

MUNJAL AUTO

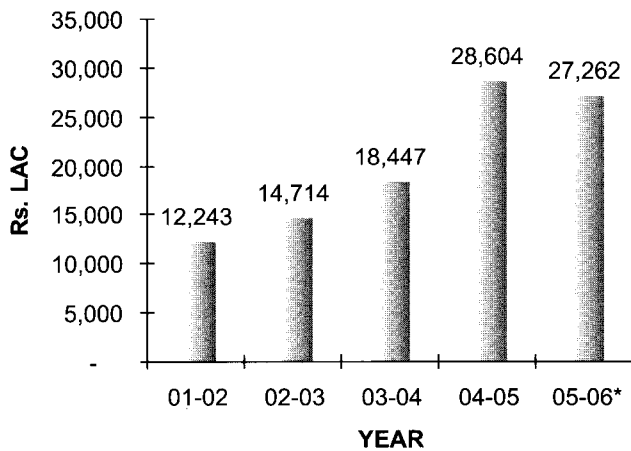
21st Annual Report & Accounts 2005-06



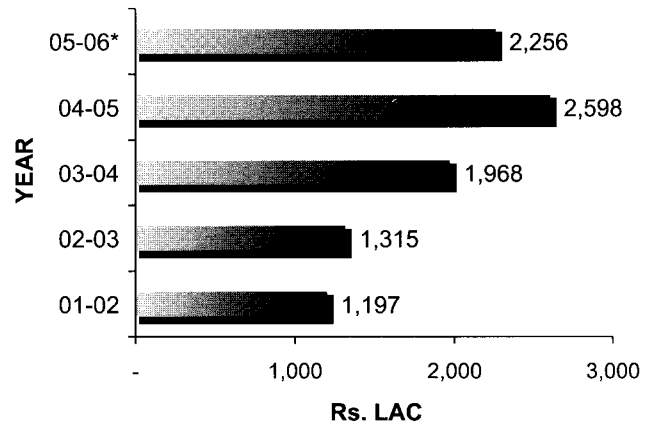
Munjel Auto Industries Limited

PERFORMANCE AT A GLANCE

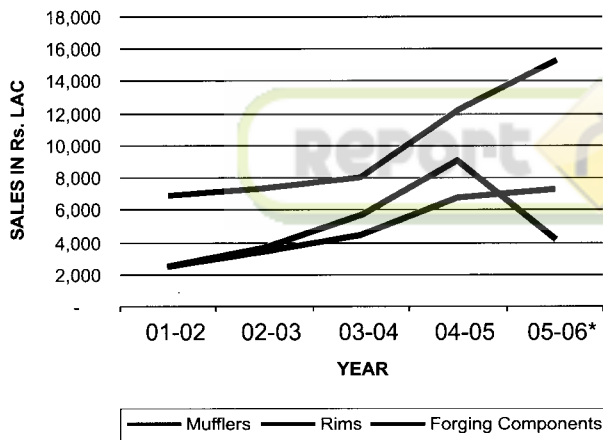
TURNOVER



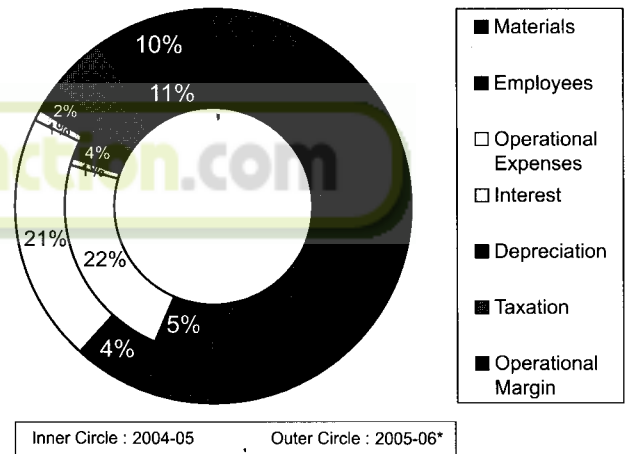
PROFIT AFTER TAX



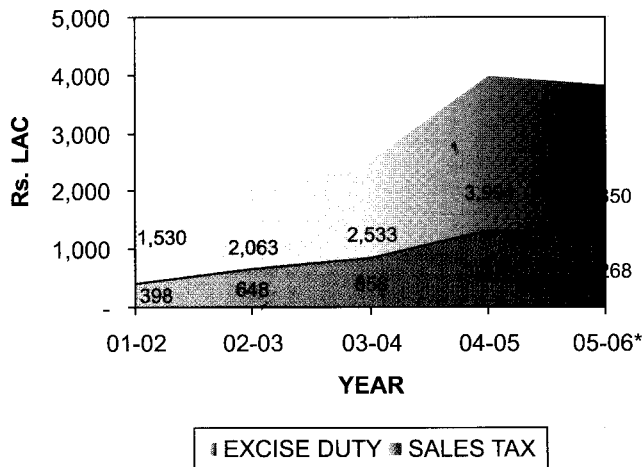
PRODUCT MIX



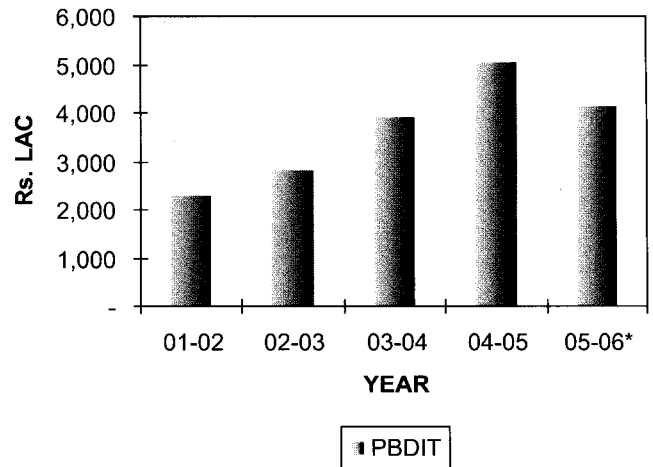
ALLOCATION OF INCOME



CONTRIBUTION TO EXCHEQUER



PBDIT



* The Year 2005-06 includes figures of Binola Unit for the first four months only which is demerged w.e.f. August 1, 2005.

BOARD OF DIRECTORS**CHAIRMAN**

Satyanand Munjal

MANAGING DIRECTOR

Sudhir Munjal

WHOLE TIME DIRECTORS

Anju Munjal

Neeraj Munjal (*upto July 29, 2006*)**DIRECTORS**

Brijmohan Lall Munjal

Om Prakash Munjal

Vijay Munjal

Vikram Shah

Naresh Chawla

Mahendra Sanghvi

Mayank Dholakiya

FINANCE TEAMRavi Sharma, GM - Finance (*upto July 12, 2006*)S. K. Sharma, GM - Finance (*from June 30, 2006*)

Haresh S. Khilnani, Company Secretary

AUDITORS

Vakil Jain & Hindocha

Chartered Accountants

38, Gautam Nagar, Race Course,

Vadodara - 390 007

PRINCIPAL BANKERS

State Bank of India

Punjab National Bank

IDBI Limited

HDFC Bank Limited

ABN AMRO Bank N.V.

Citibank N.A.

REGISTERED OFFICE & PLANT

187, GIDC Industrial Estate,

Waghodia - 391 760

Dist.: Vadodara (Gujarat)

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DIRECTORS' REPORT

To the members,

