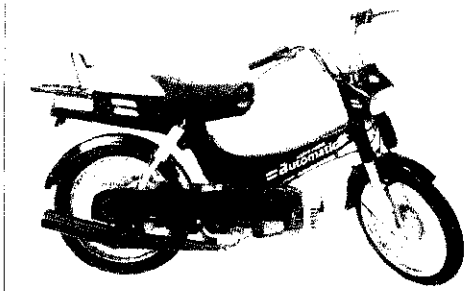
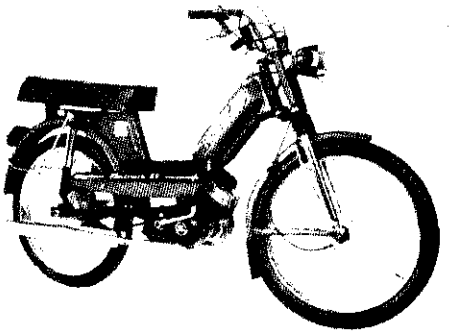
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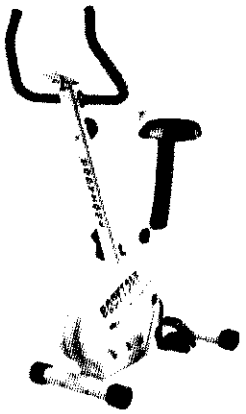




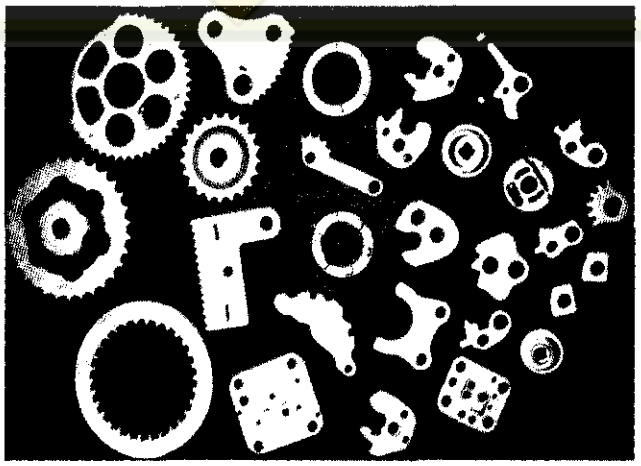




ANNUAL REPORT 1998-99



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MAJESTIC AUTO LIMITED

BOARD OF DIRECTORS

Shri O. P. Munjal
Chairman

Shri S. D. Khosla

Shri D. K. Jain
IFCI Nominee

Shri G. P. Sood

Shri Vijay Munjal

Shri Suman Kant Munjal

Dr. D. R. Singh

Shri Mahesh Munjal
Executive Director

Shri Pankaj Munjal
Executive Director

LEGAL ADVISOR
Shri S. K. Mehta

COMPANY SECRETARY
Shri R. K. Agrawal

AUDITORS
M/s B. D. Bansal & Co.
Chartered Accountants,
Amritsar.

BANKERS
Canara Bank
Punjab National Bank
Citi Bank

REGISTERED OFFICE
C-48, Focal Point, Ludhiana - 141 010.

WORKS
UNIT-I
C-48, Focal Point, Ludhiana - 141 010.

UNIT-II
Village Achheja
Tehsil Dadri, Distt. Ghaziabad (U.P.)

HEAD OFFICE
601, International Trade Tower,
Nehru Place, New Delhi.

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NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. A BLANK PROXY FORM IS ENCLOSED.**

2. The Register of Members and the Shares Transfer Books of the Company will remain closed from 25.9.99 to 29.9.99 (both days inclusive).

3. All documents referred to in the accompanying notice are open for inspection at the Registered office of the Company during office hours upto the date of the Annual General Meeting.

4. Members are requested to bring their copy of the Annual Report alongwith them to the Annual General Meeting.

5. Members/Proxies should bring the Attendance slip sent herewith duly filled in for attending the Annual General Meeting .

