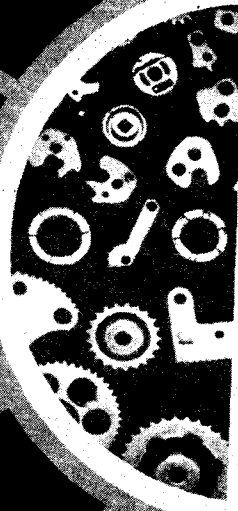
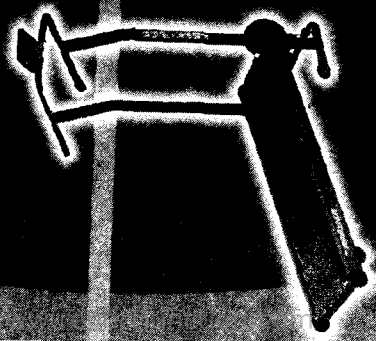
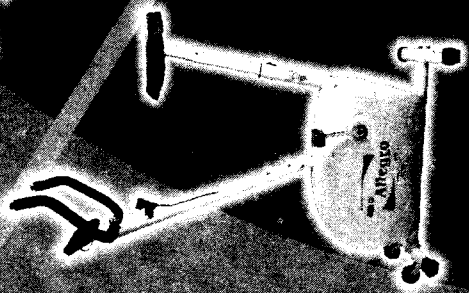
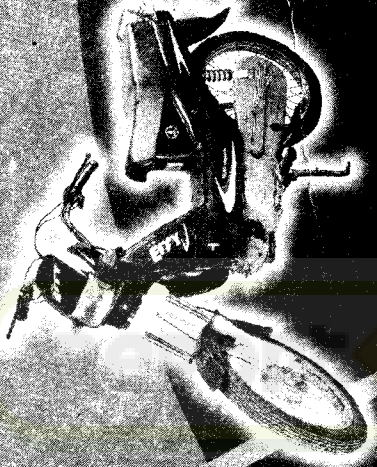
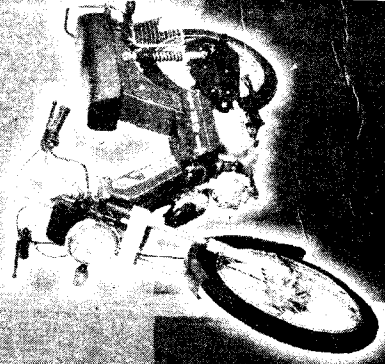


MAJESTIC AUTO LTD.

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Annual Report 2002-2003

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MAJESTIC AUTO LIMITED**BOARD OF DIRECTORS**

O. P. Munjal	Chairman
S. D. Khosla	
G. P. Sood	
Vijay Munjal	
Suman Kant Munjal	
Dr. D.R. Singh	
Mahesh Chander Munjal	Managing Director
Pankaj Munjal	Managing Director

AUDIT COMMITTEE

G. P. Sood
Dr. D. R. Singh
Suman Kant Munjal

REMUNERATION COMMITTEE

S. D. Khosla
G. P. Sood
Dr. D. R. Singh

**SHAREHOLDERS/INVESTORS
GRIEVANCE COMMITTEE**

Dr. D. R. Singh
Suman Kant Munjal
Mahesh Chander Munjal

LEGAL ADVISOR

S. K. Mehta

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

R. K. Agrawal

AUDITORS

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

BANKERS

Canara Bank
Punjab National Bank
Citi Bank

REGISTERED OFFICE

C-48, Focal Point, Ludhiana - 141 010

WORKS**UNIT-I**

C-48, Focal Point, Ludhiana - 141 010

UNIT-II

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

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MAJESTIC AUTO LIMITED**NOTICE**

Notice is hereby given that 30th Annual General Meeting of the members of Majestic Auto Limited will be held on Thursday, the 25th September, 2003 at 12.30 p.m. at the premises of Hero Cycles Limited, Hero Nagar, G.T. Road, Ludhiana to transact the following business :-

ORDINARY BUSINESS

1. To receive , consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2003 and the Profit & Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Sh. Suman Kant Munjal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Dr. D. R. Singh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED that pursuant to the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (the Act) and subject to such approvals as may be necessary under the provisions of the Act, consent of the Company be and is hereby accorded to the re-appointment of Sh. Mahesh Chander Munjal as Managing Director of the Company for a period of 3 years w.e.f. 29.10.2003 on the terms and conditions including remuneration as set out in draft agreement to be entered with him, as placed before the meeting, extract of which is set out in Explanatory Statement attached to the Notice convening this meeting, which agreement is hereby sanctioned and approved with liberty to the Board of Directors of the Company to alter or vary the terms and conditions of the said re-appointment and / or agreement including remuneration payable to Managing Director in such manner as may be agreed to between the Board of Directors and Sh. Mahesh Chander Munjal provided that alteration / variation shall be within the limits specified in Schedule XIII to the Act, including any modification, amendment or re-enactment thereof."

