



MAJESTIC
AUTO LIMITED



38th
Annual Report

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MAJESTIC AUTO LIMITED

BOARD OF DIRECTORS

Mahesh Chander Munjal
G. P. Sood
Dr. M.A. Zahir
Harjeet Singh Arora
Major Shavinder Singh Khosla
Ashima Munjal

Chairman & Managing Director
Non Executive & Independent Director
Non Executive & Independent Director
Non Executive & Independent Director
Non Executive & Independent Director
Non Executive Director

VICE PRESIDENT (FINANCE) CUM - COMPANY SECRETARY

Rajesh Kumar Dang

STATUTORY AUDITORS

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

BANKERS

Canara Bank
Punjab National Bank
IDBI Bank Ltd.
State Bank of Patiala
The Catholic Syrian Bank Ltd.
Yes Bank Ltd.
Standard Chartered Bank
HDFC Bank

REGISTERED OFFICE

C-48, Focal Point,
Ludhiana - 141 010

WORKS

C-48, Focal Point,
Ludhiana - 141 010
C-59, Focal Point,
Ludhiana - 141 010
B-6, B-7 & B-9, Ecotech-1 Extn.,
Greater Noida.

REGISTRAR & TRANSFER AGENT

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

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38th ANNUAL GENERAL MEETING

Day	:	Thursday
Date	:	29 th September, 2011
Time	:	11.00 A.M.
Place	:	At the premises of Mohini Resorts, Near Sector-32, Chandigarh Road, Ludhiana-141010

MAJESTIC AUTO LIMITED

NOTICE

Notice is hereby given that the 38th Annual General Meeting of the members of Majestic Auto Limited will be held on Thursday, the 29th September, 2011 at 11.00 a.m. at the premises of Mohini Resorts, Near Sector-32, Chandigarh Road, Ludhiana-141010 to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Sh. Harjeet Singh Arora, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Maj. Shavinder Singh Khosla, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

5. TO CONSIDER APPOINTMENT OF RELATIVE OF DIRECTOR TO AN OFFICE OF PROFIT AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 314 (1B) read with Director's Relatives (Office or Place of Profit) Rules, 2003 and other applicable provisions of the Companies Act, 1956, the consent of the shareholders be and is hereby accorded to the appointment of, Mr. Aayush Munjal son of Shri Mahesh Chander Munjal, the Chairman cum Managing Director of the Company and brother of Ms. Ashima Munjal, the director of the company, as Chief Technology Officer of the company w.e.f. 1st June, 2011 at a monthly Salary of Rs.75,000/- in the scale of Rs.75,000-15,000-1,20,000/- plus other allowances, perquisites and benefits as per company rules as per the terms and conditions mentioned in the service agreement."

"RESOLVED FURTHER THAT the Board of directors be and is hereby authorised to increase the remuneration of Mr. Aayush Munjal within the pay scale mentioned above as the Board may decide from time to time subject to the condition that the total monthly remuneration does not exceed Rs.2,50,000 per month."

**By Order of the Board of Directors
For Majestic Auto Limited**

**Place : Ludhiana
Date : 13.08.2011**

**(Rajesh Kumar Dang)
Company Secretary**

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

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. A BLANK PROXY FORM IS ENCLOSED.**
2. The Register of Members and the Shares Transfer Books of the Company will remain closed from Saturday, 24.09.2011 to Thursday, 29.09.2011 (both days inclusive).
3. The relevant details of Item Nos. 2 & 3 pursuant to Clause 49 of the Listing Agreement are annexed hereto.
4. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company during office hours upto the date of the Annual General Meeting.
5. Members are requested to bring their copy of the Annual Report alongwith them to the Annual General Meeting.
6. Members / Proxies should bring the Attendance slip sent herewith duly filled in for attending the Annual General Meeting.

MAJESTIC AUTO LIMITED

7. Pursuant to the provisions of Section 205A of the Companies Act, 1956, the amount of dividend which remains unclaimed for a period of 7 years from the date of declaration would be transferred to the Investors Education and Protection Fund, constituted by the Central Government and the shareholders would not be able to claim any amount of dividend so transferred to the fund. As such, shareholders who have not yet encashed their dividend warrants are requested in their own interest to write to the Company immediately for claiming outstanding dividend declared by the Company for the financial period 2004-2005.
8. 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.
9. Members are requested to notify the Company of any change in their addresses so as to enable the Company to address future communication to their correct addresses.
10. The Company has designated an exclusive e-mail ID namely: grievance@heromajestic.com for receiving and addressing investors' grievances.
11. The Ministry of Corporate Affairs ("MCA") has vide Circular Nos. 17/2011 dated April 21, 2011, has taken a "Green Initiative" by allowing paperless compliances by the companies to serve the requisite documents to its members vide e-mode, in pursuance to Section 53 of the Companies Act, 1956.

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

M/s Alankit Assignment Limited

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

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

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

ITEM NO.5 OF THE SPECIAL BUSINESS:

Due to increase in operations at Company within its current locations and expanding to a new plant in Greater Noida, the Board of Directors decided to expand its management bandwidth by recruiting Mr. Aayush Munjal as Chief Technology Officer. He is Bachelor of Science in Computer Science from Washington University in St. Louis, USA, where his course work included classes in management, economics, marketing, accounting, and robotics. Since his graduation, Mr. Munjal had worked at Microsoft Corporation as a Software Development Engineer at its headquarters in Redmond, Washington, USA. At Microsoft he was involved in improving product quality, productivity, project management, response time and recruitment. Throughout his academic and professional career he has wide variety of experiences. Mr.Munjal's expertise will help in optimizing utilization of both technological and human resources of the company.

The Board of directors have approved on 11th April,2011, the appointment of Mr. Aayush Munjal who is son of Shri Mahesh Chander Munjal, the chairman cum managing director of the company and brother of Ms. Ashima Munjal, the director of the company as Chief Technology Officer of the company w.e.f. 1st June, 2011 at a monthly Salary of Rs.75000/- in the scale of Rs.75,000-15,000-1,20,000/- plus other allowances, perquisites and benefits as per company rules and as per the terms and conditions mentioned in the service agreement.

A copy of the service agreement entered into with Mr. Aayush Munjal is available for inspection for the members between 9.30 a.m. to 6 p.m. on any working day at the registered office of the company.

The Directors recommend the resolution for approval of shareholders.

MAJESTIC AUTO LIMITED

Memorandum of Interest:

None of the directors except Shri Mahesh Chander Munjal chairman and managing director and Ms. Ashima Munjal, the Director of the company, being the relative of the appointee, may be deemed to be concerned or interested in the proposed resolution.