6. As informed earlier regarding transfer of unclaimed dividend declared for the financial year ended 31st March, 1996 to the General Revenue Account of the Central Government in the month of November 1999, please note that pursuant to the provisions of Section 205A of the Companies Amendement Act, 1999, the unpaid dividend will now be transferred to the Investor Education and Protection Fund in the month of November, 2003 after the expiry of 7 years from the date of declaration.

   Further as per the provisions of the Companies Amendment Act, 1999, no claims shall lie against the Fund or the Company in respect of individual amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.

   Therefore those Shareholders who have not yet claimed/encashed their dividend warrants for the financial year 1995-96 onwards, are requested to approach the Company at its registered office for obtaining duplicate dividend warrants/drafts.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM No. 5

Keeping in view that Sh. Mahesh Munjal has long experience in the two wheeler and automobile industry and the increasing responsibilities being shouldered on him, the Board of Directors of the Company, in their meeting held on 29.7.99, has decided subject to the approval of the shareholders in the forthcoming Annual General Meeting and such other approval(s), which may be required, to redesignate Sh. Mahesh Munjal, an Executive Director as a Managing Director of the Company w.e.f. 29.7.99. All other terms and conditions as approved by the shareholders of the Company in their annual general meeting held on 29.9.98 will remain same.

None of the directors is interested in this item except Sh. Mahesh Munjal himself.

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MAJESTIC AUTO LIMITED

NOTICE

Notice is hereby given that 26th Annual General Meeting of the members of Majestic Auto Limited will be held on Wednesday,the 29th Sep.,1999 at 12.30 P.M. at the premises of Hero Cycles Limited, Hero Nagar, G.T.Road, Ludhiana to transact the following business :-

ORDINARY BUSINESS

1. To receive , consider and adopt the Audited Balance Sheet of the Company as at 31st March, 1999 and the Profit & Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.

2. To appoint a director in place of Sh.O.P.Munjal, who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint a director in place of Sh. G.P.Sood, who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

5. **TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION :**

   "RESOLVED THAT in accordance with the provisions of section 269, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approval(s) as may be necessary under the provisions of the Act, consent of the Company be and is hereby accorded to redesignated Sh. Mahesh Munjal, an Executive Director as a Managing Director of the Company w.e.f. 29.7.99 without any other change in the terms and conditions as approved by the shareholders of the Company in their Annual General Meeting held on 29.9.98."

6. **TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION :**

   "RESOLVED THAT in accordance with the provisions of section 269, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approval(s) as may be necessary under the provisions of the Act, consent of the Company be and is hereby accorded to redesignated Sh. Pankaj Munjal, an Executive Director as a Managing Director of the Company w.e.f. 29.7.99 without any other change in the terms and conditions as approved by the shareholders of the Company in their Annual General Meeting held on 28.9.96."

By Order of the Board of Directors
for Majestic Auto Limited

Place : Ludhiana
Date : 29.7.99

(R. K. Agrawal)
Company Secretary

Regd.office: Majestic Auto Limited,C-48, Focal Point, Ludhiana.

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ITEM No. 6

Keeping in view that Sh. Pankaj Munjal has long experience in the two wheeler and automobile industry and the increasing responsibilities being shouldered on him, the Board of Directors of the Company, in their meeting held on 29.7.99, has decided subject to the approval of the shareholders in the forthcoming Annual General Meeting and such other approval(s), which may be required, to redesignate Sh. Pankaj Munjal, an Executive Director as a Managing Director of the Company w.e.f. 29.7.99. All other terms and conditions as approved by the shareholders of the Company in their annual general meeting held on 28.9.96 will remain same.

None of the directors is interested in this item except Sh. O. P. Munjal and Sh. Pankaj Munjal.

By Order of the Board of Directors
for Majestic Auto Limited

Place : Ludhiana
Date : 29.7.99

(R. K. Agrawal)
Company Secretary

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MAJESTIC AUTO LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting to you the Twenty Sixth Annual Report and the Audited Accounts for the financial year ended 31st March 1999.

