



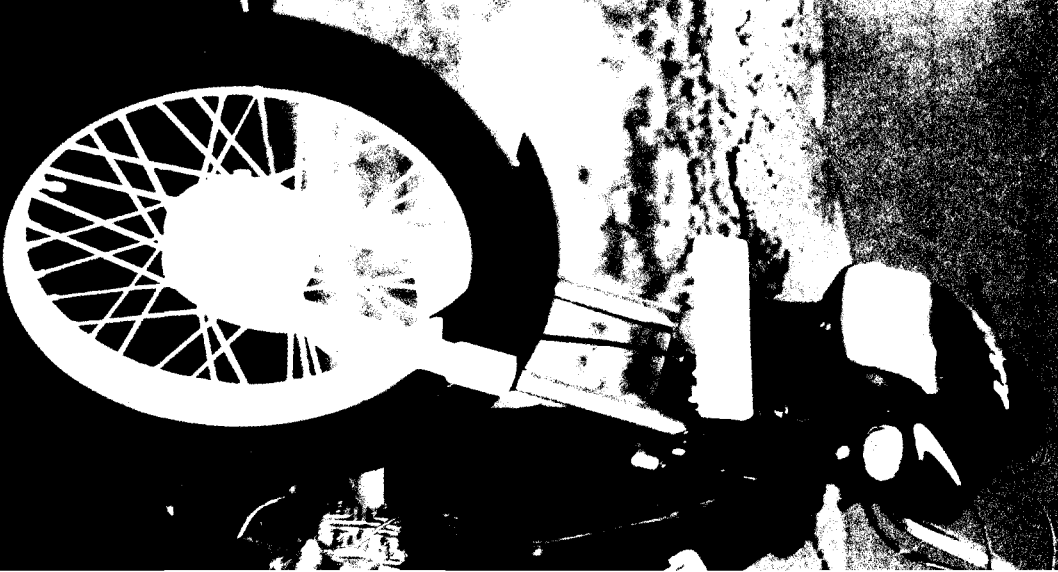
**MAJESTIC**

**AUTO LIMITED**

A HERO GROUP COMPANY

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**ANNUAL REPORT**

2004 - 2005

**MAJESTIC AUTO LIMITED****BOARD OF DIRECTORS**

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

**AUDIT COMMITTEE**

G. P. Sood	Chairman
S. D. Khosla	Member
Dr. D. R. Singh	Member
Suman Kant Munjal	Member

**REMUNERATION COMMITTEE**

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

**SHAREHOLDERS/INVESTORS****GRIEVANCE COMMITTEE**

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

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

R. K. Agrawal

**STATUTORY AUDITORS**

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

**BANKERS**

Canara Bank  
Punjab National Bank  
State Bank of Patiala  
IDBI Ltd.

**REGISTERED OFFICE**

C-48, Focal Point,  
Ludhiana - 141 010

**WORKS**

C-48, Focal Point,  
Ludhiana - 141 010

C-59, Focal Point,  
Ludhiana - 141 010

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**MAJESTIC AUTO LIMITED****NOTICE**

Notice is hereby given that 32<sup>nd</sup> Annual General Meeting of the members of Majestic Auto Limited will be held on Thursday, the 22<sup>nd</sup> September, 2005 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 31<sup>st</sup> March, 2005 and the Profit & Loss Account for the period ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a director in place of Sh.O.P.Munjal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Sh.G.P.Sood, who retires by rotation and being eligible, offers himself for re-appointment.
5. 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**

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

**"RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 ( the Act ) and subject to such approvals as may be necessary under the provisions of the Act, the consent of the Company be and is hereby accorded for the enhancement of minimum remuneration payable to Mr. Mahesh Chander Munjal, the Managing Director of the Company during the period from 29.10.2005 to 28.10.2006 as mentioned below :-

**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.3,00,000/- per month in term 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."

**"RESOLVED FURTHER THAT** other terms and conditions of appointment of Mr. Mahesh Chander Munjal, the Managing Director of the Company during the period from 29.10.2005 to 28.10.2006 will remain the same as approved by shareholders of the Company in their Annual General Meeting held on 25.09.2003."

