



MAJESTIC

AUTO LIMITED

A HERO GROUP COMPANY

Report  Junction.com

ANNUAL REPORT 2007-2008

MAJESTIC AUTO LIMITED**BOARD OF DIRECTORS**

| | |
|-----------------------|--------------------------------------|
| O. P. Munjal | Chairman |
| G. P. Sood | Non Executive & Independent Director |
| Dr. D.R. Singh | Non Executive & Independent Director |
| Vijay Munjal | Non Executive Director |
| Suman Kant Munjal | Non Executive Director |
| Mahesh Chander Munjal | Managing Director |

AUDIT COMMITTEE

| | |
|-------------------|----------|
| G. P. Sood | Chairman |
| Dr. D. R. Singh | Member |
| Suman Kant Munjal | Member |

REMUNERATION COMMITTEE

| | |
|-------------------|----------|
| G. P. Sood | Chairman |
| Dr. D. R. Singh | Member |
| Suman Kant Munjal | Member |

SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

| | |
|-----------------------|----------|
| Dr. D. R. Singh | Chairman |
| Suman Kant Munjal | Member |
| Mahesh Chander Munjal | Member |

**ASSOCIATE VICE PRESIDENT (FINANCE)
- CUM - COMPANY SECRETARY**

Rajesh Kumar Dang

STATUTORY AUDITORS

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

BANKERS

Canara Bank
Punjab National Bank
IDBI Ltd.
The Catholic Syrian Bank Ltd.

REGISTERED OFFICE

C-48, Focal Point,
Ludhiana - 141 010

WORKS

C-48, Focal Point,
Ludhiana - 141 010

C-59, Focal Point,
Ludhiana - 141 010

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MAJESTIC AUTO LIMITED**NOTICE**

Notice is hereby given that the 35th Annual General Meeting of the members of Majestic Auto Limited will be held on Monday, the 22nd September, 2008 at 12.30 p.m. at the premises of Hero Cycles Limited, Hero Nagar, G.T. Road, Ludhiana-141003 to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2008 and the Profit and 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 Mr. G. P. Sood, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr. Suman Kant Munjal, 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.

**By Order of the Board of Directors
For Majestic Auto Limited**

Place : Ludhiana
Date : 21.05.2008

**(Rajesh Kumar Dang)
Company Secretary**

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

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 Wednesday, 17.09.2008 to Monday, 22.09.2008 (both days inclusive).
3. The relevant details of Item Nos. 2 and 3 pursuant to Clause 49 of the Listing Agreement are annexed hereto.
4. 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.
5. Members are requested to bring their copy of the Annual Report alongwith them to the Annual General Meeting.
6. Members / Proxies should bring the Attendance slip sent herewith duly filled in for attending the Annual General Meeting.
7. Pursuant to the provisions of Section 205A of the Companies Act, 1956, the amount of dividend which remains unclaimed for a period of 7 years from the date of declaration would be transferred to the Investors Education and Protection Fund, constituted by the Central Government and the shareholders would not be able to claim any amount of dividend so transferred to the fund. As such, shareholders who have not yet encashed their dividend warrants are requested in their own interest to write to the Company immediately for claiming outstanding dividend declared by the Company for the financial period 2004-2005.
8. Pursuant to the provisions of Section 109A of the Companies Act, 1956, every shareholder or joint holders may nominate, in the prescribed manner, a person to whom all the rights in the shares shall vest in the event of death of the sole holder or all the joint holders. Members holding shares in electronic form may contact their respective Depository Participant for availing this facility.
9. Members are requested to notify the Company of any change in their addresses so as to enable the Company to address future communication to their correct addresses.
10. The Company has designated an exclusive e-mail ID namely, **grievance@heromajestic.com** for receiving and addressing investors' grievances.

**By Order of the Board of Directors
For Majestic Auto Limited**

Place : Ludhiana
Date : 21.05.2008

**(Rajesh Kumar Dang)
Company Secretary**

MAJESTIC AUTO LIMITED

RELEVANT INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT REGARDING DIRECTORS BEING RE-APPOINTED:

Mr. G. P. Sood

Mr. G. P. Sood joined the Company on 28th May, 1994 as a director of the Company. He was born on September 2, 1925. He is M.A., LL.B., CAIIB. He possesses specialization in the field of banking, finance & laws. He is Ex-Deputy General Manager of Bank of India. He is regular in making valuable contributions in Board Meetings. At present he is on the Board of following Companies and Committees there of :

Hero Motors Limited

Director

Chairman – Remuneration and Compensation Committee

Member – Audit Committee

Chairman – Shareholders Grievance Committee

Member – Investment Committee

Majestic Auto Limited

Director

Chairman – Audit Committee

Chairman – Remuneration Committee

Mr. G. P. Sood does not hold any share (in his own name or on behalf of other person on a beneficial basis) in the Company.