"RESOLVED FURTHER that in the event of loss or inadequacy of profit in any financial year of the Company during the term of the Managing Director, the remuneration by way of salary and perquisites as specified in said draft agreement is payable to the Managing Director."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to agree to any amendment to the said agreement and are empowered to make such improvements in the terms of remuneration of Sh. Mahesh Chander Munjal, from time to time, as may at its discretion deem fit, so as not to exceed the limits specified in Schedule XIII to the Act including any amendment thereto or any re-enactment thereof, the intention being that no further approvals of the members of the Company will be required, so long as the remuneration of the Managing Director to be fixed by the Board of Directors, from time to time, during his term, is not in excess of maximum permissible limits under the relevant laws, rules, regulations, guidelines or notifications as may be promulgated or issued after the date of this meeting."

By Order of the Board of Directors
for Majestic Auto Limited

(R. K. Agrawal)
Company Secretary

Place : Ludhiana
Date : 25.7.2003

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 16.9.2003 to 25.9.2003 (both days inclusive).
3. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company during office hours upto the date of the Annual General Meeting.
4. Members are requested to bring their copy of the Annual Report alongwith them to the Annual General Meeting.
5. Members/Proxies should bring the Attendance slip sent herewith duly filled in for attending the Annual General Meeting.
6. 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 Investor 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 dividends declared by the Company for the financial years 1995-96 and 1996-97.

In respect of the unclaimed dividend for periods prior to the financial year 1995-96, already transferred by the Company to the General Revenue of the Central Government, Shareholders may claim the same by writing to the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh, Kothi No. 286, Defence Colony, Jalandhar City - 144 003 by quoting the Company's Registration No. 3264.
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.

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

ITEM No. 5

The Board of Directors of the Company in its meeting held on 28.6.2003, has re-appointed Sh. Mahesh Chander Munjal as Managing Director of the Company subject to the approval of shareholders for a period of 3 year w.e.f. 29.10.2003 to 28.10.2006 at the remuneration in accordance with the norms laid down in Schedule XIII and all other applicable provisions of the Companies Act, 1956 as reproduced hereinbelow :

1. Basic Salary

Salary @ Rs. 95,000/- per month in the scale of Rs. 95,000 - 10,000 - 1,25,000/- per month.

2. Bonus

As per Company Rules

3. Commission

Commission shall be decided by the Board of Directors based on net profit of the Company each year and the same shall not exceed 1% of net profit of the Company subject to the condition that the aggregate remuneration to the Managing Director, shall not exceed the limits laid down under Section 198, 309 and Schedule XIII to the Companies Act, 1956.

4. Perquisites and Allowances

In addition to the above Basic Salary, Bonus and Commission, he shall be entitled to the following perquisites and allowances :

- i) **Residential Accommodation** : The appointee shall be provided rent free furnished residential accommodation with free use of all the facilities and amenities provided by the Company ;
- ii) **Medical Reimbursement** : Reimbursement of actual Medical Expenses incurred by the appointee and his family ;
- iii) **Club Fees** : Actual fees of clubs will be reimbursed ;
- iv) **Personal Accident Insurance** : Actual premium to be paid by the Company ;
- v) **Insurance of House-hold goods** : Actual premium to be paid by the Company ;

MAJESTIC AUTO LIMITED

- vi) **Car** : Facility of Car with driver to be used for the business of the Company ;
- vii) **Telephone** : Free telephone facility at Residence to be used for the business of the Company ;
- viii) **Reimbursement of expenses** : Reimbursement of entertainment, travelling, hotel and other expenses actually and properly incurred for the business of the Company ;
- ix) **Life Insurance** : Actual premium on the lives of the appointee, his wife and children to be paid by the Company.
- x) **Contribution to Provident Fund, Superannuation Fund or Annuity Fund** : Company's contribution to Provident, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- xi) **Gratuity** : Not exceeding half month's salary for each completed year of service.
- xii) Encashment of leave at the end of the Tenure.

