MAJESTIC
AUTO LIMITED

40th
Annual Report
2012-13

BOARD OF DIRECTORS

Mahesh Munjal	Chairman & Managing Director
G. P. Sood	Non Executive & Independent Director
Dr. M.A. Zahir	Non Executive & Independent Director
Harjeet Singh Arora	Non Executive & Independent Director
Major Shavinder Singh Khosla	Non Executive & Independent Director
Ashima Munjal	Non Executive Director

AGM - COMPANY SECRETARY

Rajesh Saini

STATUTORY AUDITORS

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

BANKERS

Canara Bank
Punjab National Bank
IDBI Bank Ltd.
Axis Bank Ltd.
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
B-6, B-7 & B-9, Ecotech-1 Extn.,
Greater Noida.

REGISTRAR & TRANSFER AGENT

Alankit Assignments Ltd.
Alankit House, 2E/21, Anar Kali Market,
Jhandewalan Extension, New Delhi-110055
Phones (011) 23541234, 42541234
Fax : (011) 23552001, E-mail : rta@alankit.com

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40th ANNUAL GENERAL MEETING

Day	:	Monday
Date	:	30th September, 2013
Time	:	11.00 A.M.
Place	:	At the premises of Mohini Resorts, Near Sector-32, Chandigarh Road, Ludhiana-141010

MAJESTIC AUTO LIMITED

NOTICE

Notice is hereby given that the 40th Annual General Meeting of the members of Majestic Auto Limited will be held on Monday, the 30th September, 2013 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, 2013 and the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Dr. M.A. Zahir, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Sh. Harjeet Singh Arora, 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 **(Rajesh Saini)**
Date : 12.08.2013 **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 Tuesday, 24.09.2013 to Monday, 30.09.2013 (both days inclusive).
3. The relevant details of Item Nos. 2 & 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 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.
8. 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.
9. The Company has designated an exclusive e-mail ID namely: grievance@heromajestic.com for receiving and addressing investors' grievances.
10. As per the Circular No. MRD/DoP/Cir-05/2009 dated May 20, 2009 issued by Securities and Exchange Board of India ("SEBI") it is mandatory to quote PAN for transfer/transmission of shares in physical form. Therefore, the transferee(s)/legal heir(s) is required to furnish a copy of his/her PAN to the Company/ its Registrar.
11. The Ministry of Corporate Affairs ("MCA") has vide Circular Nos. 17/2011 dated April 21, 2011, has taken a "Green Initiative" by allowing paperless compliances by the companies to serve the requisite documents to its members vide e-mode, in pursuance to Section 53 of the Companies Act, 1956.

    In case you wish to support your Company's concern to prevent global environment degradation, you are requested to please register your E-mail ID with your DP, if you hold the Company's shares in electronic form, under intimation to the Registrar & Transfer Agent through your registered E-mail ID. The Company proposes to send all shareholder communications, henceforth to shareholders in electronic form to the E-mail Id provided by them and made available to us by the Depositories. However, if you hold the shares in physical form then you may register your E-mail ID with the Registrar & Transfer Agent of the Company by sending a letter under your Registered signature at the below mentioned address:-

    M/s Alankit Assignment Limited

    Corporate Office, Alankit House, 2E/21, Anarkali Market, Jhandewalan Extension, New Delhi-110 055.

    Phones (011) 23541234, 42541234, Fax (011) 23552001, e-mail : rta@alankit.com

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

Dr. M. A. Zahir

Dr. Mohamad Abdul Zahir joined the Company on 27.01.2009. His qualification is M.Com, Ph.D.. He is a Chairman of Synetic 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

Majestic Auto Limited
Director
Member - Remuneration Committee
Member - Audit Committee

Sohrab Spinning Limited
Director

Lotus Integrated Texpark Limited
Director
Member - Audit Committee

Trident Limited
Director
Member - Audit Committee
Member - Share Holder's Grievance Committee

Hero Cycles Limited
Director
Chairman- Audit Committee

Ralson (India) Limited
Director

Rockman Industries Limited
Director
Member - Audit Committee

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.

