

MAJESTIC AUTO LIMITED

BOARD OF DIRECTORS

Mahesh Chander Munjal
G. P. Sood
Dr. M.A. Zahir
Harjeet Singh Arora
Major Shavinder Singh Khosla
Vijay Munjal
Ashima Munjal

Chairman & Managing Director
Non Executive & Independent Director
Non Executive & Independent Director
Non Executive & Independent Director
Non Executive & Independent Director
Non Executive Director
Non Executive Director

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 Bank Ltd.
State Bank of Patiala
The Catholic Syrian Bank Ltd.
Yes Bank Ltd.
Standard Chartered Bank
HDFC Bank

REGISTERED OFFICE

C-48, Focal Point,
Ludhiana - 141 010

WORKS

C-48, Focal Point,
Ludhiana - 141 010
C-59, Focal Point,
Ludhiana - 141 010

REGISTRAR & TRANSFER AGENT

Alankit Assignments Ltd.
Alankit House, 2E/21, Anar Kali Market,
Jhandewalan Extension, New Delhi-110055
Phones (011) 023141234, 42541234
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MAJESTIC AUTO LIMITED

NOTICE

Notice is hereby given that the 37th Annual General Meeting of the members of Majestic Auto Limited will be held on Wednesday, the 29th September, 2010 at 11.00 a.m. at the premises of Mohini Resorts, Near Sector-32, Chandigarh Road, Ludhiana-141010 to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2010 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 Sh. G.P. Sood, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Dr. M.A. Zahir, 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 AN ORDINARY RESOLUTION:

"RESOLVED that Maj. Shavinder Singh Khosla, who was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting and for the appointment of whom the Company has received a notice under Section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company liable to retirement by rotation."

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

"RESOLVED that Ms. Ashima Munjal, who was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting and for the appointment of whom the Company has received a notice under Section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company liable to retirement by rotation."

7. 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 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956 the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter called "the Board" and which term shall be deemed to include any Committee, which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution and with the power to delegate such authority to any person or persons) for borrowing from time to time, as it may think fit, any sum or sums of money not exceeding Rs.250 Crore (Rupees Two Hundred Fifty Crore) on such security and on such terms and conditions as the Board may deem fit, notwithstanding that the monies to be borrowed, together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business), exceed the aggregate, for the time being, of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

RESOLVED FURTHER THAT the Board be and is hereby authorized for borrowing from time to time as it may think fit, any sum or sums of money but not exceeding Rs.250 Crore (Rupees Two Hundred Fifty Crore), in aggregate or equivalent thereto in any foreign currency (including the monies already borrowed by the Company), on such security and on such terms and conditions as the Board may deem fit, by way of loans from, or issue of Bonds, Debentures or other Securities whether convertible into Equity/Preference Shares and/or Securities with or without detachable warrants with a right exercisable by the warrant holder(s) to convert or subscribe to Equity/Preference Shares (hereinafter referred to as "securities"), to Bank(s), Financial or other Institution(s), Mutual Fund(s), Non-Resident Indians (NRIs), Foreign Institutional Investors (FIIs) or any other person(s), body(ies) corporate, etc., whether shareholder of the Company or not.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and to sign all such documents as may be necessary, expedient and incidental thereto to give effect to this resolution."

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

**Place : Ludhiana
Date : 14.08.2010**

**(Rajesh Kumar Dang)
Company Secretary**

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

MAJESTIC AUTO LIMITED

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 Friday, 24.09.2010 to Wednesday, 29.09.2010 (both days inclusive).
3. The relevant details of Item Nos. 2,3,5 to 7 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.

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

ITEM NO.5 OF THE SPECIAL BUSINESS:

The Board of Directors of the Company in its meeting held on 28.01.2010 appointed Maj. Shavinder Singh Khosla as an Additional Director of the Company pursuant to the Articles of Association of the Company. In terms of Section 260 of the Companies Act, 1956, read with Article 131 of the Articles of Association of the Company, Maj. Shavinder Singh Khosla will hold office of Additional Director upto the ensuing Annual General Meeting. The Company has received a notice from a Member under Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Maj. Shavinder Singh Khosla as a Director of the Company. Accordingly, your approval is solicited for his appointment as a Director liable to retire by rotation.