5. Leave Travel Concession :

For the appointee and his family once in a year incurred in accordance with the rules specified by the Company.

6. Minimum Remuneration : If in any financial year during the tenure of the appointee, the Company has no profits or its profits are inadequate, the appointee shall be entitled to remuneration by way of salary, perquisites, allowances, not exceeding the ceiling limit of Rs. 2,50,000/- per month in terms of Clause (B) of paragraph 1 of section II of Part II of Schedule XIII to the Companies Act, 1956 as minimum remuneration.

For the purpose of computation of minimum remuneration, the following shall not be included :

- i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent of these either singly or put together are not taxable under the Income Tax Act, 1961.
- ii) Gratuity at the rate not exceeding half a month's salary for each completed year of service, and
- iii) Encashment of leave at the end of his tenure.

7. Sitting Fees

The Managing Director shall not be paid any sitting fees for attending the meetings of the Board or Committee thereof.

The Board of Director of your Company recommends passing of the Special Resolution as contained under Item No. 5 above.

The aforesaid terms and conditions may be treated as an abstract of the terms of the contract and memorandum of the nature of the concern or interest of directors pursuant to Section 302 (2) of the Companies Act, 1956.

None of the directors except S/Shri O. P. Munjal, Pankaj Munjal, Vijay Munjal and Suman Kant Munjal of the Company is concerned or interested in the passing of this Special Resolution.

STATEMENT CONTAINING THE INFORMATION REQUIRED TO BE GIVEN TO THE SHAREHOLDERS OF THE COMPANY PURSUANT TO CLAUSE (B) OF PARAGRAPH 1 OF SECTION II OF PART II OF SCHEDULE XIII TO THE COMPANIES ACT, 1956 :

I. General Information :

1) Nature of Industry	:	Manufacturing Company		
2) Date of commencement of commercial production	:	21.05.1973		
3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	:	N.A.		
4) Financial performance based on given indicators	:		<u>2001-2002</u>	<u>2002-2003</u>
		Sales (Net)	Rs. 160.71 Cr.	Rs. 186.73 Cr.
		Net Loss	Rs. 18.36 Cr.	Rs. 28.21 Cr.
5) Export performance and net foreign exchange collaborations	:		<u>2001-2002</u>	<u>2002-2003</u>
		a) Export	Rs. 22.79 Cr.	Rs. 23.84 Cr.
		b) Collaboration	None	None
6) Foreign investments or collaborators, if any	:	None		

MAJESTIC AUTO LIMITED

II. Information about the appointee :

- | | | |
|---|---|--|
| 1) Background details | : | Sh. Mahesh Chander Munjal was appointed as a Director of the Company w.e.f. 29.6.1993 and was appointed as an Executive Director of the Company w.e.f. 29.10.1993 and re-designated as the Managing Director of the Company w.e.f. 29.7.1999. Before joining as a Director of the Company, Sh. Mahesh Chander Munjal was Executive Director of Munjal Auto Limited formerly known as Gujarat Cycles Limited. He is a Graduate Engineer and M.B.A. |
| 2) Past remuneration | : | Rs. 23,11,347/- (Accounting Year 2002-03) |
| 3) Recognition of awards | : | None |
| 4) Job profile and his suitability | : | Job Profile :
Sh. Mahesh Chander Munjal is having rich experience of 24 years of running Two Wheelers Industries as below :
a) He has worked as Assistant Works Director, Chief Executive (Works) during the period from 1979 to 1986 in Hero Cycles Limited, Ludhiana.
b) He has worked as Executive Director in Munjal Auto Limited formerly known as Gujarat Cycles Limited during the period from 1986 to 1993.
c) He is working as Executive Director / Managing Director of the Company since 1993.
Suitability :
Your Board considers that the re-appointment of Sh. Mahesh Chander Munjal having such wide experience in Two Wheeler Industries will be in the best interests of the company and therefore, recommends passing to the Special Resolution as state above. |
| 5) Remuneration proposed | : | As per Resolution. |
| 6) Comparative remuneration profile with respect to industry, size of the company, profile of position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) | : | As per information available, there is no other Company of comparable size & business. The increase in remuneration is marginal. |
| 7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any | : | Except remuneration as mentioned above, he has no other pecuniary relationship directly or indirectly with the Company. He is son of elder brother of Sh. O. P. Munjal, the Chairman of the Company. Shri Pankaj Munjal, Managing Director of the Company is son of Shri O. P. Munjal, the Chairman of the Company. |