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

**"RESOLVED THAT** subject to the approval of the Central Government and pursuant to Section 294, 294AA and all other applicable provisions, if any, of the Companies Act, 1956, the approval of the Shareholders of the Company be and is hereby accorded to the re-appointment of M/s Munjal Sales Corporation as the Sole Selling Agent of the Company for sale of Exercisers and Exercising & Sports Equipments of the Company for a period of 5 years from 20.10.2005 to 19.10.2010 on such terms and conditions as approved by the Board of Directors of the Company in their meeting held on 20.06.2005 and subject to such other change(s) /modification(s) as may be prescribed by the Central Government."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to make any modifications in the terms and conditions of the agreement produced before in this meeting as may be sanctioned by the Central Government and agreed to by the Board of Directors of the Company and M/s Munjal Sales Corporation."

By Order of the Board of Directors  
For Majestic Auto Limited

Place : Ludhiana  
Date : 20.06.2005

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

( R.K. Agrawal )  
Company Secretary

## **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 Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, which sets out details relating to Special Business is given below.
3. The Register of Members and the Shares Transfer Books of the Company will remain closed from Friday, 16.9.2005 to Thursday, 22.9.2005 (both days inclusive).
4. The relevant details of Item Nos. 3 and 4 pursuant to clause 49 of the Listing Agreement are annexed hereto.
5. The dividend as recommended by the Board of Directors, upon declaration by the members at the 32nd Annual General Meeting, shall be paid to those members whose names appear on the Register of Members of the Company on Friday, September 16, 2005 (In respect of shares held in electronic form, the dividend will be payable to the beneficial owners of the shares on the opening hours of the business on Friday, September 16, 2005, as per the details furnished by the Depositories for this purpose).
6. In view of the Circular No. DCC/FlIT/Cir-3/2001 dated October 15, 2001 issued by SEBI, the ECS facility should mandatorily be used by Companies for the distribution of dividend to its members. Your Company has already started this process and electronic clearing service (ECS) Mandate Form is being sent alongwith this Annual Report. The members are requested to send the duly filled in ECS Mandate Form to avail the benefits of this facility at the earliest to the Company. In case of shareholders holding shares in demat mode they should furnish the details in the prescribed format to their Depository Participant (DP).
7. The Company is obliged to print such bank details on the dividend warrants as are furnished by National Security Depository Limited (NSDL) and Central Depository Services Limited (CDSL), "The Depositories" to the Company and the Company can not entertain any request for deletion / change of bank details already printed on the dividend warrant(s) based on the information received from the concerned Depositories, without confirmation from them. In this regard, members are advised to contact their Depository Participant (DP) and furnish them the particulars of any change desired.
8. 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.
9. Members are requested to bring their copy of the Annual Report alongwith them to the Annual General Meeting.
10. Members/Proxies should bring the Attendance slip sent herewith duly filled in for attending the Annual General Meeting.
11. 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.

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

#### **ITEM NO. 6**

The Board of Directors in its meeting held on 20<sup>th</sup> June, 2005 has enhanced the minimum remuneration payable to Mr. Mahesh Chander Munjal, the Managing Director of the Company, subject to the approval of the Shareholders, during the period from 29.10.2005 to 28.10.2006 in accordance with the norms laid down in Schedule XIII and all other applicable provisions of the Companies Act, 1956 as mentioned below :-

**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. 3,00,000/- per month in term 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



**MAJESTIC AUTO LIMITED**

iii) Encashment of leave at the end of his tenure.

Other terms & conditions of appointment of Shri Mahesh Chander Munjal, the Managing Director of the Company during the period from 29.10.2005 to 28.10.2006 will remain the same as approved by shareholders of the Company in their Annual General Meeting held on 25.09.2003.

The Board of Directors of your Company recommends the passing of the Special Resolution as contained under Item No. 6 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 Mr. O.P. Munjal, Mr. Vijay Munjal and Mr. Suman Kant Munjal, directors of the Company is concerned or interested in passing of this Special Resolution.

**ITEM NO. 7**

The tenure of M/s Munjal Sales Corporation, Sole Selling Agent of the Company is expiring on 19.10.2005. The Board of Directors in its meeting held on 20.06.2005, has proposed to re-appoint M/s Munjal Sales Corporation as the Sole Selling Agent of the Company for the sale of exercisers, exercising and sports equipments of the Company subject to the approval of the shareholders and Central Government for a period of 5 years commencing from 20.10.2005 to 19.10.2010. The Sole Selling Agent will get commission @ 2% on Exercisers, Exercising & Sports Equipments. Yours Directors recommend passing of the Special Resolution as contained under item No. 7 above.