Memorandum of Interest:

None of the Directors except Maj. Shavinder Singh Khosla, the appointee himself, is concerned or interested in this resolution.

ITEM NO.6 OF THE SPECIAL BUSINESS:

The Board of Directors of the Company in its meeting held on 14.08.2010 appointed Ms. Ashima Munjal as an Additional Director of the Company pursuant to the Articles of Association of the Company. In terms of Section 260 of the Companies Act, 1956, read with Article 131 of the Articles of Association of the Company, Ms. Ashima Munjal will hold office of Additional Director upto the ensuing Annual General Meeting. The Company has received a notice from a Member under Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Ms. Ashima Munjal as a Director of the Company.

Accordingly, your approval is solicited for her appointment as a Director liable to retire by rotation.

Memorandum of Interest:

None of the Directors except Sh. Mahesh Chander Munjal, the Managing Director of the Company being the relative of the appointee and the appointee herself are concerned or interested in passing of this resolution.

ITEM NO.7 OF THE SPECIAL BUSINESS:

As the members are aware, your Company is exploring various opportunities for the all round growth of the Company through expansion and diversification. With a view to meet the capital expenditure and other funds requirements for the above purposes, the Company would be required to borrow funds from time to time by way of loans and/or issue of Bonds, Debentures or other securities. As per Section 293(1) (d) of the Companies Act 1956, borrowings (apart from temporary loans obtained from the Company's bankers in ordinary course of business) by the Board beyond the aggregate of the paid up capital of the company and its free reserve requires approval from the shareholders of the Company.

MAJESTIC AUTO LIMITED

The members have in their Extra Ordinary General Meeting held on 14th February, 1994 authorized the Board of Directors to borrow funds from time to time upto an amount not exceeding Rs. 100 Crore. As mentioned above with every expansion and/or diversification plan, the capital requirements of the Company are also growing up and the aforesaid limit is likely to be exhausted in near future, and hence the proposal for obtaining the consent of the members by way of Ordinary Resolution for increasing this limit of Rs. 100 Crore to Rs.250 Crore is made.

Your Directors recommend the resolution as set out above for your approval.

Memorandum of Interest:

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

RELEVANT INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT REGARDING DIRECTORS BEING APPOINTED/ 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.

Dr. M. A. Zahir

Dr. Mohamad Abdul Zahir joined the Company on 27.01.2009. His qualification is M.Com, Ph.D.. He is Chairman of Syntec Business School, Ludhiana. He is having over forty years of experience in management education, is a well-known academician with practical wisdom and societal concerns. He was nominated by Government of India as Director, on the Board of Allahabad Bank after nationalization of major banks (1970-77). He was President, Ludhiana Management Association (LMA) -Affiliated to All India Management Association (1995-97). At present he is holding the membership of the Board/Committee(s) of the following Companies:

IOL Chemicals & Pharmaceuticals Limited

Director

Chairman - Audit Committee

Chairman - Share Holder's Grievance Committee

Majestic Auto Limited

Director

Member - Remuneration Committee

Rockman Industries Limited

Director

Chairman - Audit Committee

Praneel Corporate Services Ltd.

Director

Member - Audit Committee

Member - Shareholder's Grievance Committee

Chairman - Remuneration Committee

Hero Honda Finlease Limited

Director

Member - Remuneration Committee

Abhishek Industries Ltd.

Additional Director

Sohrab Spinning Limited

Director

Lotus Integrated Texpark Limited

Director

Member - Audit Committee

Member - Remuneration Committee

Hero Cycles Limited

Director

Member- Audit Committee

Ralson (India) Limited

Director

Dr. M. A. Zahir does not hold any share (in his own name or on behalf of other person on a beneficial basis) in the Company.

Dr. M. A. Zahir does not have any relationship with any Director of the Company.