III. Other Information :

- | | | |
|--|---|--|
| 1) Reasons of loss or inadequate profits | : | Due to recession in Moped and Scooter Industry, the Company has suffered losses. |
| 2) Steps taken or proposed to be taken for improvement | : | The Company is diversifying in implementing Auto Components Projects. |
| 3) Expected increase in productivity and profits in measurable terms | : | The productivity will marginally improve in the year 2003-2004 in comparison to the year 2002-2003. There is proposal for demerger of Unit-II situated at Ghaziabad which is incurring losses and then profitability of the demerged Company is also expected to improve marginally. |

By Order of the Board of Directors
for Majestic Auto Limited

Place : Ludhiana
Date : 25.7.2003

(R. K. Agrawal)
Company Secretary

MAJESTIC AUTO LIMITED

INFORMATION PURSUANT TO CLAUSE 49 VI (A) OF THE LISTING AGREEMENT REGARDING DIRECTORS BEING REAPPOINTED :

Sh. Mahesh Chander Munjal

Sh. Mahesh Chander Munjal joined the Company on 29th June, 1993 and was appointed as an Executive Director of the Company w.e.f. 29.10.1993 and re-designated as the Managing Director of the Company w.e.f. 29.07.1999. He carries with him enriched experience of 24 years of running Two Wheeler Industries. He is a Graduate Engineer and M.B.A. Before joining as a Director of the Company, Sh. Mahesh Chander Munjal was Executive Director of Munjal Auto Limited formerly known as Gujrat Cycles Limited. At present he is on the Board of following Companies and Committees thereof:

- **Majestic Auto Limited**
Director
Member - Shareholder / Investors Grievance Committee
- **Aayush Finance & Investment Pvt. Ltd.**
Director
- **M & M Auto Industries Limited**
Director

Dr. D. R. Singh

Dr. D. R. Singh joined the Company on 25.09.1986. He has been regularly making useful contribution in the meetings of the Board of Directors and Committee thereof, from time to time. His qualification is M. Com, Ph. D.. He possesses experience in the field of Academic, Editing, Finance, Taxation and Accounts. He is former Dean of College of Basic Science and Humanities, Punjab Agricultural University, Ludhiana and former Director of Punjab Institute of Management and Technology, Mandi Gobindgarh and of J. D. Institute of Management and Technology, Mukatsar. He is also Director of Lala Lajpat Rai Memorial Institute of Management and Technology, Dudeke (Moga).

At present he is on the Board of following Companies and Committees thereof :

- **Majestic Auto Limited**
Director
Chairman - Shareholders / Investors Grievance Committee
Member - Audit Committee
Member - Remuneration Committee
- **Hero Cycles Limited**
Director
Chairman - Audit Committee
- **Jain Uday Industries**
Director
- **MVT Spinning Ltd.**
Director

Sh. Suman Kant Munjal

Sh. Suman Kant Munjal Joined the Company on 16.12.1981. Since then, he is making useful contribution in the meetings of the Board of Directors and Committee thereof, from time to time. His qualification is B. Com. At present he is on the Board of following Companies and Committees thereof :

- **Majestic Auto Limited**
Director
Member - Audit Committee
Member - Shareholder / Investor Grievance Committee
- **Rockman Cycle Industries Ltd.**
Director
- **Dayanand Munjal Investment Pvt. Ltd.**
Director
- **Rockman Auto Pvt. Ltd.**
Director
- **Hero Investment Pvt. Ltd.**
Director
- **Puja Investment Pvt. Ltd.**
Director

MAJESTIC AUTO LIMITED**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting to you the 30th Annual Report and the Audited Accounts for the financial year ended 31st March 2003.

FINANCIAL RESULTS

(Rs.in lacs)

	Year ended 31-03-2003	Year ended 31-03-2002
Sale	21650	18450
Profit/(Loss) before Depreciation and Financial charges	(1217)	(421)
Less : Financial Charges	806	781
Depreciation	798	634
Net Profit/(Loss)	(2821)	(1836)
Less : Provision for tax	1	1
Prior year adjustment	14	11
Prior year tax adjustment	-32	-1
	(2804)	(1847)
Add : Profit B/F from previous year	(2159)	(312)
Profit/ (Loss) Balance carried to Balance Sheet	(4963)	(2159)

OPERATIONS

During the year under report, your Company has registered turnover of Rs. 21650 lacs as compared to Rs. 18450 lacs in the previous financial year and suffered a net loss of Rs. 2821 lacs as compared to net loss of Rs. 1836 lacs in the previous financial year. In order to sustain the increased sales, the Company had to incur incremental expenditure of Rs. 13.52 Crore on publicity and sales promotion of existing models, resulting in increase in loss of the Company.