S/ Sh. O.P. Munjal, Vijay Munjal, Suman Kant Munjal and Mahesh Chander Munjal are interested in this resolution.

By Order of the Board of Directors  
For Majestic Auto Limited

Place : Ludhiana  
Date : 20.06.2005

( R.K. Agrawal )  
Company Secretary

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**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>2004-2005</u> (6 Months)	<u>2003-2004</u> (18 Months)
		Sales(Net)	Rs. 58.15 Cr.	Rs.145.56 Cr.
		Net Profit	Rs. 1.70 Cr.	Rs. 7.73 Cr.
5) Export performance and net foreign exchange collaborations	:		<u>2004-2005</u> (6 Months)	<u>2003-2004</u> (18 Months)
		a) Export	Rs. 5.56 Cr.	Rs. 11.16 Cr.
		b) Collaboration	None	None
6) Foreign investments or collaborators, if any	:	None		

## MAJESTIC AUTO LIMITED

### II. Information about the appointee :

- 1) Background details : Mr. 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. He was re-appointed as the Managing Director of the Company w.e.f. 29.10.2003 for a period of 3 years. Before joining as a Director of the Company, Mr. Mahesh Chander Munjal was Executive Director of Munjal Auto Industries Limited formerly known as Gujarat Cycles Limited. He is a Graduate Engineer and M.B.A.

- 2) Past remuneration : Rs.48,65,206/- (Accounting Period 2003-2004 consisting of 18 months)

- 3) Recognition or awards : None

- 4) Job profile and his suitability

#### Job Profile :

Mr. Mahesh Chander Munjal is having rich experience of 26 years of running Two Wheelers Industries as below :

- He has worked as Assistant Works Director, Chief Executive (Works) during the period from 1979 to 1986 in Hero Cycles Limited, Ludhiana.
- He has worked as Executive Director in Munjal Auto Industries Limited formerly known as Gujarat Cycles Limited during the period from 1986 to 1993.
- He is working as Executive Director/ Managing Director of the Company since 1993.

#### Suitability :

Your Board considers that since Mr. Mahesh Chander Munjal is having such wide experience in Two Wheeler Industries, it will be in the best interests of the Company to retain him and enhance Minimum Remuneration payable to him for the period from 29.10.2005 to 28.10.2006 and therefore, recommends passing to the Special Resolution as stated 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.

- 7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any. : Except remuneration as mentioned above, he had 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.

### III. Other Information :

- Reasons of loss or inadequate profits : Not Applicable
- Steps taken or proposed to be taken for improvement : The Company has diversified by implementation of projects of Auto Components and Electricals.
- Expected increase in productivity and profits in measurable terms. : The productivity and profitability is expected to improve marginally in the year 2005-2006.

By Order of the Board of Directors  
for Majestic Auto Limited

Place : Ludhiana  
Date : 20.06.2005

( R.K.Agrawal)  
Company Secretary

## **MAJESTIC AUTO LIMITED**

### **RELEVANT INFORMATION PURSUANT TO CLAUSE 49 VI (A) OF THE LISTING AGREEMENT REGARDING DIRECTORS BEING RE-APPOINTED :**

#### **Mr. O.P. Munjal**

Mr. Om Prakash Munjal is the founder director of the Company. He is the Co-Chairman and Managing Director of Hero Cycles Limited, the largest producer of Bicycles in the world. He carries with him enriched experience and due to his rare administrative and entrepreneurial skills, Hero Cycles has found its position in the Guinness Book of Records. In the year 1990, he was awarded the Indira Gandhi National Unity Award by the President of India. Apart from Majestic Auto Limited, he is also on the Board of following Companies :