Mr. Harjeet Singh Arora

Mr. Harjeet Singh Arora joined the Company on 27.01.2009. His qualification is FCA & FCS. He is having very rich experience in the field of corporate finance & financial services. After holding key positions in the corporate world, he ventured as freelance consultant for financial services in 1985. At present he is holding the membership of the Board/Committee(s) of the following Companies:

Prime Industries Limited
Director
Chairman - Shareholders'/Investors' Grievance Committee
Member - Audit Committee

Master Insurance Brokers Limited
Director

Master Share & Stock Brokers Limited
Director

Eminnent Buidlwell Pvt. Ltd.
Director

Megabuild Agri Pvt. Ltd.
Director

Matria Estate Developers Pvt. Ltd.
Director

Master Commodity Services Limited
Director

H.K. Arora Real Estate Services Limited
Director

Arora Financial Services Limited
Director

Master Projects Limited
Director

Master Trust Limited
Managing Director

Prime Agro Farms Pvt. Ltd.
Director

Gold Touch Agri Pvt. Ltd
Director

Master Portfolio Services Ltd.
Director

Majestic Auto Limited
Director

M& M Auto Industries Limited
Director

Master Capital Services Limited
Managing Director

Master Infra.& Real Estate Developers Ltd.
Director

Bigbuild Real Estate Pvt. Ltd
Director

Mansfield Estate Developers P. Ltd.
Director

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

Mr. Harjeet Singh Arora does not have any relationship with any Director of the Company.

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting to you the 40th Annual Report and the Audited Accounts for the Financial Year ended 31st March, 2013.

FINANCIAL RESULTS: **(Rupees in Lacs)**

	Year ended 31.03.2013	Year ended 31.03.2012
Operational Income (Gross)	**17609**	18664
Profit before Depreciation and Financial cost	**1643**	4312
Less : Financial Cost	**1261**	1376
Depreciation	**1472**	1270
Net Profit Before Tax	**(1090)**	1659
Less : Tax Expenses	**(505)**	(256)
Profit After Tax	**(585)**	1915
Add : Balance Brought Forward	**6280**	4365
Profit Available for Appropriations	**5695**	6280
APPROPRIATIONS		
Balance carried to Balance Sheet	**5695**	6280
Basic and Diluted Earnings Per Share (Rs.)	**(5.63)**	18.42

OPERATIONS

During the year under report, your Company has registered turnover of Rs.17,609 lacs as compared to Rs.18,664 lacs in the previous financial year. The Company earned a net loss of Rs.585 lacs as compared to a net profit of Rs.1,915 lacs in the previous financial year. Due to the substantial capital outlay in Ludhiana & Greater Noida of more than Rs.100 crores, depreciation has increased from Rs.1,270 lacs to Rs.1,472 lacs and Employee Benefit Expenses also increased from Rs.1,809 Lacs to Rs.2,141 Lacs due to skilled and unskilled labour cost for starts of commercial production at Greater Noida. During the current financial year, the sale of Mufflers of the Company decreased due to lesser demand from the Customers. The company is hopeful of receiving rich dividends from the present capital outlay in the forthcoming years.

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

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.

BOARD OF DIRECTORS

In terms of the provisions of the Companies Act, 1956 & the Articles of Association of the Company, Dr. M.A. Zahir and Sh. Harjeet Singh Arora, the Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

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, 2013, 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, 2013 and of the net profit earned by the Company for financial year ended March 31, 2013 ;

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, 2013 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.

HOLDING COMPANY

The Holding Company, M/s Anadi Investments Private Limited is holding 7,757,687 equity shares in the company of Rs. 10/- each equivalent to 74.61% of the paid up capital of the company as on 31st March 2013.

SUBSIDIARY COMPANY

The Company has one Wholly Owned Subsidiary namely Majestic IT Services Limited (MITSL), which is engaged in the business of providing a broad range of information and technology related services. MITSL has commenced its operations in the area of NCR Delhi.

CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to the provision of Section 212(8) of the Companies Act, 1956 the Ministry of Corporate Affairs vide its circular dated February 8, 2011 has granted general exemption from attaching the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies with the Balance Sheet of the Company. A statement pursuant to Section 212 of the Companies Act, 1956 containing brief financial details of the Company's subsidiary for the financial year ended March 31, 2013 is included in the Annual Report. The annual accounts of the subsidiary and the related detailed information will be made available to any member of the Company/its subsidiary seeking such information at any point of time and are also available for inspection by any member of the Company/its subsidiary at the registered office of the Company and at the registered office of the subsidiary company. The Company shall furnish a copy of details of annual accounts of subsidiary to any member on demand. The Consolidated Financial Statements consolidating the financials of the Company and MITSL 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 2013-2014 has been paid to it.

FIXED DEPOSITS

During the year under review, the Company was having an outstanding public deposit to the extent of Rs. 10.25 Crores under Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975. No deposits were matured during the year.

PARTICULARS OF EMPLOYEES

None of the employees has received a salary of Rs.60.00 lac per annum or Rs. 5.00 lac per month or more during the financial year 2012-2013. Accordingly, no particulars of employees are to be given pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Amendment Rules, 2011.

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 -III and forms an integral part of this report.

ENVIRONMENTAL & QUALITY 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. 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(1-B) 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 Board has re-appointed M/s Khushwinder Kumar & Associates, Cost Accountants, Ludhiana, as the Cost Auditors of the Company in accordance with Section 233B of the Companies Act, 1956 for the financial year 2013-14 and the necessary approval has been received from the Central Government. The Cost Auditors' Report for the financial year 2012-13 will be forwarded to the Central Government in pursuance of the provisions of the Companies Act, 1956.

AUDIT COMMITTEE RECOMMENDATION

During the year there was no such recommendation of the Audit Committee which was not accepted by the Board. Hence, disclosure of the same is not required in this Report.

PERSONNEL

As on March 31, 2013, the total number of employees on the records of the Company was 769. 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 : 12.08.2013

(Mahesh Munjal)
Chairman & Managing Director

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

Your Company is presently in the business of manufacturing Silencers, Fine Blanking Components, Electrical Motors & Bicycles Spokes. Presently, your Company is running its plant at Ludhiana and Greater Noida. The manufacturing operations at its newly established plant at Greater Noida have been started during the year under review.

Our esteemed customers include Hero Motocorp Limited, L.G. Electronics India (P) Ltd, Tecumseh Products India (P) Ltd., Bosch Chasis System India Ltd, Jay Ushin Ltd., Hero Cycles Ltd. etc.

i) INDUSTRY STRUCTURE AND DEVELOPMENT

AUTO ANCILLARY INDUSTRY

Indian auto component's industry derives its growth impetus from the growth in the automobile industry. The slow down witnessed by the Automobile Industry has certainly impacted the demand sentiments for the Auto Component Industry as well. However, an anticipated pick-up in growth for the Automobile industry including motor cycle industries is expected to eventually drive growth for auto parts sector. As per industry estimates, the Indian auto component industry derives 60 per cent of its turnover from sales to domestic Original Equipment Manufacturers (OEMs), 25 per cent from sales to the domestic replacement market and around 15 per cent from exports.

The Indian Auto Components Industry has kept pace with technological developments and is today catering not only to Original Equipment Manufacturers (OEMs) and Tier Component markers (those who supply directly to OEMs) in India, but abroad as well. The Automotive Mission Plan 2016 launched by the Indian Government seeks to grow the industry to a size of US $145bn by 2016 and make it contribute 10 percent to the nation's GDP. India is emerging as a strong automotive R&D hub with foreign players like Hyundai, Suzuki, General Motors setting up base in India. This move is further enhanced by the Indian Government's support towards setting up centres for development and innovation. Also there are opportunities of growth available in alternative segments like electric cars, vehicles run on natural gas, etc.