Mr. G. P. Sood does not have any relationship with any Director of the Company.

Mr. Suman Kant Munjal

Mr. Suman Kant Munjal joined the Company on 16.12.1981. Since then, he is making useful contribution in the meetings of Board of Directors and Committee thereof, from time to time. He is Graduate in Commerce. He is the Managing Director of Rockman Industries Limited which is one of the Hero Group Company. Under his able guidance, the Company has achieved a rapid growth in the field of production of auto parts. He is also involved in Ludhiana Sanskrit Sangam and actively participate in the activities of CII, ACMA and Rotary International. At present he is on the Board of following Companies and Committees there of :

Rockman Industries Limited

Managing Director

Member – Audit Committee

Majestic Auto Limited

Member – Audit Committee

Member – Remuneration Committee

Member – Shareholders Grievance Committee

Dayanand Munjal Investments (P) Ltd.

Director

Hero Investments (Pvt.) Ltd.

Director

BCM Energies (Pvt.) Limited

Director

Puja Investments (P) Ltd.

Director

Rockman Auto (P) Limited

Director

Thakurdevi Hydro (Pvt.) Ltd.

Director

Mr. Suman Kant Munjal does not hold any share (in his own name or on behalf of other person on a beneficial basis) in the Company.

Mr. Suman Kant Munjal is the brother's son of Sh. O.P. Munjal, the Chairman of the Company and cousin brother of Mr. M.C. Munjal, the Managing Director of the Company & Mr. Vijay Munjal, the Director of the Company.

MAJESTIC AUTO LIMITED**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting to you the Thirty Fifth Annual Report and the Audited Accounts for the Financial Year ended 31st March, 2008.

FINANCIAL RESULTS :

(Rs.in lacs)

| | Year ended 31-03-2008 | Year ended 31.03.2007 |
|--|--------------------------|--------------------------|
| Operational Income (Gross) | 12905 | 13420 |
| Profit before Depreciation and Financial charges | 981 | 30 |
| Less : Financial Charges | 414 | 448 |
| Depreciation | 430 | 367 |
| Net Profit / (Loss) Before Tax | 137 | (785) |
| Less : Provision for Taxation | | |
| - Deferred Tax | -52 | -404 |
| : Provision for Wealth Tax | 7 | 7 |
| : Provision for Fringe Benefit Tax | 11 | 11 |
| Profit / (Loss) After Tax | 171 | (399) |
| Add / (Less) : Prior Period Tax Adjustments | (5) | 1 |
| Add / (Less) : Balance Brought Forward | 956 | 1461 |
| Profit Available for Appropriations | 1122 | 1063 |
| APPROPRIATIONS | | |
| Transferred to Debenture Redemption Reserve | - | 107 |
| Balance carried to Balance Sheet | 1122 | 956 |
| Basic and Diluted Earnings Per Share (EPS) Rs. | 1.60 | (-) 3.83 |

OPERATIONS

During the year under report, your Company has registered turnover of Rs. 12905 lacs as compared to Rs.13420 lacs in the previous financial year. The Company earned a net profit before tax of Rs. 137 lacs as compared to a net loss before tax of Rs. 785 lacs in the previous financial year. During the current financial year, the sale of Two Wheelers and Health Equipments of the Company decreased substantially and further there was increase in cost of raw materials and other expenditure which could not be passed on to customers. The Company has also made provision for Bad Debts of Rs. 57.14 lacs (previous financial year Rs. 396.66 lacs). During the current financial year the sale of Fine Blanking Components, Mufflers & Electricals has increased substantially. During the year 5,00,000, 10.35% Secured Non-Convertible Redeemable Debentures of Rs. 100/- each have been fully redeemed on 30.4.2007 and Debenture Redemption Reserve has been transferred to General Reserve.