RELEVANT INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT REGARDING DIRECTORS BEING RE-APPOINTED:

Mr. Harjeet Singh Arora

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

Prime Industries Limited Director Chairman - Shareholders'/Investors' Grievance Committee Member - Audit Committee	Master Commodity Services Limited Director H.K. Arora Real Estate Developers Limited Director Arora Financial Services Limited Director Master Projects (Pvt.) Limited Director Eminent Buildwell (Pvt.) Limited Director	Master Portfolio Services Ltd. Director Majestic Auto Limited Director M & M Auto Industries Limited Director Master Capital Services Limited Managing Director Master Trust Limited Managing Director
Master Insurance Brokers Limited Director Master Share & Stock Brokers Limited Director Master Infra.&Real Estate Developments Ltd Director		

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

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

Maj. Shavinder Singh Khosla

Maj. Shavinder Singh Khosla joined the Company on 28th January, 2010. He was born on September 12, 1934. He is Post Graduation in Business Administration. He is having very rich experience of more than 16 years in the field of financial services. After retiring from Army he has been involved in Financial Business career as an independent agent & financial adviser. He is Government of India qualified Financial Advisor. At present he is holding the membership of the Board/Committee(s) of the following Companies :

Majestic Auto Limited

Director

Chairman - Share Holder/Investors' Grievance Committee

Member - Audit Committee

Member - Remuneration Committee

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

Maj. Shavinder Singh Khosla does not have any relationship with any Director of the Company.

MAJESTIC AUTO LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting to you the Thirty Eighth Annual Report and the Audited Accounts for the Financial Year ended 31st March, 2011.

FINANCIAL RESULTS :

	Year ended 31.03.2011	(Rs.in lacs) Year ended 31.03.2010
Operational Income (Gross)	16951	14186
Profit before Depreciation and Financial charges	2487	3341
Less : Financial Charges	748	349
Depreciation	926	686
Net Profit Before Tax	813	2306
Less : Provision for Taxation		
- Deferred Tax	97	220
: Provision for Wealth Tax	7	7
Profit After Tax	709	2079
Less: Prior Year Expenses	1	8
Add : Prior Year Income	-	5
Add : Prior Years Tax Adjustments	1	4
Add : Balance Brought Forward	3656	1576
Profit Available for Appropriations	4365	3656
APPROPRIATIONS		
Balance carried to Balance Sheet	4365	3656
Basic and Diluted Earnings Per Share (Rs.)	6.82	20

OPERATIONS

During the year under report, your Company has registered turnover of Rs. 16951 lacs as compared to Rs. 14186 lacs in the previous financial year. The Company earned a net profit before tax of Rs.813 lacs as compared to a net profit before tax of Rs.2306 lacs in the previous financial year. During the year the company has enhanced its existing capacity in the electrical & other segments and during the year the total capital outlay was Rs.8712 lacs. The Funds requirements are being met by way of term loans and internal accruals. Due to the substantial capital out lay financial expenses have increased from Rs.349 lacs in the previous year to Rs.748 lacs in the current year and depreciation has also increased from Rs. 686 lacs to Rs. 926 lacs. The company is hopeful of receiving rich dividends from the present capital outlay in the forthcoming years.

DIVIDEND

To sustain internal accruals for the future growth of the Company, your directors are not recommending any dividend for the Accounting Year.

MATERIAL CHANGES AND COMMITMENTS

The company has commenced the civil work at Greater Noida (U.P.) and it is proposed to shift its electrical segment operations to Greater Noida from its existing location at Ludhiana(Punjab). There were no other material changes and commitments, affecting the financial position of the Company that have occurred between the end of the financial year of the Company and the date of signing of this report.

DIRECTORS

Sh. Harjeet Singh Arora and Maj. Shavinder Singh Khosla, the Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment. Sh. Vijay Munjal, the Director of the Company has resigned from directorship w.e.f. 14th May, 2011. The Board places on record its deep appreciation for his valuable contribution during his tenure.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956 :

- That in the preparation of the annual accounts for the year ended March 31, 2011, the applicable accounting standards have been followed;
- That appropriate accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs as at March 31, 2011 and of the net profit earned by the Company for financial year ended March 31, 2011 ;
- 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;
- That the annual accounts for the year ended March 31, 2011 have been prepared on a going concern basis.

MAJESTIC AUTO LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A report in the form of Management Discussion and Analysis pursuant to Clause 49 of the Listing Agreement, as a part of this report is annexed hereto as Annexure I.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with The Stock Exchange, adequate steps have been taken to ensure that all the provisions relating to Corporate Governance are duly complied with. A report on Corporate Governance alongwith the Auditors' Certificate on its compliance as a part of this report is annexed hereto as Annexure II.

HOLDING COMPANY

Consequent to the inter-se transfer of shareholding amongst the Promoters, Anadi Investments Private Limited has become the holding company of your company with effect from 31st March, 2011. The shareholding of Anadi Investments Private Limited in the Company is 77,57,688 equity shares of Rs. 10/- each equivalent to 74.61% of the paid up capital of the company as on 31st March 2011.

SUBSIDIARY COMPANY

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

CONSOLIDATED FINANCIAL STATEMENTS

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

LISTING

The shares of your Company are presently listed on the Bombay Stock Exchange Limited, Mumbai (BSE) and the Annual Listing fees for the year 2011-2012 has been paid to it.

FIXED DEPOSITS

During the year under review, the Company has not accepted or invited any deposit under Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

PARTICULARS OF EMPLOYEES

None of the employees has received a salary of Rs.60.00 lac per annum or Rs. 5.00 lac per month or more during the financial year 2010-2011. Accordingly, no particulars of employees are to be given pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Amendment Rules, 2011.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The detailed information as required under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto as Annexure -III and forms an integral part of this report.

ENVIRONMENTAL & QUALITY MANAGEMENT

With implementation of the Environment Management System (EMS) ISO-14001:2004, the Company continues to pursue its endeavor to operate in harmony with the nature, conservation of natural resources and reduction in Global warming. The Company continues to maintain the ISO/TS:16949(2009) Quality Management Systems to ensure effectiveness of all functions.

AUDITORS

M/s B.D. Bansal & Co., Chartered Accountants, Auditors of the Company will retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a certificate from the Auditors to the effect that their appointment, if made, would be in accordance with Section 224(1-B) of the Companies Act, 1956. The Board recommends their re-appointment.

AUDITORS' REPORT

As regards the Auditors' Report, the respective notes to the accounts are self explanatory and therefore, do not call for any comments. During the year the company has migrated to a new ERP system i.e. Oracle EBS 12.1 wherein stocks have been valued on "Moment Moving weighted average Basis" as against the "Monthly Moving Weighted average" for more appropriate and relevant presentation of the financial statements. The impact resulting from such change is not ascertainable due to huge volume of transactions.

PERSONNEL

As on March 31, 2011, the total number of employees on the records of the Company was 741. The Company conducts several training programmes to upgrade the skills of its workforce. These programmes have a strong practical approach, and the objective is to derive tangible improvements. Industrial relations were cordial throughout the year. Your Directors place on record their appreciation for the dedicated and sincere efforts put in by all employees in the performance of the Company.