- |   |  |  |
|---|--|--|
| ● <b>Hero Cycles Limited</b><br>Co - Chairman and Managing Director | ● <b>Hero Financial Services Limited</b><br>Chairman | ● <b>Hero Motors Limited</b><br>Director     |
| ● <b>Hero Honda Motors Ltd.</b><br>Director                         | ● <b>Highway Industries Limited.</b><br>Director     | ● <b>Easy Bills Limited</b><br>Director      |
| ● <b>Roma Cycles Manufacturing Co. Pvt. Ltd.</b><br>Director        | ● <b>Munjal Auto Industries Ltd.</b><br>Director     | ● <b>Hero Global Design Ltd.</b><br>Director |
| ● <b>Hero Honda Finlease Ltd.</b><br>Director                       | ● <b>Munjal Bros. (Pvt.) Ltd.</b><br>Director        |  |

#### **Mr. G. P. Sood**

Mr. G.P. Sood joined the Company on May 28, 1994 and since then he has been regularly making useful contribution in the meetings of the Board of Directors and Committees thereof held, from time to time. His qualification is M.A., LL.B., CAIIB. He possesses specialization in the field of banking, finance and laws. He is the Ex-Deputy General Manager of Bank of India. At present he is on the Board of the following Companies & Committees thereof :-

- **Majestic Auto Limited**  
Director  
**Chairman** - Audit Committee  
**Member** - Remuneration Committee
- **Hero Motors Limited**  
Director  
**Chairman** - Remuneration & Compensation Committee  
**Member** - Audit Committee  
**Member** - Shareholders Grievance Committee  
**Member** - Investment Committee

**MAJESTIC AUTO LIMITED****DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting to you the Thirty Second Annual Report and the Audited Accounts for the Financial Period ended 31<sup>st</sup> March, 2005.

**FINANCIAL RESULTS**

	(Rs.in lacs)	
<b>Period ended</b>	<b>Period ended 31-03-2005 (6 Months)</b>	<b>Period ended 30-09-2004 (18 Months)</b>
Sale	6654	16591
Profit before Depreciation and Financial charges	478	1361
Less : Financial Charges	156	260
Depreciation	152	328
Net Profit Before Tax	170	773
Less : Provision for Taxation		
- Current Tax	15	16
- Deferred Tax	16	80
: Provision for Wealth Tax	7	7
Profit After Tax	132	670
Add / (Less) : Prior Period Tax Adjustments	2	(4)
Add / (Less) : Prior Period Adjustment	-	(4)
Balance Brought Forward	1363	1275
Profit Available for Appropriations	1497	1937
<b>APPROPRIATIONS</b>		
Transferred to Debenture Redemption Reserve	62	223
Transferred to Deferred Tax Liabilities	-	351
Proposed Dividend	52	-
Tax on Proposed Dividend	7	-
Balance carried to Balance Sheet	1376	1363
Dividend (%)	5	-
Basic and Diluted Earnings Per Share (EPS) Rs.	1.27	6.45

**OPERATIONS**

During the period of 6 months under report, your Company has registered turnover of Rs. 6654 lacs. During the previous period of 18 months, the registered turnover of the Company was Rs.16591 lacs. The Company earned a net profit before tax of Rs.170 lacs during the current accounting period of 6 months. During the previous accounting period of 18 months, there was a net profit of Rs.773 lacs.

**ACCOUNTS**

The figures of Current Accounting Period for the period ended 31.03.2005 consist of 6 months and figures of Previous Accounting Period for the period ended 30.09.2004 consist of 18 months. In view of above, the figures of Current Accounting Period and Previous Accounting Period are not comparable.

**DIVIDEND**

Your directors are pleased to recommend dividend of 5% ( Rs.0.50 per Equity Share) on 1,03,97,478 Equity Shares of Rs. 10/- each aggregating to Rs. 51.99 lacs (exclusive of corporate dividend tax) for the Current Accounting Period ( Six Months) ended on 31.3.2005 [Previous Accounting Period (Eighteen Months) ended on 30.9.2004 – NIL], for your approval in the ensuing AGM.

**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 period of the Company and the date of signing of this report.

**DIRECTORS**

Mr.O.P. Munjal and Mr. G.P. Sood, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment. The Board recommends for their re-appointment. During the period under review Mr. Pankaj Munjal, a Director of the Company has resigned from the directorship of the



## **MAJESTIC AUTO LIMITED**

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Company w.e.f. 6.10.2004. The Board places on record its appreciation for the valueable services rendered by Mr. Pankaj Munjal during his tenure as a director of the Company.