Maj. Shavinder Singh Khosla

Maj. Shavinder Singh Khosla joined the Company on 28th January, 2010 as an additional director of the Company. He was born on September 12, 1934. He is Post Graduation in Business Administration. He is having very rich experience of more than 15 years in the field of financial services. After retiring from Army he has been involved in Financial Business career as an independent agent & financial adviser. He is Government of India qualified Financial Advisor. At present he is on the Board of following Company and Committees there of :

Majestic Auto Limited

Additional Director

Member - Share Holder/Investors' Grievance Committee

Member - Audit Committee

Member - Remuneration Committee

Maj. Shavinder Singh Khosla does not hold any share (in his own name or on behalf of other person on a beneficial basis) in the Company.

Maj. Shavinder Singh Khosla does not have any relationship with any Director of the Company.

Ms. Ashima Munjal

Ms. Ashima Munjal joined the company on August 14, 2010 as an additional director of the Company. She is also the Managing Director of Majestic IT Services Limited, a wholly owned subsidiary of the Company. Ms. Ashima Munjal is 29 Years old and has a Masters of Science in Engineering Degree and Bachelors in Computer Science from the Johns Hopkins University USA. Previously, She has worked with the Centre for Networking and Distributed Systems at Johns Hopkins University, Unisys Corporation and the Veteran Health Administration in the United States of America. She is also having good experience of the business process outsourcing industry. At present she is on the Board of following Companies and Committees there of:

Majestic Auto Limited

Additional Director

Member - Share Holder/Investors' Grievance Committee

Member - Audit Committee

Majestic IT Services Limited

Managing Director

Amtier Infotech Limited

Director

Ms. Ashima Munjal does not hold any share (in her own name or on behalf of other person on a beneficial basis) in the Company.

Ms. Ashima Munjal is daughter of Mr. Mahesh Chander Munjal the Managing Director of the Company.

MAJESTIC AUTO LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting to you the Thirty Seventh Annual Report and the Audited Accounts for the Financial Year ended 31st March, 2010.

FINANCIAL RESULTS :

	Year ended 31.03.2010	(Rs.in lacs) Year ended 31.03.2009
Operational Income (Gross)	14186	13295
Profit before Depreciation and Financial charges	3341	1556
Less : Financial Charges	349	397
Depreciation	686	613
Net Profit Before Tax	2306	546
Less : Provision for Taxation		
- Deferred Tax	220	72
: Provision for Wealth Tax	7	7
: Provision for Fringe Benefit Tax	—	10
Profit After Tax	2079	457
Less: Prior Year Expenses	8	3
Add : Prior Year Income	5	—
Add : Prior Years Tax Adjustments	4	—
Add : Balance Brought Forward	1576	1122
Profit Available for Appropriations	3656	1576
APPROPRIATIONS		
Balance carried to Balance Sheet	3656	1576
Basic and Diluted Earnings Per Share (Rs.)	20	4.36

OPERATIONS

During the year under report, your Company has registered turnover of Rs. 14186 lacs as compared to Rs.13295 lacs in the previous financial year. The Company earned a net profit before tax of Rs.2306 lacs as compared to a net profit before tax of Rs.546 lacs in the previous financial year. During the year the Company has accounted income of Rs.13 Crores being the silver jubilee special dividend declared by Hero Honda Motors Limited in which Company is having investment in shares.

During the year the company has proposed the capital outlay of Rs.33 Crores for expanding its existing capacities and for its other long term requirements. The funds requirements are being met by way of term loans from Banks & internal accruals.

The management is confident that with its visionary approach and meticulous planning, the company will be moving the way ahead in this competitive market.

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

To meet the requirements of its customers the company is proposing substantial expansion in its existing capacities in Electrical and Fine Blanking segments. The proposed expansion is being done at its existing location in Ludhiana and at new location in Greater Noida (U.P.) with a total capital outlay of Rs. 112 crores. The company has already entered into agreement for purchase of land at Greater Noida. The civil work at Ludhiana has already been commenced and the orders for major machinery have already been placed. The company expects to complete this project by the end of the March 2011. The funds for this project are being arranged by way of term loans and from internal accruals. There were no other 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

Sh. G.P. Sood and Dr. M. A. Zahir, the Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment. During the period the Company has appointed Maj. Shavinder Singh Khosla and Ms. Ashima Munjal as an Additional Directors of the Company, who will hold office upto the date of this Annual General Meeting. The Company has received notices from a Members under Section 257 of the Companies Act, 1956, for their appointment as Director of the Company. The Board recommends for their re-appointment. During the year Dr. D.R. Singh ceased to be director of the Company due to death.