FINANCIAL RESULTS

(Rs.in lacs)

Year ended	**Year ended 31-03-99**	Year ended 31-03-98
Sale	**23450**	25982
Profit before depreciation and Financial charges	**1855**	1095
Less : Financial Charges	**997**	1475
Depreciation	**607**	624
Net Profit/(Loss)	**251**	(1004)
Less : Provision for tax	**24**	–
Prior year adjustment	**4**	31
Prior year tax adjustment	**38**	(-) 5
	185	(1030)
Add : B/F from previous year	**--**	1009
Balance available for appropriation	**185**	(21)
Suplus/(Deficit) carried to Balance Sheet	**185**	(21)

OPERATIONS

During the year under reference, your Company has registered turnover of Rs. 23450 lacs as compared to Rs. 25982 lacs in the previous financial year. Your Company has recorded a net profit of Rs. 251 lacs as compared to net loss of Rs. 1004 lacs in the previous financial year. The Company's performance is expected to be better during the current year.

FINANCE

As approved by the shareholders in their Annual General Meeting held on 29.9.98, the Company has made the preferential allotment of 704700 equity shares of Rs.10/- each to the promoters of the Company at a premium of Rs.18.38 each during the current year resulting increase of paid up capital by Rs. 7047000/- and share premium account by Rs.12952386/-.

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DIVIDEND

With a view to conserve the resources, the Board of Directors of the Company has not recommended any dividend for the current year.

DIRECTORS

Sh. O. P. Munjal and Sh. G. P. Sood, Directors of the Company retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. The Board recommended for their re-appointment.

During the current year, Sh. R. K. Mathur, a Nominee Director of the Company was withdrawn by the Industrial Development Bank of India. The Board placed on record its appreciation for the valuable services rendered by Sh. R. K. Mathur during his tenure as a Director of the Company.

STATUS ON THE Y2K PREPAREDNESS LEVEL

The Company has in place a comprehensive plan to address Y2K compliance in a systematic manner :

a) A detailed inventory of all critical application softwares and hardware system has been identified and a significant part of these has been made Y2K compliant. The remaining portion is expected to be completed by Sep.,1999. The Vendors and the business partners are also in the process of completing the job of Y2K compliance, with whom a regular follow-up is being undertaken.

b) The estimated cost of replacing non-compliant hardware and to fix the Y2K bug in softwares will be around Rs.28 lacs.

c) The Company does not foresee any problem due to Y2K. Further, the Company assures that with regular and continuous monitoring of plans, the risk of disruption of operations will be taken care of, in case of any eventuality.

FINE BLANKING PROJECT

Company's Fine Blanking Project at Ludhiana is being implemented. It is expected to start production during the current year.

PARTICULARS OF EMPLOYEES

As required under section 217(2A) of the Companies Act, 1956, the particulars of the employees of the Company earning Rs.6,00,000/- per annum or more or Rs.50,000/- per month are given in Annexure I to this report.

CONSERVATION OF ENERGY, TECHNOLOGY, FOREIGN EXCHANGE EARNING AND OUTGO

The detailed information as required under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in report of the Board of Directors) Rules, 1988 is enclosed as per Annexure-II to this report. Detail of foreign exchange earning and outgo are also provided therein.

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MAJESTIC AUTO LIMITED

AUDITORS

M/S B.D.Bansal & Co., Chartered Accountants, Auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a certificate from the Auditors to the effect that their appointment , if made, would be in accordance with the section 224 (1B) of the Companies Act,1956.You are requested to appoint the Auditors and fix their remuneration.

AUDITORS' REPORT

As regards observations contained in the Auditors' Report, the respective notes to accounts are self explanatory and therefore, do not call for any further comments.

COST AUDITORS

The Directors have appointed M/s Ramanathan Iyer & Co., Cost Accountants, New Delhi as the Cost Auditors for the year 1998-99. The approval of the Central Government in this regard has also been received. The Cost Auditors' report will be sent to the Central Government as required under law.

PERSONNEL

Your Directors wish to place on record their appreciation of all employees of the Company for their devoted services. Industrial relations remain cordial throughout the year.

ACKNOWLEDGMENT

The Directors acknowledge with gratitude, the co-operation and assistance given by the Central Government, State Government, Financial Institutions, Banks, Dealers, Customers, Vendors and Investors during the year under review.

For and on Behalf of the Board of Directors

PLACE : Ludhiana
DATE : 29.05.1999

(O.P.Munjal)
Chairman

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MAJESTIC AUTO LIMITED

Annxure - I to the Directors' Report.

