

MUNJAL AUTO

26th Annual Report & Accounts 2010-11



Munjali Auto Industries Limited



BOARD OF DIRECTORS

CHAIRMAN

Satyanand Munjal

MANAGING DIRECTOR

Sudhir Munjal

WHOLE TIME DIRECTORS

Anju Munjal

Anuj Munjal

DIRECTORS

Brijmohan Lall Munjal (Ceased w.e.f. 12.05.2011)

Om Prakash Munjal

Vikram Shah

Naresh Chawla

Mahendra Sanghvi

Ramkisan Devidayal

Sudesh Kumar Duggal

Jal Ratanshaw Patel

FINANCE TEAM

S. K. Sharma, GM – Finance

Rakesh Johari, Company Secretary

AUDITORS

Vakil Jain & Hindocha

Chartered Accountants

38, Gautam Nagar, Race Course,

Vadodara 390 007

PRINCIPAL BANKERS

State Bank of India

IDBI Limited

HDFC Bank Limited

REGISTERED OFFICE & PLANT - I

187, GIDC Industrial Estate,

Waghodia 391760

Dist. Vadodara (Gujarat)

PLANT II

Plot No.37, Sector 5

Phase II, Growth Centre

Bawal – 123501

Dist. Rewari (Haryana)

PLANT III

Plot No.11, Industrial Park -2

Village: Salempur, Mehdoot

Haridwar – 243402 (Uttarakhand)

CONTENTS

Directors' Report	2
Annexure 'I' to Directors Report	5
Annexure 'II' to Directors Report	6
Annexure 'III' to Directors Report	6
Auditors' Report	7
Balance Sheet	10
Profit & Loss Account	11
Cash Flow Statement	12
Schedules to Balance Sheet	14
Schedules to Profit & Loss Account	17
Notes on Accounts	19
Balance Sheet Abstract & General Business Profile	28
Corporate Governance Report	29

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the 26th Annual Report along with the Balance Sheet and Profit and Loss Account for the year ended March 31, 2011.

FINANCIAL RESULTS

	(Rs. in Lacs)	
Year ended March 31,	2011	2010
Sales & Other Income	57224.69	32693.22
Profit before Depreciation and Interest	4482.98	2860.09
Depreciation	807.99	527.46
Interest	396.94	80.51
Profit before Taxation	3278.05	2252.12
Provision for Taxation (Deferred & Current)	791.34	676.71
Profit after Taxation	2486.71	1575.41
Prior Period Expenditure	3.73	(3.11)
Profit available for appropriations	2482.98	1578.52
Appropriations		
Proposed Dividend on Equity Shares	750.00	500.00
Tax on Dividend	121.66	83.04
Transfer to General Reserve	248.29	157.85
Profit remaining after Appropriation/s	1363.01	837.62

DIVIDEND

The Board of Directors of the Company is pleased to recommend a dividend of 75% i.e. Rs.7.50 on equity share of Rs. 10 each for the fiscal ended 31st March, 2011. The dividend, if approved by the Members in the ensuing Annual General Meeting, would absorb Rs. 871.67 lacs (Rs.583.04 lacs previous year) out of the distributable surplus.

The Register of Members and Share Transfer Books will remain closed from September 16, 2011 to September 24, 2011 (both days inclusive).

APPROPRIATIONS

After setting aside the amount of Rs.871.67 lacs for dividend including dividend distribution tax and after transferring an amount of Rs. 248.29 lacs (Rs. 157.85 lacs previous year) to General Reserve, the balance amount of Rs. 1363.01 lacs (Rs. 837.62 lacs previous year) is being retained in the Profit and Loss Account.

PERFORMANCE

The Company has achieved a record sales turnover of Rs 570.55 crore registering a growth of 75.34% per cent. Profit before tax

is Rs.32.78 crore and profit after tax at Rs. 24.86 crore during the year as against Rs.22.52 crore and Rs. 15.75 crore respectively in the previous year.

Automobile sector in India was one of the major beneficiaries of the fiscal stimulus package unleashed by the Indian Government in the aftermath of a Global Financial Crisis. Demand for the Automobiles – particularly the two-wheeler segment remained pretty buoyant throughout the year. Your Company's principal customer Hero Honda continues to straddle two-wheeler industry in India and sets new benchmark of excellence in production, quality and customer satisfaction year-after-year. Consequential positive impact on your Company is reflected in the performance during the year.

NEW PLANTS AND CREATION OF ADDITIONAL CAPACITIES

Haridwar and Bawal factories, as reported last year, have already been operational and operations at both plants have stabilized. These plants have come very handy for meeting with the increased demand from our prime customer Hero Honda. This has helped the Company to achieve a record turnover of Rs. 571 crore in FY 10-11. In order to meet customer needs and competition, your Company is investing in an aggressive new product development programme. Success of new product launches will have an important bearing on its future growth and profitability. It is in midst of setting up a Central Tool Room at Bawal entailing investment of Rs. 15 crore, expected to be commissioned in 2011.