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Place : Ludhiana
Date : 13.08.2011

(Mahesh Chandar Munjal)
Chairman & Managing Director

MAJESTIC AUTO LIMITED

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

i) INDUSTRY STRUCTURE AND DEVELOPMENT

The Company is mainly engaged in the manufacture of Silencers, Fine Blanking components, Bicycle spokes and Electric motors. The motorcycle industry continues to dominate the structure of the Two Wheeler Industry. The company being the supplier of motorcycle silencers to Hero MotoCorp Limited world's largest Two Wheeler Company, is hopeful to get benefit from the growth of this market leader of the industry. The Indian consumer goods industry is also expected to provide significant growth opportunities.

The economy in general is susceptible to possible changes in fiscal, monetary and economic policies of the government especially with regard to fuel, power and freight costs as well as infrastructure.

ii) OPPORTUNITIES AND THREATS

The Indian Economy registered improved growth and was amongst the better performers amid emerging market economies. We expect two wheelers demand to remain robust, given strong off take in both rural and urban areas. The higher disposable income, easy finance options are driving well both auto and consumer goods segment. The company has facilities for tool design and tool making which enables the company to meet-up the expectations of the automobile manufacturers in the country by supplying high quality Fine Blanking components on schedule.

However, continuing uncertainty about energy and commodity prices may vitiate the investment climate, posing a threat to the current growth trajectory. Inflation remains a challenge for the Indian Economy and the key risks are tighter monetary conditions and rising prices eating into the consumer's disposable income.

Although intense competitive pressures and interest rates remains an area of concern at all times, the company is hopeful of being able to continuously achieve good results by strengthening its operations.

iii) SEGMENT / PRODUCT-WISE PERFORMANCE

SILENCER AND COMPONENTS THEREOF

The turnover of Mufflers has increased by 20.64% from Rs. 7518 lacs during the previous year to Rs.9070 lacs during the current year.

FINE BLANKING COMPONENTS

The turnover of Fine Blanking Components has increased by 27.26% from Rs.1592 lacs during the year 2009-10 to Rs. 2026 lacs during the year 2010-11.

ELECTRICALS

The turnover / Income from operations of Electricals has increased by 3.17% from Rs. 2241 lacs during the previous year to Rs.2312 lacs during the current year.

iv) FUTURE OUTLOOK, RISKS AND CONCERNS

We look forward to the future with optimism as we execute our growth plans. Your Company has been steadily growing in volumes. We expect that its decision to shift its electrical business to the new location at Greater Noida will have locational and logistical advantages. Our efforts in improving process-efficiency will enable us to improve profitability, sustain growth, and stay competitive. We are exploring various methods of increasing the range of our product offerings in the Electrical division in order to cater to market demand and this will be a new focus area for us. Your company intends to become pioneer in its line of business and its main thrust is to meet the requirements of existing and potential customers in a timely manner. As the company's growth is primarily determined by overall growth of Automotive & Consumer goods industry, the risk of any adverse development in these industries may affect your company's performance.

After having recorded a strong double-digit volume growth over the last two years, the auto and auto components industry may face strong headwinds in 2011-12 leading to moderation in growth contributed by firming up of commodity prices, rising fuel costs and interest rates.

v) THE INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a proper and adequate system of internal control so as to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that all transactions are authorized, recorded and reported correctly. An extensive programme of internal audits and management reviews supplement the process of internal control. 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 formed an Audit Committee, comprising of three Non Executive Independent Directors and one Non Executive Director, which interacts with Statutory Auditors, Internal Auditors and Auditees in dealing with matters within its terms of reference. The Committee deals with accounting matters, financial reporting and internal controls. The Committee met four times during the year ended March 31, 2011 in this regard.

vi) DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) prevalent in India. The Company has complied with the requirements of all mandatory accounting standards. The detailed financial performance has already been discussed in the Directors' Report.

vii) HUMAN RESOURCES/INDUSTRIAL RELATIONS

The Company had good and cordial relations with its work force during the year under review. The Company has forward looking human resources policies. The Company also actively encourages and provides regular training to its work force in order to ensure that their skills are updated. A separate technical training Cell has been created to look after the technical training needs within the organization. As at the close of the year as on 31.3.2011, 741 employees were on the roll of the Company.

viii) CAUTIONARY STATEMENT

Statements made in this 'Management Discussion and Analysis Report' describing the Company's objectives, projections, estimates, assumptions, expectations or predictions may be 'forward looking statements' within the meaning of applicable laws and regulations.

Forward Looking Statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate and will be realized by the Company. Actual results may differ materially from those expressed or implied. Important factors that make a difference to the Company's operations include Global and Indian demand and supply conditions, monsoon, changes in Govt. regulations, tax regimes and economic development within India and the countries within which the Company conducts its business and such other factors.

MAJESTIC AUTO LIMITED

ANNEXURE – II TO DIRECTORS' REPORT CORPORATE GOVERNANCE REPORT

I. Company's Philosophy on the Code of Governance.

Corporate Governance primarily involves transparency, full disclosure, independent monitoring the state of affairs and being fair to all stake holders. Your Company has always believed in the concept of good Corporate Governance involving transparency, independence, accountability, responsibility and fairness with a view to enhance stake holders value. Towards this end, adequate steps have been taken to ensure that all mandatory provisions of Corporate Governance as prescribed by the Securities and Exchange Board of India (SEBI) and applicable to the Company through listing agreement are complied with in its true spirit.

II. Board of Directors

The business of the Company is managed by the Board of Directors. The Board formulates the strategy and regularly reviews the performance of the Company. The Managing Director manages the day to day operations of the Company. The Board of Directors has composition with two third of the Directors being non-executive independent Directors. None of the Directors on the Board holds the office of Director in more than 15 Companies or memberships in Committees of the Board in more than 10 Committees or Chairmanship of more than 5 Committees.

- A Four Board Meetings were held on May 26, 2010, August 14, 2010, November 8, 2010 and February 14, 2011 during the Accounting Year ended March 31, 2011. Board Members were given agenda papers alongwith necessary documents and information in advance of each Board and other committee meetings. In addition to the regular business items, all other statutory items as recommended by the SEBI Committee on Corporate Governance were placed before the Board / Committee.

The Composition of the Board of Directors and Directors attendance at the Board Meetings and last annual general meeting of the Company and the details of directors of the Company having directorship in other companies, membership / Chairmanship of Committees across all companies in which they are directors during the financial year 2010-11 are given below :

Name of the Director	No. of Board meetings attended	Attendance at Last AGM	Total number of Committee Membership held (excluding Private Companies)	Total number of Committee Chairmanship held (excluding Private Companies)	Number of other Directorship held (excluding Private Companies)
Executive					
Mr. Mahesh Chander Munjal (Managing Director)	4	Yes	1	-	4
Non-Executive					
Ms. Ashima Munjal	3	Yes	2	-	2
Mr. O. P. Munjal*	1	No	-	-	-
Mr. Vijay Munjal#	1	No	-	-	-
Mr. Suman Kant Munjal*	-	No	-	-	-
Non-Executive and Independent					
Mr. G.P. Sood	4	Yes	6	4	1
Dr. M. A. Zahir	4	Yes	10	3	10
Mr. Harjeet Singh Arora	2	Yes	2	1	11
Maj. Shavinder Singh Khosla	4	Yes	3	1	-

Sh. O.P. Munjal, is the Promoter of the Company. Sh. Mahesh Chander Munjal, Sh. Suman Kant Munjal and Sh. Vijay Munjal are brother's son of Sh. O.P. Munjal and are cousin brothers among themselves. Independent Directors have no relationship with other Directors of the Company. Ms. Ashima Munjal is daughter of Mr. Mahesh Chander Munjal the Chairman and Managing Director of the Company.

