100 | 100 | 100 |
| ii) Bonus shares | | 1,043 | 1,043 | 1,043 | 1,043 | 1,043 |
| iii) Reserves and surplus | | 31,312 | 30,056 | 24,083 | 22,734 | 21,317 |
| Net Worth | Total | 32,455 | 31,199 | 25,226 | 23,877 | 22,460 |
| EQUITY SHARE DATA: | | | | | | |
| Earning per equity share | ₹ | 10.99 | 88.37 | 47.91 | 41.65 | 42.74 |
| Net worth per equity share | ₹ | 284 | 273 | 221 | 209 | 197 |
| Dividend including interim dividend | % | 300 | 300 | 300 | 250 | 200 |
| Dividend including tax | ₹ | 4,127 | 4,127 | 4,127 | 3,343 | 2,674 |
| OTHERS: | | | | | | |
| Employees | Nos. | 106 | 102 | 114 | 117 | 120 |
| Employees' cost | | 813 | 802 | 585 | 537 | 561 |



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