We are delighted to present our report on the business and operations of the Company for the year ended March 31, 2006.

Financial Results

	(Amounts in Rs. Lac)	
Year ended March 31,	2006	2005
Sales & Other Income	27,262.01	28,604.40
Profit before Depreciation and Interest	4,160.45	5,053.38
Depreciation	575.69	868.76
Interest	144.44	164.09
Profit before Taxation	3,440.32	4,020.54
Provision for Taxation (Deferred & Current)	1,184.05	1,422.66
Profit after Taxation	2,256.27	2,597.87
Prior Period Expenditure	(2.22)	(3.61)
Profit available for appropriations	2,272.89	2,601.49

Appropriations

Proposed Dividend on Equity Shares	500.00	800.00
Tax on Dividend	70.13	112.20
Transfer to General Reserve	227.29	260.15
Profit after Appropriation	1475.47	1,429.14

Dividend

Directors are pleased to recommend a dividend of 50% on equity shares of the Company for the fiscal 2006. The dividend, if approved by the Members in the forthcoming Annual General Meeting, would absorb Rs. 570.13 lac (inclusive of corporate dividend tax of Rs. 70.13 lac) out of the profits available for the year.

The Register of Members and Share Transfer Books will remain closed from September 15, 2006 to September 19, 2006, both days inclusive.

Performance

The financial year 2005-06 was a challenging year for Indian Industry and automobile industry in particular, as it had to bear a major burden of spiraling costs triggered by huge increases in input prices during the year.