EXPANSION

During the current year the company has proposed to increase its capacity for manufacture of fine blanking components. The company has already purchased one 700 ton Fine Blanking Press from Feintool Technology Ltd. Lyss, Switzerland who are the world class fine blanking technology provider. The machinery is in transit and the funds required for this purpose are being met from term loan from banks and from internal accruals. The application areas of fine blanked components include Automobile, Electrical parts etc.

After the installation of this machine, which is likely to be completed at the end of first quarter of financial year 2008-09, your directors, barring unforeseen circumstances, foresee substantially increase in revenues of the company.

DIVIDEND

To sustain internal accruals for the future growth of the Company, your directors are not recommending any dividend for the Accounting Year.

MATERIAL CHANGES AND COMMITMENTS

There were no material changes and commitments, affecting the financial position of the Company that have occurred between the end of the financial year of the Company and the date of signing of this report.

DIRECTORS

Mr. G. P. Sood and Mr. Suman Kant Munjal, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment. The Board recommends for their re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956 :

- That in the preparation of the annual accounts for the year ended March 31, 2008, the applicable accounting standards have been followed along with proper explanation relating to the material departures;
- That appropriate accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs as at March 31, 2008 and of the profit of the Company for year ended March 31, 2008;

MAJESTIC AUTO LIMITED

- iii) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That the annual accounts for the year ended March 31, 2008 have been prepared on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A report in the form of Management Discussion and Analysis pursuant to Clause 49 of the Listing Agreement, as a part of this report is annexed hereto as Annexure I.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with The Stock Exchange, adequate steps have been taken to ensure that all the provisions relating to Corporate Governance are duly complied with. A report on Corporate Governance alongwith the Auditors' Certificate on its compliance as a part of this report is annexed hereto as Annexure II.

LISTING

The shares of your Company are presently listed on the Bombay Stock Exchange Limited, Mumbai (BSE) and the Annual Listing Fee for the year 2008-2009 has been paid to it.

FIXED DEPOSITS

During the year under review, the Company has not accepted or invited any deposit under Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

DEPOSITORY SYSTEM

As per SEBI's letter dated 15.02.2000, the Company's shares are available for dematerialization w.e.f. 21.04.2000 on NSDL and w.e.f. 02.05.2000 on CDSL. Interested Members are requested to open their accounts with Depository Participants and forward shares through them. Out of total shares, 70.86% shares of the Company have been dematerialized as on March 31, 2008.

INSURANCE

All properties and insurable assets of the Company including Building, Plant & Machinery and Stocks, have been adequately insured, wherever necessary and to the extent required.

PARTICULARS OF EMPLOYEES

A statement showing particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is annexed hereto as Annexure III and forms an integral part of this report.

CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The detailed information as required under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto as Annexure -IV and forms an integral part of this report.

ENVIRONMENTAL MANAGEMENT

With implementation of the Environment Management System (EMS) ISO-14001, the Company continues to pursue its endeavor to operate in harmony with the nature.

QUALITY MANAGEMENT

The Company continues to maintain the ISO/TS:16949 (2002) Quality Management System.

AUDITORS

M/s B.D. Bansal & Co., Chartered Accountants, Auditors of the Company will 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 Section 224 (1B) of the Companies Act, 1956. The Board recommends their re-appointment.

AUDITORS' REPORT

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

COST AUDITORS

The Directors have appointed M/s Ramanath Iyer & Co., Cost Accountants, New Delhi as the Cost Auditors for the year to be ended on 31.03.2009. The approval of the Central Government in this regard has also been received. The Cost Auditors' report will be forwarded to the Central Government as required under law.

PERSONNEL

As on March 31, 2008, the total number of employees on the records of the Company was 707. The Company conducts several training programmes to upgrade the skills of its workforce. These programmes have a strong practical approach, and the objective is to derive tangible improvements. Industrial relations were cordial throughout the year. Your Directors place on record their appreciation for the dedicated and sincere efforts put in by all employees in the performance of the Company.

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

PLACE : Ludhiana
DATE : 21.05.2008

(O. P. MUNJAL)
Chairman

MAJESTIC AUTO LIMITED

ANNEXURE-I TO DIRECTORS' REPORT MANAGEMENT DISCUSSION AND ANALYSIS REPORT

i) INDUSTRY STRUCTURE AND DEVELOPMENT

Two wheeler industry has registered decline at 5% in 2007-2008 after growing at 12% in the previous year. In the Two Wheeler Industry, the Motorcycle Industry continues to be dominant driver of this growth by notching volumes of 6.54 million. The Motorcycle industry segment accounted for 81% of two wheeler sales. The Moped industry in India grew at 13% during the current year. The total sales volume of Moped industry was 4.32 lacs in comparison to 3.93 lacs in the previous year.