DIVIDEND

In view of the losses, your directors are unable to declare any dividend for the current year.

DIRECTORS

Mr. Suman Kant Munjal and Dr. D. R. Singh, Directors of the Company retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. The Board recommends for their re-appointment.

Your Directors in their meeting held on 28.06.2003 approved the re-appointment of Sh. Mahesh Chander Munjal for a period of 3 years w.e.f. 29.10.2003 subject to the approval of shareholders.

During the current year, Mr. Javed Yunus, a nominee director of the Company, was withdrawn. The Board places on record its appreciation for the valuable services rendered by Mr. Javed Yunus during his tenure as a director of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, 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, 2003, the applicable accounting standards have been followed ;
- that appropriate accounting policies have been selected and applied consistently and judgements 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, 2003 and of the loss of the Company for the financial year ended March 31, 2003 ;

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 assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the annual accounts for the year ended March 31, 2003 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 Stock Exchanges, 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 is annexed hereto as Annexure II.

SUBSIDIARY COMPANY

Hero Global Design Private Limited (Became as Public Limited Company w.e.f. 25.06.2003 as per Certificate issued by the Registrar of Companies, NCT of Delhi and Haryana) became subsidiary of the Company in June, 2002. 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 per Clause 32 of Listing Agreement, the Consolidated Financial Statements consolidating the financials of the Company and Hero Global Design Private Limited (Became as Public Limited Company w.e.f. 25.06.2003 as mentioned above) duly audited by the Statutory Auditors of the Company are published in this Annual Report.

DEMERGER AND RESTRUCTURING OF THE COMPANY

Subject to the approvals of Shareholders, Creditors and Hon'ble High Court, the Board has approved the proposal of demerger of Units at Ludhiana and Ghaziabad and to restructure Share Capital of the Company w.e.f. 01.04.2003.

LISTING

The Shares of your Company are listed on Ludhiana, Delhi, Mumbai and Ahmedabad Stock Exchanges and the annual listing fee for the year 2003-2004 has been paid to them well before the due date i.e. April 30, 2003.

FIXED DEPOSITS

During the year under review, the Company has not accepted 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 dt. 15. 2. 2000, the Company's shares are available for dematerialisation w.e.f. 21. 4. 2000 on NSDL and w.e.f. 2. 5. 2000 on CDSL. Interested Members are requested to open their accounts with Depository Participants and forward shares through them. Out of total Shares, 18.00% shares of the Company have been dematerialised as on March 31, 2003.

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 EARNING & 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.

MAJESTIC AUTO LIMITED

ENVIRONMENT COMPLIANCE

For all manufacturing facilities, which require environmental consents such as air, water and hazardous waste, proper authorization from respective Pollution Control Boards have been obtained and are in compliance with the present Environmental Legislation.

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 the section 224 (1B) of the Companies Act, 1956. The Board recommends their re-appointment.

INTERNAL CONTROL SYSTEM

Majestic Auto has a proper and adequate system of internal control to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and that transaction are authorised, recorded and reported correctly.

An extensive programme of internal audits and management reviews supplement 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 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 six times during the year in 2002-2003.

POTENTIAL SICK COMPANY

Pursuant to Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, the Company has become potentially Sick Industrial Company as its accumulated losses as on 31.03.2003 have resulted in erosion of more than 50% of its peak net worth during the immediately preceding four financial years. A report of such erosion is being made to Board for Industrial & Financial Reconstruction.

COST AUDITORS

The Directors have appointed M/s Ramanathan Iyer & Co., Cost Accountants, New Delhi as the Cost Auditors for the year 2003-2004. The approval of the Central Government in this regard has also been received. The Cost Auditors' report will be sent to the Central Government as required under law.

PERSONNEL

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

ACKNOWLEDGMENT

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

For and on behalf of the Board of Directors

Place : Ludhiana
Date : 25.07.2003

(O. P. MUNJAL)
Chairman