Its new plant at Waghodia to make fuel tanks for TATA NANO cars is fully operational now.

DIRECTORS

Mr. Satyanand Munjal, Mr. Om Prakash Munjal and Mr. Vikram Shah, retire by rotation in the forthcoming Annual General Meeting. Mr. Satyanand Munjal and Mr. Vikram Shah of them, being eligible, offer themselves for reappointment. Mr. Om Prakash Munjal has expressed his unwillingness for his reappointment due to his preoccupation.

Attentions of the Members are invited to the relevant items in the Notice of the Annual General Meeting and Explanatory Statement thereto.

QUALITY:

Being an ISO / TS 16949:2009 certified company, the goal of defect prevention, continual improvement and reduction of variation and waste in the supply chain is an ongoing process to achieve the excellence in manufacturing by adopting a principal of Lean manufacturing.

Various initiatives have been taken like, Launching Quality Circles for involvement of the grass root level employees in problem solving and various improvements, for the purpose Quality Circle Forum



of India, Vadodara Chapter has been involved for their continuous training, guidance and facilitation.

Your Company has completed more than 48000 Kaizens [Continual Improvement by All level of Employees] from F.Y. 2003 to till date, as a part of journey towards continual improvement.

Customer Satisfaction is being achieved by focus on Defects Prevention [through Poka-Yoke], Implementation of Combined Improvement Programs and achieving targets as set by Customers.

For the Quality Improvements, your Company is planning to introduce a Robotic Welding.

The Company had launched a Movement called "Go Green, Go Lean" by defining 12 Pillars and subsequent implementation for mass involvement of employees in the improvement journey to enhance the customer satisfaction.

FINANCE

Your Company was able to raise the short-term funds & long term funds needed for its working capital related requirements & for establishment of New Fuel Tank plant at Waghodia, Gujarat and Central Tool Room at Bawal, Haryana at fairly competitive rates although hardening of the interest rates was the prevalent trend in the Indian Financial System. Effective use of available financial resources has helped Company to further contain the finance costs during the year.

CORPORATE GOVERNANCE

In terms of the Listing agreement, Management Discussion and Analysis Report is annexed and forms part of the Annual Report. A report on Corporate Governance along with the Auditors Certificate on its compliance is also annexed forming part of the Annual Report.

FIXED DEPOSITS

The Company has not accepted any fixed deposits during the year and hence 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:

- a) In the preparation of the Annual Accounts, the applicable accounting standards have been followed and there has been no material departure;
- b) The selected accounting policies were applied consistently and the Directors made judgments 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, 2011 and

the profit & loss account of the Company for the year ended on that date.

- c) 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.
- d) The Annual Accounts have been prepared on a going concern basis.

AUDIT COMMITTEE RECOMMENDATION

During the year, there has not been any such recommendation of the Audit Committee which was not accepted by the Board. Hence, there is no need for any disclosure of the same in this report.

RATINGS

The Company has been reaffirmed and rated by the rating agency ICRA as LAA-(stable) for Rs. 78.90 crore for its Long Term loans, including cash credit and A1+ for Commercial papers of Rs. 15 crore and A1+ for short term plans for Non fund based limits.

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 the Auditor's office, if reappointed.

ENVIRONMENT:

Company is committed for reducing the impact on environments from its organizations activities as a part of social responsibilities and actively supporting the "Green Vendor Development Program", GVDP Initiated by HHML. This has been achieved by improving operational efficiencies, by identifying the Six Pillars of Improvements as follows;

1. Water Management
2. Energy Management
3. Waste Management
4. Prevention of Pollution
5. Substitute of Hazardous Substance, and
6. Compliance of Environmental Legal Requirement.

Various steps for improving the environmental performance have been initiated as follows;

1. Reduction of Consumption of Hazardous chemicals by doing process improvement.

2. Elimination of Hazardous substances by using environment friendly materials at phosphating hence eliminated the sludge generated from the process.
3. Reduction of Water Consumption at various places by Re Circulation through cooling tower and by using treated water for toilet flushing.
4. Reduction of Power Consumption by doing process improvements and loading pattern in the Paint Shop.
5. New ETP is being constructed considering the future requirements of the organization and initiatives towards zero discharge.

The journey is being continued by involvement of suppliers in improving the environmental sustainability.