* Mr. O.P. Munjal & Mr. Suman Kant Munjal have resigned from the Board w.e.f. 27th May, 2010.

Mr. Vijay Munjal has resigned from the Board w.e.f. 14th May, 2011.

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

- B. There is no pecuniary relationship or transaction of the non-executive directors vis-a-vis the Company. The non-executive directors are paid sitting fees for attending the Board and committee meetings.
- C. None of the present Directors hold any shares (in his own name or on behalf of other person on beneficial basis) in the Company except Mr. Mahesh Chander Munjal, who is holding 40421 equity shares of the Company.

MAJESTIC AUTO LIMITED

INFORMATION SUPPLIED TO THE BOARD

Board members are given agenda along with necessary documents and information in advance of each meeting of the Board and Committee(s). The information as required to be placed before the Board in terms of Clause 49 of the Listing Agreement is placed before the Board.

CODE OF CONDUCT

The Company has adopted a "Code of Conduct" for all Board members and senior management of the Company. The code of conduct is available on the website of the Company www.heromajestic.com. All Board members and senior management have affirmed compliance with the Code of Conduct. The declaration signed by the Managing Director of the Company to this effect is enclosed as Annexure-IV.

RISK MANAGEMENT

The Company has established an effective risk assessment and minimization procedures, which are reviewed by the Board periodically. There is a structure in place to identify and mitigate various risks faced by the Company from time to time. New risks are identified, and after their assessment their controls are designed, put in place with specific responsibility of the concerned person for its timely achievement.

III. AUDIT COMMITTEE

In the Current Accounting Year ended 31st March, 2011, four meetings of Audit committee were held on May 26, 2010, August 14, 2010, November 8, 2010 and February 14, 2011. The Composition of the Audit Committee and attendance record of members of the Audit Committee for the financial year 2010-11 is as under:

Name of the Director	Category	No. of Audit Committee Meetings Attended
Mr. G. P. Sood (Chairman)	(Non - Executive and Independent Director)	4
Mr. Suman Kant Munjal*	(Non - Executive Director)	-
Dr. M. A. Zahir**	(Non - Executive and Independent Director)	1
Maj. Shavinder Singh Khosla	(Non - Executive and Independent Director)	4
Ms. Ashima Munjal#	(Non - Executive Director)	2

* Mr. Suman Kant Munjal has resigned from the Board w.e.f. 27th May, 2010.

** Dr. M.A. Zahir has been appointed as member of the Audit Committee w.e.f. 8th November, 2010.

Ms. Ashima Munjal has been appointed as member w.e.f. 14th August, 2010.

The Company Secretary acts as the Secretary of the Audit Committee. The Managing Director, Finance Head, Internal Auditors, and Statutory Auditors attend the Audit Committee meetings.

The genesis of Majestic Auto Limited's Audit Committee can be traced back to the Audit Sub-Committee, constituted in 1994. Since then it has been dealing with matters prescribed by the Board of Directors on a case by case basis. The nomenclature, constitution and terms of reference of the Committee were revised on January 30, 2001 and an Audit Committee was set up as per the provisions of the Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement of the Stock Exchange(s). As on March 31, 2011, the Committee had three Non-Executive Independent Directors and one Non-Executive Director in accordance with the prescribed guidelines. All the members have sound knowledge in the field of finance, accounting and law. The "terms of reference" of the Audit Committee included the following:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees.
- Approval of payment to Statutory Auditors for any other services rendered by them.
- Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transactions.
 - g) Qualifications, if any, in the draft audit report.

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- Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function including the appointment of internal auditors, reporting structure, coverage and frequency of internal audit.
- Reviewing reports furnished by the internal auditors, discussion with Internal Auditors on any significant findings and ensuring follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the Board.
- Discussing with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- Compliance with Stock Exchange and legal requirements concerning financial statements.
- Directors' Overseas Travelling expenses.
- Review of Foreign Exchange exposure.
- Reviewing the Company's financial and risk management policies.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

PRESENTATION BEFORE AUDIT COMMITTEE (WHEN EVER NECESSARY)

- A statement in summary form of transactions with related parties in the ordinary course of business.
- Details of material individual transactions with related parties which are not in the normal course of business.
- Details of material individual transactions with related parties or others which are not on arm's length basis alongwith management's justification for the same.

IV. Remuneration Committee

The Composition of the remuneration Committee as on 31.03.2011 is as under:

Mr. G.P. Sood	Chairman	Non-Executive and Independent Director
Maj. Shavinder Singh Khosla	Member	Non-Executive and Independent Director
Dr. M.A. Zahir	Member	Non-Executive and Independent Director

A Remuneration Committee as per the guidelines set out in the Listing Agreement was set up on 29.01.2002 to review and recommend the payment of salaries, commission, execution of service agreements and other employment conditions for Executive Director(s) / Managing Director(s). The Committee while approving the remuneration takes into account, financial position of the Company, trend in the Industry, appointee's qualification, experience, past performance, past remuneration etc. and brings about objectivity in determining the remuneration package while striking a balance between the interest of the Company and the shareholders. All the members of the Committee are Non-executive Independent Directors. The members of the Committee are persons of repute and have sound knowledge of management practices. During this financial year, no meeting of the committee was held. The power and role of the Remuneration Committee is as per guidelines set out in the listing agreement.

REMUNERATION POLICY:

The Managing Director is paid remuneration recommended by remuneration committee and approved by the Board of Directors. In the Board Meeting, the remuneration (subject to the subsequent approval by the shareholders at the general meeting and such other authorities as the case may be) is fixed by the Non-Executive Directors. Executive / Interested Directors do not participate in the discussion / voting in the meeting. The remuneration is fixed considering various factors such as qualification, experience, expertise, prevailing remuneration in the corporate world, financial position of the Company etc. The remuneration structure comprises of basic salary, perquisites and allowances, contribution to provident fund and other funds. Besides that, there is a provision for payment of fixed commission @ 1% of net profit computed in accordance with Section 198 of the Companies Act, 1956.

In the event of loss or inadequacy of profits in any financial year during the currency of the tenure of Managing Director, the payment of salary, perquisites and other allowances is restricted to the amount as per terms of Section II of Part II of Schedule XIII to the Companies Act, 1956 as minimum remuneration.

The Non-Executive Directors do not draw any remuneration from the Company except sitting fees of Rs.7500/- for each meeting of the Board and Committees thereof attended by them.