ELECTRONICS INDUSTRIES

Year 2012-13 was an interesting year, with both exciting and worrying events for the Electronics Industry in India. While on the one hand the global economic climate was volatile and caused some slowdown in the country's economic growth, on the other the National Policy on Electronics promised far-reaching consequences for the Indian Electronics industry. The Policy aims at addressing the huge gap which is estimated at Rs.15.31 lakh crore ($300 billion) between locally manufactured electronics and the consumer demand for electronics that we expect to see by 2020. If immediate steps are not taken to address this gap, it is forecasted that by 2020, electronics imports may far exceed oil imports. Diverse areas such as manufacturing, R&D, IP creation, manpower and training, standards, e-waste management, investments, and the setting up of a National Electronics Mission are the immediate requirements for a growth in the Indian Electronics scenario.

ii) OPPORTUNITIES AND THREATS

Demographically and economically, India's automotive industry is well-positioned for growth, servicing both domestic demand and, increasingly, export opportunities. A predicted increase in India's working-age population is likely to help stimulate the burgeoning market for private vehicles. Rising prosperity, easier access to finance and increasing affordability is expected to see four-wheelers gaining volumes, although two wheelers will remain the primary choice for the majority of purchasers, buoyed by greater appetite from rural areas, the youth market and women.

Auto co mponent manufacturers are required to constantly invest to add value through continuous up-gradation. Growing competition from rival industries poses a serious threat to company in the silencer segment. Moreover high interest rate, low investment in Research and Development and Infrastructural constraints in supply chain are the major concerns.

With steel being the key input for your Company, raw material costs increases have a direct bearing on selling prices. However, most of our customers have an agreement to compensate us for increases in the price of steel, and hence we remain insulated to that extent.

Conversion costs remain high due to high power & fuel costs and constant investments required in training and up-gradation of our employees `skill sets. For this your Company organizes various participative programs, training & quality awareness programs which positions us on the cusp of growing opportunities and helps us face growing business challenges upfront.

The profitability of Indian Electronic components Industry is likely to be under pressure due to pricing pressures from OEMs, threat of rising commodity prices, higher cost of funds due to sticky inflation & high rate of interest, entry of new players and new product/model launches and entry of cheaper imports.

iii) SEGMENT/PRODUCT WISE PERFORMANCE

SILENCER AND COMPONENT THEREOF

The turnover /income from operation of Mufflers have been decreased by 17% from Rs.10,615 lacs during the previous year to Rs.8,816 lacs during the current year.

FINE BLANKING COMPONENTS

The turnover /income from operation of Fine Blanking Components have been decreased by 5% from Rs.2,177 lacs during the previous year to Rs.2,079 lacs during the current year.

ELECTRICALS

The turnover /income from operation of Electricals have been increased by 38% from Rs.2,451 lacs during the previous year to Rs.3,379 lacs during the current year.

iv) FUTURE OUTLOOK, RISK AND CONCERNS

Indian auto component manufacturers offer advantages like low-cost and adequate production capacity with world class technology. Domestic auto component manufacturers are increasingly complying with the internationally accepted quality standards like six sigma, ISO, etc. which has caught the attention of global OEMs. Global OEMs with presence in India are increasing level of localization in products offered them in the Indian markets. The level of indigenization is being increased in phased manner to keep costs low without compromising quality. Furthermore, depreciating rupee is resulting in increase of import bill for global OEMs, who source a large proportion of their inputs from overseas markets. In order to curtail the burden of growing import bill global OEMs are resorting to increased local sourcing. Sharp fall in the demand of muffler, high rate of interest, tight liquidity are major areas of concern for the Company and may affect the performance of Company.

v) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an adequate and effective system of internal control implemented by Management having regard to the size and nature of the business activities of the Company to achieve operational efficiency, accuracy, compliance of policies and procedures, laws and regulations and close monitoring. The exercise is carried out across all the locations of the Company aimed at promoting effectiveness & efficiency of operations while emphasizing compliance to policies, applicable laws & regulations to achieve business objectives including performance and profitability goals and safeguarding of resources. The Company also carries out management audit which ensures the control and safeguarding of the Company's assets against loss through inefficiency, waste, negligence or fraud. The Company is well structured and policy guidelines are well documented with predefined authority.