During the year, the turnover of the Company remained Rs. 272.62 crores (comprising of Rs. 230.62 crore of Waghodia Unit for entire year and Rs. 42.00 crores of Binola Unit for the first four months) against Rs. 286.04 crores out of which, Rs. 92.49 crores was pertaining to the demerged Binola Unit and Rs. 193.55 crore of Waghodia Unit).

Directors

As per the Articles of Association, Mr. Naresh Chawla, Mr. Mahendra Sanghvi and Mr. Brijmohan Lall Munjal, retire by rotation in the forthcoming Annual General Meeting. All of them, being eligible, offer themselves for reappointment.

Quality

Further to the accreditation of ISO TS 16949:2002 & ISO 14001:2004, your Company has matured enough for adopting systematic approach for Continual Improvement. This has been further sustained and improved through total participation of employees at all levels, and continually upgrading the knowledge level of employees by adopting latest improvement tools like, KAIZEN's, Five 'S', Cause and Effect Matrix (C&E) for detail understanding and improving processes at micro level. This has been witnessed with one of our employees winning the State Government's "Shram Award" for outstanding KAIZEN activity.

User-friendly low cost automation has been adopted in the manufacturing process in muffler and rim line, which is now operating on single piece flow process. The results of these proactive measures have helped your Company in reducing the carry-in level of rejections at the customer end for Mufflers to 1,324 parts per million (PPM) in the current year as against 1,878 in the previous year. Similarly, for Rims it remained at 388 parts per million (PPM) in the current year as against 1,762 in the previous year.

Finance

Your Company was able to raise the short term as well as long term funds at the most competitive rates despite hardening of the interest rates being witnessed throughout the year under review. Effective use of available financial resources has helped Company to control finance costs.

Management Discussion and Analysis

In terms of Clause 49 of the Listing Agreements with the Stock Exchanges, Management Discussion and Analysis Report is appended as **ANNEXURE - I** of this report.

Award and Recognition

Board places on record its deep appreciation for the distinguished civilian honour - Life Time Achievement Award - bestowed upon Mr. Brijmohan Lall Munjal, Hero Group Chairman and Member of the Board of your Company by the Institute of Company Secretaries of India, New Delhi in recognition for excellence in corporate governance in the Indian Industry. This honour is indeed a profound recognition to entire Hero Group Family and would work as beacon illuminating the way forward to new challenges.

Demerger

During the year, upon your approval, Binola Unit of the Company was hived off / demerged into separate Company namely, Shivam Autotech Limited w.e.f. August 01, 2005 (the appointed date). Hon'ble High Courts of Gujarat and Delhi had sanctioned the Scheme vide their Orders dated March 29, 2006 & March 30, 2006 respectively. Hence the figures shown in the financial results are not comparable since the previous years' figures includes figures of the Binola unit and current years' figures included figures of Binola unit for the first four months i.e. upto July 31, 2005. Consequently, the paid up share capital of the Company stood reduced to Rs.10 crore from Rs.20 crore, since the shareholders

of the Company who holds two shares of the Company was issued one new share of the Company and one share of Shivam Autotech Limited. The Board had fixed the record date of May 24, 2006 for the same.

Corporate Governance

Your Company is committed in following the highest standards of Corporate Governance. In this pursuit, your Company has a structure of corporate governance in place that ensures compliance of the provisions of Clause 49 of the Listing Agreement.

For fiscal 2006, the compliance report is provided in the Corporate Governance Report section of this annual report. The auditor's certificate on compliance is annexed to this report.

Fixed Deposits

We have not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as of the balance sheet date.

Directors' Responsibility Statement

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, with regard to the Directors' responsibility statement, the Board of Directors confirms that:

- in the preparation of the Annual Accounts, the applicable accounting standards have been followed and there has been no material departure;
- the selected accounting policies were applied consistently and the Directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2006 and the profit & loss account of the Company for the year ended on that date.
- 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.
- the Annual Accounts have been prepared on a going concern basis.

Auditors

The auditors, M/s. Vakil Jain & Hindocha, Chartered Accountants, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if reappointed.

Environment

Your Company is committed in maintaining the highest standards of environment compliances and therefore has adopted a systematic approach towards environment management. Company's all operational decisions are taken by considering their impact on environment, which help in maintaining and improving the overall environment in and around Company's plants.

Your Company has complied with the applicable environmental regulations and its effluents & wastes are treated properly and monitored constantly before safely disposing them off in conformity with the environmental regulations prescribed by statutory authorities. During the year, Company has received necessary

environmental consents / approvals for air, water and hazardous waste discharge from the Pollution Control Board in line with the enhanced volume of the discharge as a result of increase in the volume of operations.