Majestic Auto Limited is a manufacturer of Mopeds and Spare parts thereof. The Company also manufactures Exercisers, Fine Blanking Components, Silencers, Spare Parts for Bicycles and Electricals. The Company has established and applies a quality system for designs, manufacture and supply of two wheel vehicles, two wheeler engines, exercisers, automobile components, fine blanking components and Electricals. During the current year the moped and health equipment segment of the company has not yielded good results, due to which the margins of the company have remained under pressure. The motor cycle industry has contributed as the engine of growth of the Indian auto industry and your Company continues to benefit from the growth of this industry being the manufacturer of components for this industry. Overall the company is strengthening its operations in the areas of new product development, technology innovation, upgradation of manpower potential etc. to meet the challenges posed in this competitive environment.

ii) OPPORTUNITIES AND THREATS

OPPORTUNITIES

The Indian auto component industry is poised to grow by multiples in the medium and long term, driven by good domestic demand, increasing vehicle export, and a huge global demand for components sourced from India and your Company continues to benefit from the growth of this industry. Today, Swanky Cars and electrical gadgetry is the buzz-word. These goods have caught the fancy of the people, thus creating an extremely large segment for the electricals. Consequently there is enormous demand for the laminations, wound stators and die cast rotors. Thriving on this demand the company diversified into the electrical business in the year 2004-05. After achieving optimization in the existing capacity the Company has doubled its production of stators and die cast Rotors by installing new machines. In today's Corporate World 'Quality' is the most powerful weapon to gain foothold to survive. The benefits of new product businesses has started flowing in and the plan to enhance productivity and quality is being implemented to our satisfaction.

The strengths with the Company may be listed as :

- Experienced and efficient management.
- Backing of Hero Group as Promoters.
- Innovative ideas to launch new products.

THREATS

The Moped Industry faces competition from other segments of the industry including Scooter and Motorcycles. Moped Industry has faced recession due to the changing demand patterns because of consumer preferences. The continuous increase of steel prices, the prime raw material and spiraling oil prices are major concern for the Company.

iii) SEGMENT / PRODUCT-WISE PERFORMANCE

MOPED DIVISION

The number of Mopeds sold during the current year was 8446, while during the previous year, it was 22097 showing decrease of 61.78%.

EXERCISERS

- a) The Company is manufacturing Health Equipments in the name of Allegro, Jogger, Twistepro and Stepper.
- b) The total production of Health Equipments during the current year was 2459 while during the previous year, it was 5305. The number of Health Equipments sold during the current year was 2533 while during the previous year, the same was 5396 showing decrease of 53.06%.

FINE BLANKING COMPONENTS

The turnover of Fine Blanking Components has increased by 28.88% from Rs. 824 lacs during the year 2006-07 to Rs. 1062 lacs during the year 2007-08

MAJESTIC AUTO LIMITED

SILENCER AND COMPONENTS THEREOF

The turnover of Silencers has increased by 15.92% from Rs. 5641 lacs during the previous year to Rs. 6539 lacs during the current year.

ELECTRICALS

The turnover / Income from operations of Electricals has increased by 17.90% from Rs. 866 lacs during the previous year to Rs. 1021 lacs during the current year.

iv) FUTURE OUTLOOK

Since the Moped Industry is facing tough competition from other segments of the Industry, the Company is focusing more on other segments/products. The Company is actively exploring all new business opportunities in terms of product diversification. Your Company is fully prepared to meet the challenges in all the eventualities and a number of new initiatives have been taken to increase the volumes. Based on all these initiatives, there is a good potential for growth of the revenues in the current year.

v) RISKS AND CONCERNS

The Two wheeler Industry, especially the Mopeds segment faces intense competition and price is the most important factor. The Company may face a further pinch on the material cost due to inflationary trends being witnessed. Changes in the consumer preference and their expectations also affect the sale of mopeds.

vi) THE INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a proper and adequate system of internal control so as to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that all transactions are authorized, recorded and reported correctly.