The Remuneration Committee fixes the remuneration as per the guidelines set out by the Central Government/ Listing Agreement, from time to time. The details of remuneration paid / provided to Directors are furnished below:

MAJESTIC AUTO LIMITED

(A) The details of the remuneration to the Managing Director during the financial year 2010-11 is given below:

Name of the Managing Director	Salary (Rs.)	Bonus (Rs.)	Comm- ission (Rs.)	Other benefits & perquisites (Rs.)	Contribution to P.F. & Super Annuation Fund (Rs.)	Performance Linked Incentive (Rs.)	Total (Rs.)	Service Contract (Rs.)
Mr. Mahesh Chander Munjal	31,27,420	8,400	NIL	8,69,500	3,75,290	NIL	43,80,610	3 Years

Notes

- The Company has entered into service contract with Mr. Mahesh Chander Munjal, the Managing Director of the Company for a period of 3 years which will be completed on 28.10.2012.
- There are no Notice Period or severance fees payable to the Managing Director of the Company.

(B) The details of the sitting fees paid to the Non-Executive Directors during the financial year 2010-11 are given below:

Non-Executive Directors	Sitting Fees (Rs.)	Commission (Rs.)	Total (Rs.)
Mr. O.P.Munjal	7,500	NIL	7,500
Mr. Vijay Munjal	7,500	NIL	7,500
Mr. G.P.Sood	60,000	NIL	60,000
Dr. M. A. Zahir	37,500	NIL	37,500
Mr. Harjeet Singh Arora	15,000	NIL	15,000
Ms. Ashima Munjal	45,000	NIL	45,000
Maj. Shavinder Singh Khosla	75,000	NIL	75,000

No Stock Option Scheme has been launched till now by the Company.

V. Shareholders / Investors' Grievance Committee

The Committee has been constituted to specifically redress the grievances of Shareholders and Investors pertaining to shares sent for transfer, non receipt of dividends, dematerialization and other allied matters. During the financial year, two meetings of this committee were held on September 29, 2010 and March 31, 2011 to review the status of shareholders letters and other letters received from other authorities. The Composition and attendance record of members of the Shareholders and Investors' Grievance Committee is as under :

Name of the Director	Category	No. of Shareholders/Investors' Grievance Committee Meetings Attended
Maj. Shavinder Singh Khosla	Chairman	2
Mr. Mahesh Chander Munjal	Executive Director	2
Ms. Ashima Munjal	Non-Executive Director	1

Compliance Officer : Mr. Rajesh Kumar Dang, Company Secretary

For details of shareholders complaints and their status refer para No. 11 under General Shareholders Information.

VI. General Body Meetings

Details of Annual / Extraordinary General Meetings

Location, date and time of General Meetings held during the last three years and Special Resolutions passed there at are given below:

(i) Annual General Meetings

Year	Location	Date	Time	Special Resolutions Passed
2007-08	At the premises of Hero Cycles Ltd., Hero Nagar, G. T. Road, Ludhiana	Sept. 22, 2008	12.30 P.M.	No Special Resolution was passed in the Meeting
2008-09	At the premises of Hero Cycles Ltd., Hero Nagar, G.T. Road, Ludhiana	Sept. 22, 2009	12.30 P.M.	Approval for re-appointment of Mr. Mahesh Chander Munjal, as the Managing Director of the Company for a period of 3 years w.e.f 29.10.2009.
2009-10	At the premises of Mohini Resorts, Near Sector-32, Chandigarh Road, Ludhiana-141010	Sept. 29, 2010	11.00 A.M.	No Special Resolution was passed in the Meeting

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(ii) Extraordinary General Meeting

No Extraordinary General Meeting of the Members was held during the year 2010-11.

(iii) Postal Ballot

The Postal Ballot Notice dated 14th August, 2010 pursuant to Sections 192A of the Companies Act, 1956 was sent to the Members of the Company in relation to Ordinary Resolutions for Seeking permission of shareholders for giving authority to Board of Directors of the Company to create mortgage/charge and/or hypothecation from time to time on the immovable and movable properties of the Company under Section 293(1)(a) of the Companies Act, 1956. The Ordinary Resolutions as contained in the Postal Ballot Notice dated 14th August 2010 were duly passed by the requisite majority on 14th October, 2010.

VII. Disclosures

1. Related parties and transactions with them as required under Accounting Standard 18 (AS-18) are furnished under Paragraph No.17 of the Notes to the Accounts attached with the financial statements for the year ended March 31, 2011. The Board of Directors receives from time to time disclosures relating to financial and commercial transactions from key managerial personnel of the Company where they and / or their relatives have personal interest. There are no materially significant related party transactions, which have potential conflict with the interests of the Company at large.

There are no material individual transactions with related parties, which are not in the normal course of business and which are not on an arm's length basis.

The details of the Related Party transactions are placed periodically before and reviewed by the Company's Audit Committee.

Pursuant to the provisions of sub - clause V of the Clause 49 of the Listing Agreement with the Stock Exchange, the Managing Director has issued a certificate to the Board, for the Financial Year ended March 31, 2011.
2. The guidelines on Accounting Standards issued under the Companies (Accounting Standards) Rules, 2006 have been followed in preparation of the financial statements of the Company.
3. There has neither been any non-compliance of any legal provision of applicable law, nor any penalty, stricture imposed by the Stock Exchanges or SEBI or any other authorities on any matters related to capital market during the last three years,
4. In compliance with the SEBI regulations on prevention of insider trading, the Company has instituted a comprehensive code of conduct for its directors, management, staff and relevant business associates. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them on consequences of non-compliances.

VIII. Means of Communication

1. The Company has regularly sent immediately, both by post/courier as well as fax, the annual audited as well as quarterly unaudited results to the Stock Exchange, after they are taken on record by the Board of Directors.
2. The Company's quarterly and annual results have been published in English and Punjabi, Newspapers viz. The Financial Express (all editions) and Desh Sewak respectively and have also been displayed on Company's website at www.heromajestic.com and company is also filing information's through Corporate Filing & Dissemination system at <http://www.corpfiling.co.in>.
3. Management Discussion and Analysis report which forms a part of the Annual Report is given by means of a separate annexure and is attached to the Directors' Report.

IX. General Shareholders Information

1. Annual General Meeting will be held on Thursday, 29th September, 2011, at 11.00 A.M. at the premises of Mohini Resorts, Near Sector-32, Chandigarh Road, Ludhiana-141010.
2. **For the year ended March 31, 2011, Results were announced on :**

First quarter ended June 30, 2010	August 14, 2010
Second quarter ended September 30, 2010	November 08, 2010
Third quarter ended December 31, 2010	February 14, 2011
Fourth quarter ended March 31, 2011	May 30, 2011

MAJESTIC AUTO LIMITED

3. For the Year ending March 31, 2012, Results will be announced on (Tentative and subject to change)

First quarter results (June 30, 2011)	Second week of Aug, 2011
Second quarter / half year results (Sept. 30, 2011)	Second week of Nov. 2011
Third quarter results (Dec. 31, 2011)	Second week of Feb. 2012
Fourth quarter and year ending (March 31, 2012)	Last week of May, 2012
Annual General Meeting for the year ended March 31, 2012	September, 2012

4. Dates of book closure :

The dates of book closures are from September 24, 2011 to September 29, 2011 (both days inclusive).