STATEMENT OF PARTICULARS UNDER SECTION 217 (2A) OF THE COMPANIES ACT,1956 FORMING PART OF DIRECTORS' REPORT

SR NO.	NAME OF EMPLOYEES	DESIGNATION	GROSS REMUNERATION (Rs.)	QUALIFICATION	EXPERIENCE (YEARS)	DATE OF JOINING	AGE	LAST EMPLOYMENT HELD BEFORE JOINING COMPANY
1.	SH. MAHESH MUNJAL	EXECUTIVE DIRECTOR	1173906	B.E., M.B.A.	20	29.10.93	45	EXECUTIVE DIRECTOR, GUJARAT CYCLES LIMITED
2.	SH. PANKAJ MUNJAL	EXECUTIVE DIRECTOR	1100026	B.SC.	16	01.01.87	37	EXECUTIVE (WORKS), HERO CYCLES LIMITED
3.	SH. RAKESH JINSI	PRESIDENT	1999363	B.E.	21	12.09.97	44	G. M., EICHER TRACTORS LTD.
PART OF THE YEAR								
1.	VIVEK ADHINATHANYA	VP (D & D)	976887	B.E., M.E.	28	31.08.95	51	DIV. MANAGER, BAJAJ AUTO LIMITED
2.	SANDEEP ABHI	VP (Marketing)	376251	B. TECH, M.B.A.	19	21.01.98	41	DGM, EICHER TRACTORS LTD.
3.	SANJAY KHOSLA	VP (Marketing)	355560	P.G.D.B.M.	20	01.12.98	40	AGM, BPL ELECTRONICS LIMITED
4.	G. V. SUBAMANIAN	VP (D & D)	133177	M. TECH	25	17.02.99	51	V.P., LML LIMITED
5.	K. SURESH BABU	VP (Coord.)	459026	BSC., D.I.T, M.B.A., Grad. in Ind. Engg.	21	05.03.86	40	ENGINEER, BEST & CROMPTON ENG. LIMITED

NOTES :

1. **REMUNERATION INCLUDE SALARY,OTHER ALLOWANCES ,PAYMENT AND EXPENDITURE INCURRED ON PERQUISITES AND COMPANY'S CONTRIBUTION TO PROVIDENT FUND & SUPERANNUATION FUNDS.**
2. **ALL APPOINTMENTS ARE NON CONTRACTUAL AND TERMINABLE BY NOTICE ON EITHER SIDE, EXCEPT IN THE CASE OF WHOLE TIME DIRECTORS.**
3. **SHRI PANKAJ MUNJAL IS RELATED TO SHRI O.P.MUNJAL, A DIRECTR OF THE COMPANY. NONE OF THE OTHER EMPLOYEES IS A RELATIVE OF ANY DIRECTOR OF THE COMPANY.**

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DIRECTORS' REPORT - ANNXURE-II

Information as per section 217 (I) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March,1999;

A. CONSERVATION OF ENERGY :

(a) Energy conservation measures taken;

1. Servo Stabilizer of 250 KVA installed.
2. Additional capacitor of 50 KVAR installed.

(b) Additional investments and proposals ,if any,being implemented for reduction of consumption of energy;

Servo Stabilizer of 250 KVA to be installed.

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods;

Due to implementation of the above steps, considerable energy has been saved.

(d) Total energy consumption and energy consumption per units of production;

Furnishing of this information in the prescribed format in Form-A is not applicable to the Company.

B. TECHNOLOGY ABSORPTION:

(e) Efforts made in technology absorption;

The information has been given in the prescribed format in Form -B hereunder.

FORM-B

Form for disclosure of particulars with respect to absorption of technology

RESEARCH & DEVELOPMENT (R & D):

1. SPECIFIC AREAS IN WHICH R & D CARRIED OUT BY THE COMPANY :

1. Upgraded version of Scooter "Winner SL" under development.
2. Study of different fuel injection system for two stroke engines.
3. 60CC Moped of high power.
4. Catalytic converter in all models of Mopeds.
5. Proto Type Models of double variator engine.
6. A new Model of health equipment "Twistepro."

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