Energy, Technology, Foreign Exchange

The particulars as prescribed under Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are given in the **ANNEXURE - II** that forms part of this Report.

Particulars of Employees

As required under the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are set out in the **ANNEXURE - III** included in this report.

Industrial Relations

Industrial relations have remained cordial throughout the year in the Company.

Health and Safety

Safety is every employee's responsibility and concern. Your Company's committed for safety and health of its employees and other persons who may be affected by its operations. We believe that the safe working practice leads to motivated workforce and higher productivity. We strive to eliminate accidents at our factory. Employees are encouraged to report the incidents. Incidents are investigated and analysed to prevent reoccurrence and improve our performance. We have a safety culture in the organization by:

- Integrating safety and health in all our activities.
- Ensuring compliance with all applicable legislative requirements.
- Encouraging employees to ensure safety at their workplaces.
- Continuous improvements in safety performance through precautions besides participation & training of employees

Acknowledgements

We thank our clients, vendors, investors and bankers for their continued support during the year.

We place on record our appreciation of the contribution made by employees at all levels. Our consistent growth was made possible by their hard work, cooperation and support.

We thank the Government of India, the Customs and Excise Departments, the Income Tax Department, the Industrial & Labour Department, the State Government and other government agencies for their support, and look forward to their continued support in the future.

Waghodia
June 30, 2006

Sudhir Munjal
Anju Munjal

For and on behalf of the Board
Managing Director
Whole-time Director



ANNEXURE 'I' TO DIRECTORS' REPORT

Management Discussion and Analysis Report

Indian economy has continued to grow healthily in the last few years and in the year 2005-06, the growth trajectory has continued. Its overall growth has remained impressive at 7.5% over the previous year. Industry and service sectors in particular have notched up impressive growth rates of 8% and 9% respectively.

Healthy GDP growth achieved by Indian economy in last few years has led to higher disposable incomes available to the strong and vibrant middle class segment of Indian population. While all sectors of industry have had a positive cascading effect of this phenomenon, automobile industry continues to show robust growth year-after-year. Access to finance at affordable rates, rise in the aspirational values of middle-class, slew of new models and variants launches as well as aggressive marketing through attractive promotional schemes have contributed to the larger volumes in automobile industry and in particular the two-wheeler industry that is going on an overdrive.

Industry Structure and Development

Automobile industry is continued to be on growth mode especially two wheeler motorcycle segment which account more than 75% of the total market share of vehicles by volume. Good times in the automobile industry as far as volumes are concerned have been continuing and there are no signs of let up at least in the near future.

Indian two-wheeler industry crossed an eight million mark in the year 2005-06. Motorcycles continued to stride a colossus within the two-wheeler segment accounting for nearly 80% during the year. Principal customer of the Company i.e. Hero Honda Motors Limited has grown at higher than the market rate of growth at 30% and continues to be the industry leader.

Healthy growth of two wheeler industry and in particular the continuing dominance of principal customer HHML is the backbone of your Company's impressive operational performance and the present indications continue to be favourable.

OPPORTUNITIES AND THREATS

Your Company can reap benefits by availing plenteous opportunities that abound the auto components business. First and foremost, as an ancillary to the industry leader HHML, the growth potential in volume of business will be immense and closely aligned to that of HHML. Your Company is dependent on the prospects of growth of two-wheeler industry and within that the business of HHML. It has started making efforts to broad base its range of auto components supply, particularly exploring the possibilities of establishing its presence in the four-wheeler industry.

Input costs, especially that of steel, nickel and consumables are a major cause of concern for the entire automobile industry including components' manufacturers like your Company. Volume increase and scaling up operations can nullify or absorb input cost increase to certain extent. But, if the input cost of metals continue to spiral like it has had in the last year, that could be a real challenge to

combat the pressure on operating margins. Increase in International oil prices is another major concern, which threatens to bring in inflationary pressure in all economies of the world and in turn, can affect the growth potential in future.

Operational Performance

During the year, the Company continued to manufacture sheet metal components. A summary of major developments / operations of the Company in the year under reference is as under:

During the year under review, Company has installed a new wheel manufacturing Line for the wheels for Scooters and Passenger Cars. The turnover of the Company remained Rs. 272.62 crores (comprising of Rs. 230.62 crore of Waghodia Unit for entire year and Rs. 42.00 crores of Binola Unit for the first four months) against Rs. 286.04 crores out of which, Rs. 92.49 crores was pertaining to the demerged Binola Unit and Rs. 193.55 crore of Waghodia Unit). Improved methods and processes in the operations of machines / equipments have helped the Company to enhance its rim and muffler manufacturing capacities with small additional investment and therefore enabled the unit to cater to the increased requirements of HHML during the year under review.