5. Listing on Stock Exchange

Stock Exchange where listed Address

Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001

Listing fee for the year 2011-12 have been paid to the Bombay Stock Exchange Limited, Mumbai within the stipulated time.

6. Stock Codes : 500267 at Bombay Stock Exchange Limited

7. DEMAT ISIN IN NSDL AND CDSL FOR EQUITY SHARES : INE201B01022

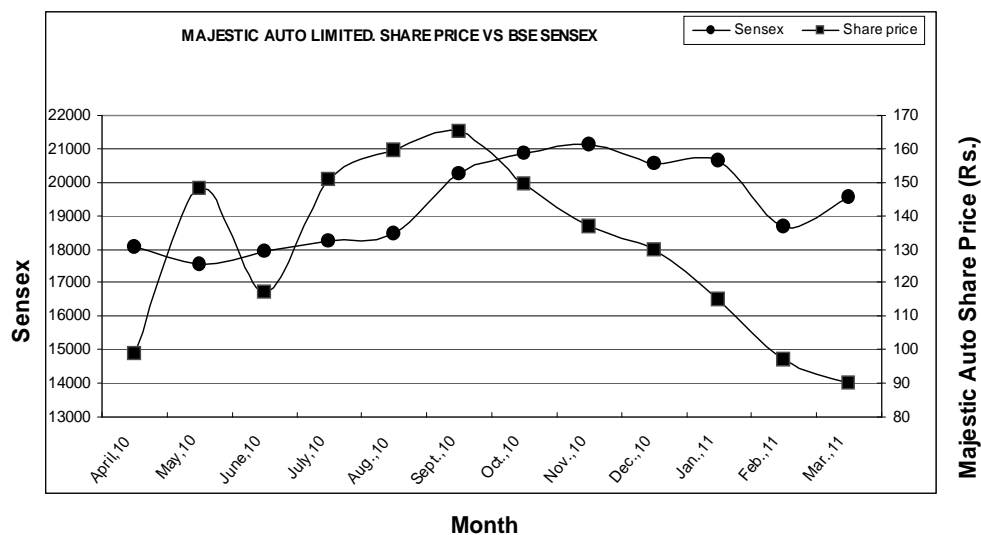
8. a) Market Price Data

Monthly high and low quotations of shares traded at Bombay Stock Exchange Ltd. is given in the following tables.

Month	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March
Year	2010	2010	2010	2010	2010	2010	2010	2010	2010	2011	2011	2011
High (Rs.)	98.75	148.00	117.25	150.85	159.70	165.00	149.40	137.00	129.95	115.00	96.90	89.95
Low (Rs.)	85.05	76.30	83.15	111.80	131.00	133.10	129.50	113.10	92.05	89.25	70.20	72.00

b) Share Price Movements

Share Price Movements for the period from April 1, 2010 to March 31, 2011 of Majestic Auto Limited vs BSE Sensex.



9. Registrar and Transfer Agent for securities admitted in the Depository System

Alankit Assignment Limited

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

Phones (011) 23541234, 42541234,

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

MAJESTIC AUTO LIMITED

10. Share transfer system

The Shares of the Company are traded in the compulsory demat mode for all investors. Shares sent for transfer in physical form are registered within a fortnight (if in order and complete in all respect) and then returned to the respective shareholders duly transferred in their names. The total number of shares transferred during the year from 1.04.2010 to 31.03.2011 was 19,94,407, which were completed within prescribed period. Shares under objection were returned within prescribed time. M/s Alankit Assignments Limited, New Delhi is the Registrar and Share Transfer Agent of the Company for both physical and electronic share transfer work of the Company. Therefore, shareholders of the Company are requested to send all shares in physical form for transfer directly to the Registrar and Transfer Agent of the Company.

11. Investors' services

The Company has a Board level Committee dealing with investors issue, which has been discussed in detail earlier. The details of complaints/requests/reminders received and redressed during the year from 01.04.2010 to 31.03.2011 are given hereunder.

Sr. No.	Nature of Complaints/Requests/Reminders	From 01.04.2010 to 31.3.2011	
		Received	Cleared
1.	Non Receipt of Share Certificate	7	7
2.	Old Shares for Demat / Transfer	9	9
3.	Non Receipt of Dividend Warrants	1	1
4.	Change of Address	13	13
5.	Registration of power of attorney	2	2
6.	Loss of Shares	6	6
7.	Share Holders Address	2	2
8.	Transmission of Shares	1	1
9.	Status of Holding	1	1
10.	Procedure for Demat of Shares	2	2

The Company has attended to most of the investors grievances/correspondence within a period of 15 days from the date of receipt of the same, during the year ended 31.03.2011.

12. Distribution of shareholding as on March 31, 2011

No. Of shares held (Rs.10/- paid up)	Folios		Shares of Rs.10/-paid up Value	
	Number	%	Number	%
Upto 5000	5967	99.004	1430405	13.757
5001 - 10000	30	0.498	228992	2.202
10001 - 20000	12	0.199	173474	1.668
20001 - 30000	4	0.066	100770	0.969
30001 - 40000	2	0.033	70428	0.677
40001 - 50000	6	0.100	273662	2.632
50001 - 100000	3	0.050	220026	2.116
100001 - 500000	1	0.017	142033	1.366
500001 and above	2	0.033	7757688	74.613
Total	6027	100	10397478	100

MAJESTIC AUTO LIMITED

13. Shareholding Pattern as on March 31, 2011

Category Code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares
(I)	(II)	(III)	(IV)	(V)	(VI)
(A)	Shareholding of Promoter and Promoter Group (INDIAN)				
(a)	Bodies Corporate	2	7757688	5837280	74.61
(b)	Directors & their Relatives	1	40421	0	0.39
	Sub Total(A)	3	7798109	5837280	75.00
(B)	Public shareholding				
1	Institutions				
(a)	Mutual Funds/ UTI	8	87957	84606	0.85
(b)	Foreign Institutional Investors	8	190633	188095	1.83
	Sub-Total (B)(1)	16	278590	272701	2.68
B 2	Non-institutions				
(a)	Bodies Corporate	205	530291	525124	5.10
(b)	Individuals				0.00
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	5582	1339770	1123783	12.89
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	14	284886	284886	2.74
(c)	Any Other (specify)				0.00
(c-i)	Non Resident Indians	46	18545	17300	0.18
(c-ii)	Trusts	1	95	0	0.00
(c-iii)	Clearing Members	13	68478	68478	0.66
(c-iv)	Hindu Undivided Families	147	78714	78714	0.76
	Sub-Total (B)(2)	6008	2320779	2098285	22.32
(B)	Total Public Shareholding (B)= B)(1)+(B)(2)	6024	2599369	2370986	25.00
	GRAND TOTAL (A)+(B)	6027	10397478	8208266	100.00

The Promoters have not pledged any shares of the company.