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

Your Company is committed for safety and health of its employees and other persons who may be affected by its operations. Your

Company believes that safe working practice leads to motivated workforce and higher productivity and to that end, all possible safety measures are put in place to eliminate accidents at the factory. Employees are encouraged to report the incidents. Even small Incidents are investigated and analysed to prevent reoccurrence and improve upon safety record. Safe working culture across the Company is ensured by:

- Integrating safety and health in all 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

The Company would like to thank its Stakeholders including suppliers, vendors, investors and bankers and in particular to its principal customer Hero Honda Motors limited for their continued support during the year.

Your Company also records its appreciation of the contributions made by employees at all levels. Their diligent hard work, cooperation and support are a backbone of all endeavours of the Company.

The Company would like to acknowledge Government of India, Customs and Excise Departments, Income Tax and Industrial & Labour Departments, Government of Gujarat and other government agencies for the support, the Company has been receiving over the years and is looking forward to their continued support/guidance in times to come.

For and on behalf of the Board

Date : August 11, 2011
Place : Waghodia

Sudhir Munjal
Managing Director



ANNEXURE 'I' TO THE DIRECTORS' REPORT MANAGEMENT DISCUSSION ANALYSIS

Opportunities and Threats

Automotive Sector

With the robust growth in the Indian economy for few years now, the resulting increase in the income levels specially of a rising middle class and lifestyle aspirations of the demographically favourable constituent population, the potential size of the Indian passenger vehicle market in the next five years is likely to be as large as 4-5 million vehicles with a conservative growth rate of 10-12% per year.

The auto industry has grown at a very healthy clip over the last decade. During this period, the industry volumes have increased by 3.2 times from a level of 4.7 million to 14.9 million vehicles. As income levels rise and easy finance availability continues, the industry will continue to see a healthy growth rate. SIAM (Society of Indian Automobile Manufacturers) estimates that the growth of the auto industry in FY 12 will be in the region of 12-15%.

The currently low vehicle penetration of 15 vehicles per 1,000 inhabitants, compared to a world average of 120 vehicles per 1,000 inhabitants also suggests that there are significant growth opportunities lying ahead for the Industry. According to experts, the automobile market growth gets on a high trajectory when a country's per capital income on a Purchasing Power Parity (PPP) basis crosses about \$ 4,500. At present, the PPP per capita income for India is around \$ 3,500 and is slated to reach this threshold in the next 4-5 years. As a result, the Indian automobile industry is expected to emerge as one of the fastest growing markets in the world over several years.

Given the importance of the automobile industry to the economy and its potential for employment and due to its backward and forward linkages with many Sectors, the Government is keen to support the development of the industry. On the other hand, there is continuous pressure globally to reduce environmental emissions from automobiles, leading to the need for on-going investments in technology up gradation and alternate energy across the automotive value chain. Growing environmental consciousness among consumers, government regulations to manage traffic congestion as well as improvement in public transport infrastructure are trends which will have significant impact on the future of the automobile industry. Automobile manufacturers such as your Company have to monitor such trends carefully and adapt to them quickly.

Risks and Concerns – Automotive a Sectors

The Company's business is inherently exposed to many internal and external risks. Your Company has put in place robust systems and processes, along with appropriate review mechanisms to actively monitor, manage and mitigate these risks. Many measures undertaken by your Company are likely to result in an increase in

costs, which cannot always be passed on to customers through price increases in a highly competitive market environment.

Raw Material

Financial Year 2010-11 saw a strong increase in commodity prices going above the previous record highs of 2008. Even Financial Year 2011-12 is expected to see a firming up of prices in the international market. While this will put pressure on margins, your Company will continue to focus on cost re-engineering to minimize the impact of this development.

Environment Regulations

Stringent regulatory norms are being introduced to safeguard the environment, especially in the area of emissions.

Fuel prices and alternate fuels

With the price of crude oil rising significantly over the past few months, the price of automotive fuel is likely to face upward pressure. While increase in prices of fuel brings about some shift in auto sector – from four-wheeler to two-wheeler – continuous price increase in fuel, as has been happening for the last few years, acts as a dampener even for the two-wheelers with which your Company's future is inextricably linked.

Financial market conditions

With the unabated threat of inflation, Reserve Bank of India has raised its policy interest rates significantly in last 18 months, with the latest bout of interest hike came in July 2011. It seems Government of India is quite seized with the inflationary pressure that has built up considerably in India since 2009. Dear Money Policy has set in and is expected to continue well into Year 2012 as per present reckoning. Availability of credit and affordable interest rates are important facilitators for automobile industry and the two-wheeler segment within it. The recent rise in financing rates is likely to impact demand in Automobile industry across all its segments

Outlook

Your Company will continue its focus on achieving cost leadership through focused cost optimization, value engineering, improved efficiency measures like supply chain management.