Sh.O.P.Munjal and Sh. Suman Kant Munjal, the Directors of the Company have resigned from directorship w.e.f. 27th May, 2010. The Board places on record its deep appreciation for their valuable contribution during their tenure.

MAJESTIC AUTO LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) That in the preparation of the annual accounts for the year ended March 31, 2010, the applicable accounting standards have been followed;
- ii) 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, 2010 and of the net profit earned by the Company for financial year ended March 31, 2010 ;
- 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, 2010 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.

SUBSIDIARY COMPANY

During the year the company has floated Majestic IT Services Limited as Wholly Owned Subsidiary (WOS) of the Company for setting-up business of providing a broad range of information and technology related services. The WOS has yet to commence its operation/services. The documents required to be attached pursuant to Section 212 of the Companies Act, 1956 are attached to the Balance Sheet of the Company.

CONSOLIDATED FINANCIAL STATEMENTS

As required under the Listing Agreement with the Stock Exchange, the Consolidated Financial Statements consolidating the financials of the Company and Majestic IT Services Limited duly audited by the Statutory Auditors of the Company are published in this Annual Report.

LISTING

The shares of your Company are presently listed on the Bombay Stock Exchange Limited, Mumbai (BSE) and the Annual Listing fees for the year 2010-2011 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.

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-14001:2004, the Company continues to pursue its endeavor to operate in harmony with the nature, conservation of natural resources and reduction in Global warming.

QUALITY MANAGEMENT

The Company continues to maintain the ISO/TS:16949(2009) Quality Management Systems to ensure effectiveness of all functions

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.

PERSONNEL

As on March 31, 2010, the total number of employees on the records of the Company was 663. 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 : 14.08.2010

(Mahesh Chandar Munjal)
Chairman & Managing Director

MAJESTIC AUTO LIMITED

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

i) INDUSTRY STRUCTURE AND DEVELOPMENT

The Company is mainly engaged in the manufacture of Silencers, Auto Components, Fine Blanking components, Bicycle parts and Electrical motors. The motorcycle industry continues to dominate the structure of the Two Wheeler Industry. The company being the supplier of motorcycle silencers to Hero Honda Motors Limited who is world's largest Two Wheeler company, will continuously benefit from the growth of this company and the industry.

The company has facilities for tool design and tool making which enables the company to meet-up the expectations of the automobile manufacturers in the country by supplying high quality Fine Blanking components on schedule. The electrical stampings and electrical motors manufactured by the company enjoyed the trust of our reputed customers.

ii) OPPORTUNITIES AND THREATS

The general economic outlook globally is getting positive. There is an increasing return of confidence though many experts opine the recovery to be still fragile. The global economy is likely to grow around 3% in F.Y. 2010-11 supported by robust economic growth in China and India. Generally speaking, the economic outlook lends optimism, though with caution.

The world auto sector, after suffering a sharp decline, is set for a sales rebound, which is expected to be evident in the middle of next year. The Indian auto industry is likely to continue the momentum with double digit sales growth expected across segments. We have witnessed excellent growth in the two-wheeler market. The Indian consumer goods industry is also expected to provide significant growth opportunities. The growth of the Indian economy has increased the spending capacity of the middle class segments and both auto and consumer goods segment will be a key economic growth drivers.

Although intense competitive pressures and interest rates remains an area of concern at all times, the company is hopeful of being able to continuously achieve good results by strengthening its operations.

iii) SEGMENT / PRODUCT-WISE PERFORMANCE

SILENCER AND COMPONENTS THEREOF

The turnover of Mufflers has increased by 10.55% from Rs. 6523 lacs during the previous year to Rs.7211 lacs during the current year.

FINE BLANKING COMPONENTS

The turnover of Fine Blanking Components has increased by 37.24% from Rs.1160 lacs during the year 2008-09 to Rs. 1592 lacs during the year 2009-10.