Outlook

Company has further stepped up its investment to enhance the operational capacities and to embrace the new and exciting opportunities for additional business within the focused segments of automobile industry. Ongoing efforts to improve in all areas of operations and greater focus on the core values of its business should augur well for the future of your Company. It would continue to grow, barring unforeseen contingencies, in the years that lie ahead.

Risks and Concerns

Though the Company is equipped with guidelines and controls in place for constant monitoring and timely action to mitigate the adverse impact, if any, a sudden downturn in business environment due to external factors like oil price shock and consequent inflationary pressure and / or uncontrolled spiral of input costs, the risk of squeeze of operating margins remains.

While the Company continues to derive benefit from the impressive growth and performance of its principal customer HHML, the risk of any adverse development in HHML business may affect your Company's performance.

Internal Controls and Adequacy

Your Company has an adequate system of internal controls commensurate with the size and nature of business of the Company to ensure adequate protection of the Company's resources, provision of accurate and speedy financial statements and reports and compliance with the Company policies and procedures and legal obligations.

Your Company has a balanced organization structure, well-defined authority levels and set guidelines and rules for conducting business transactions and to promote ethical conduct. The

ANNEXURE 'I' TO DIRECTORS' REPORT (Continued)

Company's Internal Auditors conduct audit to ensure adequacy of internal control systems, adherence to management instructions and policies and compliance with laws and regulations of the country. The Internal Audit Reports are circulated to the Management who initiates action where appropriate and the action taken reports of the management is considered and discussed by the Audit Committee.

Financial Performance

Automobile industry is witnessing frequent and steep rises in the metal prices impacting the bottom-line of the companies. However, your Company's ongoing efforts on improvements in efficiencies, productivity and costs have helped it to off-set the impact of rising raw material prices to some extent and enabled it to post a Profit Before Tax (PBT) from Rs. 22.88 crore (Waghodia Unit) in the previous year to Rs.34.40 crores in the current year. Total turnover of the Waghodia Unit for the year under review increased from Rs. 193.56 crore in the previous year to Rs. 230.62 crore.

Human Resources / Industrial Relations

During the year under review, Company continued with initiatives to develop its employees at professional and personal levels. A sizeable number of employees have undergone training that accord an opportunity to sharpen their skills, improve their performance and widen their perspective.

Specific training on various production process solutions continued to be imparted to relevant employees so that they can develop further their technical competence, a *sine-qua-non* to emerge stronger and seize emerging business opportunities.

Company has also put in place a system of performance appraisal to ensure a direct link between employees' performance and their pay as well as training needs. Company has a strong belief that to attract, retain and nurture the optimal talent, effective management of human capital is imperative and to that end, it consistently strives toward improvement in the standards of environment, occupational health and safety of all its employees as well as at the work place. This not only improves productivity but also provides a safe and healthy environment and an atmosphere of congeniality.

Industrial relations in the Company were cordial throughout the year.

Cautionary Statement

Above averments are forward looking in nature, based on certain assumptions and expectations of the future events that are subject to risks / uncertainties and unanticipated travails. Therefore, the actual performance / results and trends may differ materially from the historical results.

ANNEXURE 'II' TO DIRECTORS' REPORT

Information as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988

1. Conservation of Energy

Energy conservation is being perused with considerable focus and commitment by the Management. Effective use of energy, particularly in the hard core manufacturing processes of the Company, continues to be an important ingredient of conservation of energy. Optimal utilization of various energy resources like power, fuel and oil is ensured by ongoing measures / steps that improve power factor and other consumption.

2. Technology Absorption, Adaptation and innovation

Company is having dedicated team for new developmental activities. Engineering department of the Company is continuously working on development of components for new models of automobile and also development of alternate processes to enhance quality and to reduce cost.

Following measures were adopted by the Company during the year under review:

- Development of state of the art technology for the manufacture of Steel Wheel Rims for Scooters of international standards.