The long term outlook for the automobile industry is bright and robust, though in the near term, there are some challenges relating to the external environment that the industry must overcome. In addition, rising inflation, interest rates, fuel prices and commodity prices are likely to dampen consumer confidence and sentiment, which has always been a key determinant of automobile sales.

ANNEXURE 'II' TO THE 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

The Management is deeply involved in the areas for conservation of energy which is being utilised in manufacturing processes like, Power, Fuel [LPG and Furnace Oil], Oils and Lubricants. Many initiatives have been taken, as follows;

- Conversion of LPG to Propane, and ultimate goal to use the Natural Gas [Clean Fuel].
- As a part of conserving hydraulic Oils, Filtration Unit have been installed to use the oils after filtration resulted into reduction in the qty. of oils consumed.
- All Street Lights have been connected with Timer Control Switch to avoid the excess running of lights.
- At Manufacturing Process levels, Optimisation of Motor Capacity have been done based upon process requirements and actions have been initiated by reducing the HP of the Motors without effecting the functional requirements.
- Energy Audit have been carried out, actions for the same have been initiated.

Also, the Need have been identified to develop the Internal team of Energy Auditors for exploring the more possibilities for energy conservation.

2. Technology Absorption, Adaptation and innovation

As a part of Continual Improvement Journey, enhancing customer satisfaction by Quality Improvements and need of the competitive edge. Following initiatives have been taken during the financial year.

- Implementation of Environment Friendly Process through Spray Pre Treatment Process in place of Conventional Phosphating process, that will eliminate the impact on environment by elimination of Sludge Generation.
- Complete Spot Welding Lines with All Prevention Controls and PLC Controls have been established for a Consistent Product Quality, Reliability and capability of the process for Fuel Tank manufacturing.
- To Improve the Product Realization Process in Painting Process, Complete modification along with automation in paint Plant is undertaken for productivity, quality improvements and optimization on energy conservation.
- Automation in Welding Process by Installation of Special Purpose Machines [SPM's] have been done at many process, Also the possibilities for installation of Robotic Welding is explored and will be implemented in current financial year.

3. Foreign Exchange Earnings and outgo

(Rs. in Lacs)

	2010-11	2009-10
(a) Total Foreign Exchange Earnings	—	—
(b) Total Foreign Exchange Outgo	613.98	1312.26

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, 2011

Sr. 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	1,68,12,765	41	65	31.10.1993	Majestic Auto Ltd. Executive Director
2.	Mrs. Anju Munjal B.A.	Whole Time Director	1,29,92,000	25	61	01.01.1995	Munjal Auto Industries Ltd. Chief Executive
3.	Mr. Anuj Munjal MBA	Whole Time Director	69,40,000	14	37	01.06.2010	Hero Cycles Limited Chief Executive

Notes:

1. Remuneration comprises basic salary, allowances, commission 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 and Mr. Anuj Munjal, Whole Time Director are related to each other and also to Mr. Satyanand Munjal, Chairman of the Company.



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, 2011, and also 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 as amended by the Companies (Auditor's Report) Order, 2004, ("the Order") 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 and 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, 2011, 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, 2011 from being appointed as a director, in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;
 - f) in our opinion and to the best of our information and according to explanations given to us, the said accounts, read together with significant accounting policies and the notes thereon appended thereto, 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, 2011;
 - ii) in the case of the Profit and Loss Account, profit of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, cash flows of the Company for the year ended on that date.

For VAKIL JAIN & HINDOCHA
Chartered Accountants
Firm Registration No.112894W

SURENDRA MODIANI
PARTNER
Membership No.047966

Place : Vadodara
Date : August 11, 2011

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, 2011**

- 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 Companies Act, 1956 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 system 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 Companies Act, 1956 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, 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. Accordingly, paragraph 4(vi) of the Order is not applicable to the company.
- 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) The Company has not deposited disputed Sales Tax demand of Rs.25.50 lacs pertaining to the Financial Year 2002-03. The Company has preferred appeal against the order of the Assessing Officer and the matter is pending before the Joint Commissioner of Sales Tax (Appeals), Vadodara.

There are no dues of Income-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 debenture holders. 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 investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company;
- 15) The Company has not given any guarantee for loans taken by others.
- 16) In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.
- 17) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment by the Company;
- 18) The Company has not made any preferential allotment of shares during the year.
- 19) The Company has not issued any debentures in respect of which any security was required to be created.
- 20) The Company did not raise any money by public issue during the year.
- 21) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For VAKIL JAIN & HINDOCHA
Chartered Accountants
Firm Registration No.112894W

SURENDRA MODIANI
PARTNER
Membership No.047966

Place : Vadodara
Date : August 11, 2011