14. Secretarial Audit

In keeping with the requirements of the SEBI and Stock Exchange, a Reconciliation of share capital audit report by practicing Company Secretary is carried out to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The said audit confirms that the total issued / paid-up capital tallies with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

15. Dematerialization of shares and liquidity

As on 31st March, 2011, 78.94% of total Equity Share Capital i.e. 82,08,266 Equity Shares were held in dematerialized form with NSDL and CDSL. During the year, 8,28,957 numbers of equity shares of Rs.10/- each were dematerialized by the shareholders representing 7.97% of the total equity share capital of the Company.

16. The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments.

17. The Company has not obtained any public funding in the last three years.

18. Company's Registered Office Address:

C-48, Focal Point, Ludhiana – 141 010, Tel: 0161- 2670234-237 Fax: 0161- 2672790, 2673827

MAJESTIC AUTO LIMITED

19. Corporate Identify No. (CIN) : L35911PB1973PLC003264

20. Plant Locations : 1) C-48, Focal Point, Ludhiana - 141010

2) C-59, Focal Point, Ludhiana - 141010

3) B-6, B-7 & B-9 Ecotech I, Extension, Greater Noida

21. Non-Mandatory Requirements :

The Company has not adopted the non-mandatory requirements as specified in the Listing Agreement except clause (b) relating to Remuneration Committee.

22. Investors' correspondence may be addressed to:

Mr. Rajesh Kumar Dang

Vice President (Finance)-Cum-Company Secretary

C-48, Focal Point, Ludhiana.

e-mail : accounts@heromajestic.com, grievance@heromajestic.com

23. Queries Relating to the Financial Statements of the Company may be Addressed to

Mr. Rajesh Kumar Dang

Vice President (Finance)-Cum-Company Secretary

e-mail: accounts@heromajestic.com

For and on Behalf of the Board of Directors

Place : Ludhiana

Date : 13.08.2011

(Mahesh Chander Munjal)

Chairman & Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE TO THE MEMBERS OF MAJESTIC AUTO LIMITED

We have examined the compliance of conditions of Corporate Governance by Majestic Auto Limited (the Company) for the year ended on March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For and on behalf of B.D. Bansal & Co.
Chartered Accountants
ICAI Reg No. 000621N**

Place : Ludhiana

Date : 13.08.2011

(Satish Kumar Bansal)

Partner

Membership No.80324

MAJESTIC AUTO LIMITED

ANNEXURE - III TO DIRECTORS' REPORT

INFORMATION AS PER SECTION 217 (1) (E) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2011.

I. CONSERVATION OF ENERGY :

- a) Energy conservation measures taken;
 - i) High efficiency and energy saving motors have been installed.
 - ii) Organized training programme for employees.
 - iii) Installation of more energy efficient capacitors, variable frequency drive and other equipments.
- b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy; Replacement of old compressors/motors with new efficient compressors/motors.
- c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods;
Due to implementation of the above steps (and also steps taken in past), considerable energy and cost of production of goods has been saved/reduced and consequently power factor has been improved.
- d) Total energy consumption and energy consumption per unit of production;
Furnishing of this information in the prescribed format in Form-A is not applicable to the Company.

II. TECHNOLOGY ABSORPTION:

Efforts made in technology absorption;

The information has been given in the prescribed format in Form - B hereunder.

FORM - B

Form for disclosure of particulars with respect to absorption of technology.

A. RESEARCH & DEVELOPMENT (R & D) :

1. SPECIFIC AREAS IN WHICH R & D CARRIED OUT BY THE COMPANY :

- a) Development and Productionization of new Valve Plate for Car AC, Fork & Ratchet in Fine Blanking.
- b) Productionization of ME Motors for supply to Refrigerator Compressor manufacturers.
- c) Development of new Models on ME platform - Aluminium Wound motors.
- d) Twin Cavity Body A tool developed for Muffler for cost reduction & High Productivity.
- e) Tool designing and development of new Rotors & Stators & range of these items have been increased.
- f) Car Brake system activities under study for development.
- g) Modification in transportation of Muffler to Customer for cost reduction & ease of transport and to meet JIT requirements.
- h) Setting up new R & D facilities for Electric Motors.

2. BENEFITS DERIVED AS A RESULT OF THE ABOVE R & D :

Able to tap new segments & customer demand by introducing new products.

3. FUTURE PLAN OF ACTION:

- a) To tap new markets for automotive and stamping products.
- b) To explore new auto components for development and expansion of Auto Component business.

4. EXPENDITURE ON R & D :

(Rs. in lacs)

- | | |
|--------------------------------------------------------------|--------|
| a) Capital | NIL |
| b) Recurring | 0.07 |
| c) Total | 0.07 |
| d) Total R & D expenditure as a percentage of total turnover | 0.001% |

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:

The Company is continuously undertaking product development/ improvement for existing as well as new products by adopting the latest technology. The Company has a team of well qualified and experienced Engineers who are committed to absorb and adopt latest technology.

2. Benefits derived as result of the above efforts :

- a) Quality Improvement and productivity improvement has helped to meet the additional requirement of the customers.
- b) Import substitution.
- c) Environment protection and waste management.

MAJESTIC AUTO LIMITED

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished:
- a) Technology Imported : Nil
 - b) Year of Import : Not Applicable
 - c) Has technology been fully absorbed : Not Applicable
 - d) If not fully absorbed, areas where this has not taken place, reasons therefore and the plan of action : Not Applicable
- C. **FOREIGN EXCHANGE EARNINGS AND OUTGO :**
- a) Activities relating to exports : Extensive efforts are being made to explore the new markets for the products of the Company.
 - b) Total foreign exchange used & earned :

(Rs.in lacs)	
Used	1919
Earned	15

ANNEXURE – IV TO DIRECTORS' REPORT

DECLARATION OF MANAGING DIRECTOR UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT

In accordance with sub-clause 1 (D) of Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited, Mumbai, I, Mahesh Chander Munjal, Managing Director of Majestic Auto Limited, hereby confirm that, all the Directors and Senior Management personnel of the Company have affirmed compliance with their respective Codes of Conducts, as applicable to them, for the Financial Year ended March 31, 2011.