- Introduction and implementation of latest on line and off line testing facility for automotive wheel testing facilities which includes Air Leak Testing Machine for detecting Weld Joint (For tubeless tyre application), Corner Fatigue Test, Radial Fatigue Test, Radial and Lateral Run Out and checking & weld shear strength test equipment.
- Capacity expansions at many manufacturing processes have been done viz-painting process, Ni Chrome plating process, etc.
- Spoke hole punching process automation in the motorcycle rim part has been implemented for quality / productivity improvement.
- Automation at Rim polishing process through introduction of imported machines, which is under commissioning as a part of quality improvements.
- 3D coordinate measuring machine is procured & put into regular use for conforming the quality product.

3. Foreign Exchange Earnings and outgo

	(Rs. In Lac)	
	2005-06	2004-05
(a) Total Foreign Exchange Earnings	—	—
(b) Total Foreign Exchange Outgo	2,738.90	2,101.98



ANNEXURE 'III' TO DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, and forming part of the Directors' Report for the year ended March 31, 2006.

S. No.	Name and Qualification	Designation	Remuneration (In Rs.)	Exp. (Years)	Age (Years)	Date of Commencement of Employment	Previous Employment & Designation
1.	Mr. Sudhir Munjal B.A.	Managing Director	74,99,572/-	36	60	31.10.1993	Majestic Auto Ltd. Executive Director
2.	Mrs. Anju Munjal B.A.	Whole-time Director	59,30,499/-	20	56	01.01.1995	Munjal Auto Industries Ltd. Chief Executive
3	Mr. Neeraj Munjal* B.Com, DIBM	Whole-time Director	12,67,600/-	16	39	01.02.2000	Hero Exports Chief Executive

* Upto close of 31.07.2005.

Notes:

1. Remuneration comprises basic salary, allowances and taxable value of perquisites.
2. All the above appointments are on contractual basis.
3. Mr. Sudhir Munjal, Managing Director & Mrs. Anju Munjal, Whole-time Director are related to each other and also to Mr. Satyanand Munjal, Chairman of the Company. Mr. Neeraj Munjal, Whole-time Director is related to Mr. Satyanand Munjal.

AUDITORS' REPORT

TO
THE MEMBERS OF
MUNJAL AUTO INDUSTRIES LIMITED

1. We have audited the attached Balance sheet of Munjal Auto Industries Limited as at 31st March, 2006, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the Paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by Law have been kept by the Company so far as appears from our examination of those books.

- c) The Balance sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the directors, as on 31st March, 2006, and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31st March, 2006 from being appointed as a director, in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.

In our opinion and to the best of our information and according to explanations given to us, the said accounts, read together with the notes there on, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the Balance sheet, of the state of affairs of the Company as at 31st March, 2006;
- ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Vakil Jain & Hindocha
Chartered Accountants

Narendra Hindocha
Partner

Membership No. 31363

Vadodara
June 30, 2006



ANNEXURE TO AUDITORS' REPORT

Annexure referred to in paragraph 3 of the Auditors' Report to the members of Munjal Auto Industries Limited for the year ended 31st March, 2006

- 1) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets;
- (b) These fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification;
- (c) The Company has not disposed off substantial part of fixed assets.
- 2) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable;
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business;
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3) The Company has not either granted or taken any loans to/from companies, firms or other parties covered in the register maintained under section 301 of the Act and therefore, the matters referred in paragraph 4 (iii) of the Companies (Auditors' Report) Order, 2003 are not applicable.
- 4) In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- 5) According to the information and explanations given to us,
 - (a) The particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section;
 - (b) In our opinion and according to the information and explanations given to us, the transactions, exceeding the value of five lac rupees in respect of any party during the year, made in pursuance of such contracts or arrangements during the year, have been made at prices

which are reasonable having regard to the prevailing market prices at the relevant time.

- 6) The Company has not accepted deposits from the public.
- 7) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 8) We have broadly reviewed the books of accounts and records maintained by the Company, pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained;
- 9) According to the information and explanations given to us and as shown by our examination of the books of accounts:
 - (a) The Company is regular in depositing with the appropriate authorities, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it and no undisputed amounts payable in respect thereof were in arrears, as on the last day of the financial year, for a period of more than six months from the date they became payable;
 - (b) There are no dues of Income-tax / Sales-tax / Wealth-tax / Service-tax / Custom duty / Excise duty / Cess which have not been deposited on account of any dispute;
- 10) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses during the financial year and in the immediately preceding financial year.
- 11) The Company has not defaulted in repayment of dues to a financial institution or bank or debentureholders. The details of claim made but not accepted by the company are as per notes on accounts ;
- 12) The Company has not granted any loans or advances on the basis of any security.
- 13) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 14) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other