ELECTRICALS

The turnover / Income from operations of Electricals has increased by 30.52% from Rs. 1717 lacs during the previous year to Rs.2241 lacs during the current year.

iv) FUTURE OUTLOOK, RISKS AND CONCERNS

We look forward to the future with optimism as we execute our growth plans. Our efforts in improving process-efficiency will enable us to improve profitability, sustain growth, and stay competitive. We are exploring various methods of increasing the range of our product offerings in the Electrical division in order to cater to market demand and this will be a new focus area for us. Your company intends to become pioneer in its line of business and its main thrust is to meet the requirements of existing and potential customers in a timely manner. As the company's growth is primarily determined by overall growth of Automotive & Consumer goods industry, the risk of any adverse development in these industries may affect your company's performance.

The interest rates continue to be an area of concern at all times

v) 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. 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 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 four times during the year ended March 31, 2010 in this regard.

vi) 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

vii) HUMAN RESOURCES/INDUSTRIAL RELATIONS

The Company had good and cordial relations with its work force during the year under review. The Company has 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 31.3.2010, 663 employees were on the roll of the Company.

viii) 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 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.

Corporate Governance primarily involves transparency, full disclosure, independent monitoring the state of affairs and being fair to all stake holders. Your Company 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 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 half of the Directors being non-executive independent Directors. 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 Four Board Meetings were held on May 27, 2009, July 25, 2009, October 26, 2009, and January 28, 2010 during the Accounting Year ended March 31, 2010. 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 Composition of the Board of Directors and Directors attendance at the Board Meetings and last annual general meeting of the Company and the details of directors of the Company having directorship in other companies, membership / Chairmanship of Committees across all companies in which they are directors during the financial year 2009-10 are given below :

Director	No. of Board meetings attended	Attendance at Last AGM	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 (Managing Director)	4	Yes	1	-	4
Non-Executive					
Mr. O. P. Munjal (Chairman) *	4	Yes	-	-	10
Mr. Suman Kant Munjal*	3	Yes	4	1	3
Mr. Vijay Munjal	4	No	4	-	6
Ms. Ashima Munjal#	-	No	2	-	2
Non-Executive and Independent					
Mr. G.P. Sood	4	Yes	6	4	1
Dr. D. R. Singh**	3	Yes	-	-	-
Dr. M. A. Zahir	3	No	10	4	11
Mr. Harjeet Singh Arora	1	Yes	1	-	12
Maj. Shavinder Singh Khosla***	-	No	3	-	-

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. Ms. Ashima Munjal is daughter of Mr. Mahesh Chander Munjal the Managing Director of the Company.

* Mr. O.P. Munjal & Mr. Suman Kant Munjal have resigned from the Board w.e.f. 27th May, 2010.

** Dr. D.R. Singh has expired on 6th December, 2009 & ceased to be director of the Company.

*** Maj. Shavinder Singh Khosla has been appointed as an additional director w.e.f. 28th January, 2010.

Ms. Ashima Munjal has been appointed as an additional director w.e.f. 14th August, 2010.

- 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. None of the present Directors hold any shares (in his own name or on behalf of other person on beneficial basis) in the Company.

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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 as required to be placed before the Board in terms of Clause 49 of the Listing Agreement is placed before the Board.

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 Annexure-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

In the Current Accounting Year ended 31st March, 2010, four meetings of Audit committee were held on May 27, 2009, July 25, 2009, October 26, 2009, and January 28, 2010. The Composition of the Audit Committee and attendance record of members of the Audit Committee for the financial year 2009-10 is as under:

Director	Category	No. of Audit Committee Meetings Attended
Mr. G. P. Sood (Chairman)	(Non-Executive and Independent Director)	4
Dr. D. R. Singh**	(Non-Executive and Independent Director)	3
Mr. Suman Kant Munjal*	(Non-Executive Director)	2
Maj. Shavinder Singh Khosla***	(Non-Executive and Independent Director)	0
Ms. Ashima Munjal#	(Non-Executive Director)	0

* Mr. Suman Kant Munjal has resigned from the Board w.e.f. 27th May, 2010.