### **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 period ended March 31, 2005, the applicable accounting standards have been followed;
- ii) 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, 2005 and of the net profit earned by the Company for financial period ended March 31, 2005 ;
- 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 period ended March 31, 2005 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.

### **FINE BLANKING EXPANSION, HEAT TREATMENT AND MOTOR WINDING PROJECTS**

The Company has implemented Fine Blanking Expansion, Heat Treatment and Motor Winding Projects of capacity of 6400 M.T.P.A, 360 M.T.P.A. and 1.3 Million Sets p.a. respectively for manufacturing of Stator Corpach, Die Cast Rotors, Heat Treatment of Components and Wound Stator Packs. The commercial production from aforesaid projects has commenced w.e.f. 1.12.2004.

### **LISTING/DE-LISTING**

The shares of your company are presently listed on The Stock Exchange, Mumbai (BSE). The Equity Shares of the Company have been delisted from The Delhi Stock Exchange Association Ltd. and The Stock Exchange, Ahmedabad w.e.f.1.3.2005 and 31.3.2005 respectively. The Company has submitted application to The Ludhiana Stock Exchange Association Ltd. for de-listing of its Equity Shares and its approval is awaited.

### **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 dated 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, 20.45% shares of the Company have been dematerialised as on March 31,2005.

### **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 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.

### **ENVIRONMENT COMPLIANCE**

Majestic Auto Limited is an ISO: 14001 Company since July, 2004, and is committed to maintain high environmental standards. Its water and effluent treatment plants are one of the best in India. The Company has also an in-house laboratory for testing water effluents for ensuring that all regulatory requirements are complied with. The treated water from these plants is mostly used for manufacturing processes and horticulture. Lot of water consumed is recycled for reuse thereby leading to significant water conservation. Additionally, adequate and efficient Air Pollution

## **MAJESTIC AUTO LIMITED**

Control devices have been installed wherever found necessary. The plant of the Company has a hazardous waste clearance site to dump wastes so that nothing is discharged outside the factory premises.

### **A) ENVIRONMENTAL MANAGEMENT**

The Company has been certified for its environmental management system as per ISO:14001. The integration of environment friendly measures and cleaner production practices in the business processes has resulted in better efficiency of operations and also improved the environmental performance.

### **B) ENVIRONMENTAL COMPLIANCE**

All applicable environmental regulations are complied with. The Company has defined its own environmental standards, which are more stringent than the prescribed norms. A state-of-the art Environmental Laboratory has been set up to monitor pollution control strictly as per standards.

### **C) POLLUTION PREVENTION AND RESOURCE MANAGEMENT**

The Company is committed to conserve resources particularly the pollution causing resources i.e. oils, water, energy, paints and chemicals. A number of Environmental Management Programs have been implemented and new practices have been introduced to ensure the optimal consumption of these resources. The consumption of such resources has consistently been reduced over the years. The carbon mono-oxide emission on account of moped production is calculated and monitored vigorously to ensure better energy performance.

### **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.

### **AUDITORS' REPORT**

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

### **INTERNAL CONTROL SYSTEMS**

The Company 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 transactions 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 four Non-Executive Directors, which interacts with Statutory Auditors, Internal Auditors, Cost Auditors and Auditees in dealing with matters within its terms of reference. The Committee deals with accounting matters, financial reporting and internal controls. The Committee met four times during the accounting period ended 31<sup>st</sup> March, 2005 in this regard.

### **COST AUDITORS**

The Directors have appointed M/s Ramanath Iyer & Co., Cost Accountants, New Delhi as the Cost Auditors for the year to be ended on 31.03.2006. The approval of the Central Government in this regard has also been received. The Cost Auditors' report will be forwarded to the Central Government as required under law.

### **PERSONNEL**

As on March 31, 2005, the total number of employees on the records of the Company was 941. 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. Your Directors place on record their appreciation for the significant contribution made by all the employees, who through their competence, hard work, solidarity, co-operation and support, have enabled the Company to cross new milestones on a continual basis. Industrial relations, as always, have remained cordial throughout the period.

### **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 period under review.

For and on behalf of the Board of Directors

PLACE : Ludhiana

DATE : 20.06.2005

( O. P MUNJAL )

Chairman