The Audit Committee of the Company is reviewing the internal controls including the internal audit reports, financial results of the Company at least once in every three months and provides its support to all operational and finance functions of the Company through regular monitoring and suggestions. The company has exhaustive budgetary control system. Actual performance is reviewed with reference to budget by the Management review team on quarterly basis.

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

vii) HUMAN RESOURCES

MAL is a people centric organization. Our employees are greatest strength and assets; therefore we want them to be at their best. To enhance the productivity, company has developed their people by providing innovative and professional environment. It has an efficient recruitment policy and human resource management processes, which enables to attract and retain competent & talented employees. When we hire people, we look for positive attitude and exemplary behaviour so that they can imbibe our value system.

To keep ourselves abreast with time and technology, we regularly assess the competencies important for the development of our business and arrange for appropriate training and development programmes to cater different learning needs of our employees in the areas of technology, management, leadership, cultural and other soft skills. The company is constantly working on development of competencies and teamwork of concerned employees at all levels. We are a learning organization. We have an environment, which helps to leverage the knowledge of every employee.

The Company had 769 permanent employees as on 31st March 2013. The industrial relations remained peaceful and cordial throughout the year.

viii) CAUTIONARY STATEMENT

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

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 two third 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 (excluding pvt. limited 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 28, 2012, August 13, 2012, November 12, 2012 and January 28, 2013 during the Accounting Year ended March 31, 2013. Board Members were given agenda papers along with 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 2012-13 are given below :

Name of the 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 Munjal (Managing Director)	4	Yes	1	-	4
Non- Executive Ms. Ashima Munjal	4	Yes	2	-	3
Non- Executive and Independent					
Mr. G.P. Sood	3	No	3	2	1
Dr. M. A. Zahir	4	Yes	7	2	7
Mr. Harjeet Singh Arora	1	No	2	1	12
Maj. Shavinder Singh Khosla	4	Yes	3	1	-

Independent Directors have no relationship with other Directors of the Company. Ms. Ashima Munjal is daughter of Mr. Mahesh Munjal, the Chairman and Managing Director of the Company.

Chairmanships/Memberships of Board Committees include only Audit & Shareholders/Investors Grievance Committees.

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 except Mr. Mahesh Munjal, who is holding 40,421 equity shares of the Company.

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-IV.

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, 2013, four meetings of Audit committee were held on May 28, 2012, August 13, 2012, November 12, 2012 and January 28, 2013. The Composition of the Audit Committee and attendance record of members of the Audit Committee for the financial year 2012-13 is as under:

Name of the Director	Category	No. of Audit Committee Meetings Attended
Mr. G. P. Sood (Chairman)	(Non-Executive and Independent Director)	3
Dr. M. A. Zahir	(Non-Executive and Independent Director)	4
Maj. Shavinder Singh Khosla	(Non-Executive and Independent Director)	4
Ms. Ashima Munjal	(Non-Executive Director)	4

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, 2013, the Committee had three 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.

IV. Remuneration Committee

During this financial year, committee meeting was held on 13th August, 2012. The Composition of the remuneration Committee and attendance record of members of the Remuneration Committee for the financial year 2012-13 is as under:

Director	Category	No. of Remuneration Committee Meetings Attended
Mr. G.P. Sood (Chairman)	Non-Executive and Independent Director	1
Maj. Shavinder Singh Khosla (Member)	Non-Executive and Independent Director	1
Dr. M.A. Zahir (Member)	Non-Executive and Independent Director	1

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 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. All the members of the Committee are Non-executive Independent