An extensive programme of internal audits and management reviews supplement the process of internal control. Properly documented policies, guidelines and procedures are laid down for this purpose. The internal control system has been designed so as to ensure that the financial and other records are reliable for preparing financial and other statements and for maintaining accountability of assets.

The Company has formed an Audit Committee, comprising of three Non Executive Directors, which interacts with Statutory Auditors, Internal Auditors, Cost Auditors and Auditees in dealing with matters within its terms of reference. The Committee deals with accounting matters, financial reporting and internal controls. The Committee met five times during the year ended 31.3.2008 in this regard.

vii) DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) prevalent in India. The Company has complied with the requirements of all mandatory accounting standards.

The detailed financial performance has already been discussed in the Directors' Report.

viii) HUMAN RESOURCES/INDUSTRIAL RELATIONS

The Company had good and cordial relations with its work force during the year under review. The Company has a forward looking human resources policies. The Company also actively encourages and provides regular training to its work force in order to ensure that their skills are updated. A separate technical training Cell has been created to look after the technical training needs within the organization.

As at the close of the year as on 31.3.2008, 707 employees were on the roll of the Company.

ix) CAUTIONARY STATEMENT

Statements made in this 'Management Discussion and Analysis Report' describing the Company's objectives, projections, estimates, assumptions, expectations or predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations.

Forward Looking Statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate and will be realized by the Company. Actual results may differ materially from those expressed or implied. Important factors that make a difference to the Company's operations include Global and Indian demand and supply conditions, monsoon, changes in Govt. regulations, tax regimes and economic development within India and the countries within which the Company conducts its business and such other factors.

MAJESTIC AUTO LIMITED

ANNEXURE – II TO DIRECTORS' REPORT CORPORATE GOVERNANCE REPORT

I. Company's philosophy on the Code of Governance.

The Corporate Governance Code was introduced by the insertion of Clause 49 to the Listing Agreement with the Stock Exchanges as per the directives issued by the Securities and Exchange Board of India. Corporate Governance primarily involves transparency, full disclosure, independent monitoring the state of affairs and being fair to all stake holders.

Your Company, as a part of Hero Group, has always believed in the concept of good Corporate Governance involving transparency, independence, accountability, responsibility and fairness with a view to enhance stake holders value. Towards this end, adequate steps have been taken to ensure that all mandatory and non-mandatory provisions of Corporate Governance as prescribed by the Securities and Exchange Board of India (SEBI) and applicable to the Company through listing agreement are complied with in its true spirit.

II. Board of Directors

The business of the Company is managed by the Board of Directors. The Board formulates the strategy and regularly reviews the performance of the Company. The Managing Director manages the day to day operations of the Company. The Board of Directors has composition with more than half of the Directors being non-executive Directors. As per recent amendment to the Clause 49 of the Listing Agreement, as the Non-Executive Chairman is the Promoter of the Company, at least one-half of the Board of the Company should consist of Independent Directors. The Company is in the process of complying these provisions.

None of the Directors on the Board holds the office of Director in more than 15 Companies or memberships in Committees of the Board in more than 10 Committees or Chairmanship of more than 5 Committees.

A. The constitution of the Board as on March 31, 2008 :

| | |
|--|---|
| Non-Executive Chairman | Mr. Om Prakash Munjal - Chairman |
| Executive Director | Mr. Mahesh Chander Munjal (Managing Director) |
| Non Executive Directors | Mr. Suman Kant Munjal and Mr. Vijay Munjal |
| Non-Executive and Independent Directors | Mr. G.P. Sood and Dr. D.R. Singh |

Sh. O.P. Munjal, the Non-Executive Chairman is the Promoter of the Company. Sh. Mahesh Chander Munjal, Sh. Suman Kant Munjal and Sh. Vijay Munjal are brother's son of Sh. O.P. Munjal and are cousin brothers among themselves. Independent Directors have no relationship with other Directors of the Company.

B. There is no pecuniary relationship or transaction of the non-executive directors vis-a-vis the Company. The non-executive directors are paid sitting fees for attending the Board and committee meetings.

C. Five Board Meetings were held on May 24, 2007, July 30, 2007, September 22, 2007, October 27, 2007, and January 22, 2008 during the Accounting Year ended March 31, 2008. Board Members were given agenda papers alongwith necessary documents and information in advance of each Board and other committee meetings. In addition to the regular business items, all other statutory items as recommended by the SEBI Committee on Corporate Governance were placed before the Board / Committee.