** Dr. D.R. Singh has expired on 6th December, 2009 & ceased to be a member of the Audit Committee.

*** Maj. Shavinder Singh Khosla has been appointed as member of the Audit Committee w.e.f. 28th January, 2010.

Ms. Ashima Munjal has been appointed as member w.e.f. 14th August, 2010.

The Company Secretary acts as the Secretary of the Audit Committee. The Managing Director, Finance Head, Internal Auditors, and Statutory Auditors attend the Audit Committee meetings.

The genesis of Majestic Auto Limited's Audit Committee can be traced back to the Audit Sub-Committee, constituted in 1994. Since then it has been dealing with matters prescribed by the Board of Directors on a case by case basis. The nomenclature, constitution and terms of reference of the Committee were revised on January 30, 2001 and an Audit Committee was set up as per the provisions of the Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement of the Stock Exchange(s). As on March 31, 2010, the Committee had two Non-Executive Independent Directors and one Non-Executive Director in accordance with the prescribed guidelines. All the members have sound knowledge in the field of finance, accounting and law. The "terms of reference" of the Audit Committee included the following:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees.
- Approval of payment to Statutory Auditors for any other services rendered by them.
- Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transactions.
 - g) Qualifications, if any, in the draft audit report.

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- Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Reviewing reports furnished by the internal auditors, discussion with Internal Auditors on any significant findings and ensuring follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the Board.
- Discussing with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- Compliance with Stock Exchange and legal requirements concerning financial statements.
- Directors' Overseas Travelling expenses.
- Review of Foreign Exchange exposure.
- Reviewing the Company's financial and risk management policies.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

PRESENTATION BEFORE AUDIT COMMITTEE (WHEN EVER NECESSARY)

- A statement in summary form of transactions with related parties in the ordinary course of business.
- Details of material individual transactions with related parties which are not in the normal course of business.
- Details of material individual transactions with related parties or others which are not on arm's length basis alongwith management's justification for the same.

IV. Remuneration Committee

During this financial year, committee meeting was held on July 25, 2009. The Composition of the remuneration Committee and attendance record of members of the Audit Committee for the financial year 2009-10 is as under:

Director	Category	No. of Remuneration Committee Meetings Attended
Mr. G. P. Sood (Chairman)	(Non-Executive and Independent Director)	1
Dr. D. R. Singh**	(Non-Executive and Independent Director)	1
Mr. Suman Kant Munjal*	(Non-Executive Director)	1
Maj. Shavinder Singh Khosla ***	(Non-Executive and Independent Director)	0
Dr. M.A. Zahir****	(Non-Executive and Independent Director)	0

* Mr. Suman Kant Munjal has resigned from the Board w.e.f. 27th May, 2010.

** Dr. D.R. Singh has expired on 6th December, 2009 & ceased to be a member of the Committee.

*** Maj. Shavinder Singh Khosla has appointed as member of the Committee w.e.f. 28th January, 2010.

**** Dr. M.A. Zahir has been appointed as member of the Committee w.e.f. 14th August, 2010.

A Remuneration Committee as per the guidelines set out in the Listing Agreement was set up on 29.01.2002 to review and recommend the payment of annual salaries, commission, execution of service agreements and other employment conditions for Executive Director(s) / Managing Director(s). The Committee while approving the remuneration takes into account, financial position of the Company, trend in the Industry, appointee's qualification, experience, past performance, past remuneration etc. and brings about objectivity in determining the remuneration package while striking a balance between the interest of the Company and the shareholders. Two members of the Committee are Non-executive Independent Directors and one member is Non-Executive Director. The members of the Committee are persons of repute and have sound knowledge of management practices. The power and role of the Remuneration Committee is as per guidelines set out in the listing agreement.

REMUNERATION POLICY:

The Managing Director is paid remuneration recommended by remuneration committee and approved by the Board of Directors. In the Board Meeting, the remuneration (subject to the subsequent approval by the shareholders at the general meeting and such other authorities as the case may be) is fixed by the Non-Executive Directors. Executive / Interested Directors do not participate in the discussion / voting in the meeting. The remuneration is fixed considering various factors such as qualification, experience, expertise, prevailing remuneration in the corporate world, financial position of the Company