The attendance record of the Directors on the Board has been as under :

| Directors | No. of Board meetings attended | Attendance at Last AGM |
|---------------------------|--------------------------------|------------------------|
| Mr. O. P. Munjal | 5 | Yes |
| Mr. G. P. Sood | 5 | Yes |
| Dr. D. R. Singh | 5 | Yes |
| Mr. Vijay Munjal | 4 | Yes |
| Mr. Suman Kant Munjal | 1 | No |
| Mr. Mahesh Chander Munjal | 5 | Yes |

D. SHAREHOLDING OF NON-EXECUTIVE DIRECTORS

| Name of the Directors | Status | No. of shares held |
|-----------------------|--|--------------------|
| Mr. O.P. Munjal | Non-executive Director | 1471 |
| Dr. D.R. Singh | Non-executive and independent Director | 143 |

Apart from the above, none of the Directors hold any shares (in his own name or on behalf of other person on beneficial basis) in the Company.

E. The details of directors of the Company having directorship in other companies, membership / Chairmanship of Committees across all companies in which they are directors are given below (as prescribed under Corporate Governance) :

MAJESTIC AUTO LIMITED

| Director | Total number of Committee Membership held (excluding Private Companies) | Total number of Committee Chairmanship held (excluding Private Companies) | Number of other Directorship held (excluding Private Companies) |
|---|---|---|---|
| Executive | | | |
| Mr. Mahesh Chander Munjal (Mg. Director) | 1 | – | 2 |
| Non-Executive | | | |
| Mr. O. P. Munjal (Non-Executive Chairman) | – | – | 10 |
| Mr. Vijay Munjal | 3 | – | 6 |
| Mr. Suman Kant Munjal | 4 | – | 1 |
| Non-Executive and Independent | | | |
| Mr. G.P. Sood | 6 | 4 | 1 |
| Dr. D. R. Singh | 4 | 2 | 4 |

Information Supplied to the Board

Board members are given agenda along with necessary documents and information in advance of each meeting of the Board and Committee(s). The information regularly supplied to the board inter-alia includes the following :

- Annual operating plans and budgets, capital budget and updates;
- Purchase and disposal of major fixed assets;
- Quarterly and half yearly results of the Company;
- Minutes of the Audit Committee and other Committee meetings;
- Information on recruitment and remuneration of senior management just below the Board level including appointment or removal of CFO and Company Secretary;
- Any material defaults in financial obligations to and by the Company or substantial non-payments;
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- Materially important show cause, demand, prosecution and penalty notices;
- Details of foreign exchange exposures and steps taken by the management to limit the risks of adverse exchange rate movement;
- Sale of material nature, of investments and assets, which are not in the normal course of business;
- Details of Joint Ventures and Agreements or variations thereof;
- Quarterly Statutory Compliance Report;
- Directors' Overseas travelling expenses;
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholder's service such as non payment of dividend, delay in share transfer etc.;
- Investments strategy/plan;
- Any issue which involves possible public or product liability claims of substantial nature, including any judgement or order which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company; and
- Significant labour problems and their proposed solutions. Also any significant developments in Human Resources/ Industrial relations front like signing Wage Agreement, implementation of Voluntary Retirement Schemes etc.

CODE OF CONDUCT

The Company has adopted a "Code of Conduct" for all Board members and senior management of the Company. The code of conduct is available on the website of the Company www.heromajestic.com. All Board members and senior management have affirmed compliance with the Code of Conduct. The declaration signed by the Managing Director of the Company to this effect is enclosed as Annuxure-V.

RISK MANAGEMENT

The Company has established an effective risk assessment and minimization procedures, which are reviewed by the Board periodically. There is a structure in place to identify and mitigate various risks faced by the Company from time to time. New risks are identified, and after their assessment their controls are designed, put in place with specific responsibility of the concerned person for its timely achievement.

III. Audit Committee

(Constitution as at 31.3.2008)

Members

| | | |
|-----------------------|----------|--|
| Mr. G.P.Sood | Chairman | (Non-Executive and Independent Director) |
| Dr. D.R.Singh | Member | (Non-Executive and Independent Director) |
| Mr. Suman Kant Munjal | Member | (Non-Executive Director) |