Place : Ludhiana
Date : 13.08.2011

(Mahesh Chander Munjal)
Chairman & Managing Director

MAJESTIC AUTO LIMITED

AUDITORS' REPORT

To The Members of Majestic Auto Limited

1. We have audited the attached Balance Sheet of Majestic Auto Limited, Ludhiana as at March 31, 2011, the Profit and Loss Account and also 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 about 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 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 Paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in above paragraph, we state that:
 - i) 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;
 - ii) 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 such books;
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards, referred to in Section 211(3C) of the Companies Act, 1956;
 - v) On the basis of written representations received from the directors as on 31st March, 2011 and taken on record by the Board of Directors of the Company, we report that none of the directors is disqualified as on 31.03.2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
 - vi) Without qualifying our report, we draw attention to note no. 16 of notes to account, regarding the non ascertainability of the impact on stock valuation on the financials of the company due to change in stock valuation technique from "Monthly Moving weighted average Basis" to "Moment Moving Weighted average" for more appropriate and relevant presentation of financial statements.
 - vii) In our opinion and to the best of our information and according to the explanations given and management representations made to us, the said accounts read together with 'Significant Accounting Policies' and other 'Notes to Account' 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:
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011.
 - b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For and on behalf of B.D.Bansal & Co.
Chartered Accountants
ICAI Reg. No. 000621N**

**(Satish Kumar Bansal)
PARTNER
Membership No.80324**

**Place : Ludhiana
Date : 30.05.2011**

MAJESTIC AUTO LIMITED

ANNEXURE REFERRED TO IN PARAGRAH '3' OF THE AUDITORS' REPORT TO THE MEMBERS OF MAJESTIC AUTO LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011.

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) As explained to us, the Company has a system of physical verification, which is designed to cover all assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. Pursuant to the programme, certain fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
 - c) The company has not disposed off any substantial part of its fixed assets so as to affect the Company as a going concern.
- ii) a) The inventory in the custody of the Company has been physically verified during the year by the management. In our opinion, the frequency of the 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 the nature of its business.
 - c) On the basis of examination of the records of inventories, we are of the opinion that the Company is maintaining proper records of inventory and no material discrepancy was noticed on physical verification.
- iii) a) The Company has not granted any loans, secured and unsecured, to companies, firms or other parties listed in the register maintained u/s 301 of the Companies Act, 1956, therefore the provisions of Clause 4 (iii)(b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
 - b) The Company has taken unsecured inter corporate deposits from three Companies covered under register maintained u/s 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.15.25 crores and the year end balance was Rs. 5 crores.
 - c) According to information and explanations given to us, the rate of interest and other terms & conditions of the aforesaid deposits are not prima-facie prejudicial to the interest of the company.
 - d) In our opinion and according to information and explanations given to us, the Company has been regular in repayment of stipulated principal and interest.
- iv) 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 sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct any major weakness in internal controls.
- v) a) Based on the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that 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 made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, and exceeding a value of Rs. 5 lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time except for items stated to be of proprietary nature, where the question of comparison does not arise.
- vi) As the Company has not accepted any deposits from the public, therefore provision of clause 4 (vi) of the Companies (Auditors' Report) order, 2003 is not applicable to the Company.
- vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii) We have broadly reviewed the books of account 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 are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

MAJESTIC AUTO LIMITED

- ix) a) According to the records of the Company / information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amount payable in respect of the above were in arrear as at 31st March, 2011 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited on account of any dispute except as stated below:-

S. No.	Nature of Statute	Nature of Dispute	Amount Unpaid Rs.	Period to which the amount relates	Forum where dispute is pending
1.	Punjab Value Added Tax, 2005	Penalty u/s 51(7) (b) of Punjab Value Added Tax Act, 2005	1,77,357	A.Y. 2005-06	Dy. Excise & Taxation Commissioner (Appeals), Patiala
2.	-do-	-do-	42,700	A.Y. 2005-06	-do-
3.	U.P. Trade Tax	Penalty Under U.P. Trade Tax Act	1,98,108	A.Y. 2005-06	Assistant Commissioner (Appeals), U.P. Trade Tax, Noida

- x) The Company has no accumulated losses at the end of the financial year. It has not incurred cash losses in the current year and in the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institutions or banks or debenture holders.
- xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the Company is not a chit fund/ nidhi/ mutual benefit fund/ society. Therefore, the provision of clause 4(xiii) of the Companies Act (Auditor's Report) order, 2003 is not applicable to the Company.
- xiv) The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provision of Clause 4(xiv) of the Companies (Auditor's report) order, 2003 is not applicable to the Company.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) According to information and explanations given to us, the Company has applied the term loans for the purpose for which the loans were raised.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that Rs.212.18 Lac raised on short term basis have been used for long term investments.
- xviii) The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provision of clause 4(xviii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- xix) The Company has not issued new debentures during the year covered by our audit. Accordingly, the provision of clause 4(xix) of Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- xx) The Company has not raised money by way of public issue during the year. Accordingly, the provision of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no material fraud on or by the Company has been noticed or reported during the course of our audit.

For and on behalf of B.D.Bansal & Co.
Chartered Accountants
ICAI Reg. No. 000621N

Place : Ludhiana
Date : 30.05.2011

(Satish Kumar Bansal)
PARTNER
Membership No.80324

MAJESTIC AUTO LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	SCHEDULE NO.	(Rs.)	As At 31.03.2011 (Rs.)	As At 31.03.2010 (Rs.)
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
a) Share Capital	I	10,39,82,280		10,39,82,280
b) Reserves & Surplus	II	50,24,72,906		43,15,45,830
			60,64,55,186	53,55,28,110
LOAN FUNDS				
a) Secured Loans	III	93,81,50,497		13,30,09,572
b) Unsecured Loans	IV	21,57,51,484		25,75,01,096
			1,15,39,01,981	39,05,10,668
Deferred Tax Liabilities(net)			3,76,62,377	2,80,04,470
TOTAL			1,79,80,19,544	95,40,43,248
APPLICATION OF FUNDS				
FIXED ASSETS				
a) Gross Block	V	1,85,47,13,119		1,04,66,00,795
b) Less:Depreciation		50,64,40,304		41,38,80,046
c) Net Block		1,34,82,72,815		63,27,20,749
d) ADD Capital Work in Progress		12,01,82,234		5,71,69,324
			1,46,84,55,049	68,98,90,073
INVESTMENTS	VI		3,91,91,969	1,52,64,480
CURRENT ASSETS, LOANS & ADVANCES				
a) Inventories		11,03,07,983		8,53,75,646
b) Sundry Debtors		23,71,71,770		10,58,05,985
c) Cash And Bank Balances		3,39,25,703		3,02,89,506
d) Loans And Advances		20,94,81,035		28,99,87,893
TOTAL		59,08,86,491		51,14,59,030
LESS:CURRENT LIABILITIES & PROVISIONS				
a) Liabilities	VIII	24,67,14,373		21,85,50,348
b) Provisions		5,37,99,592		4,40,19,987
		30,05,13,965		26,25,70,335
NET CURRENT ASSETS			29,03,72,526	24,88,88,695
TOTAL			1,79,80,19,544	95,40,43,248
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNT				
	XIII			

AS PER OUR AUDIT REPORT
OF EVEN DATE ANNEXED
For and on behalf of B.D. Bansal & Co.
Chartered Accountants
ICAI Reg. No. 000621N

Place: Ludhiana
Date : 30.05.2011

Rajesh Kumar Dang
VP (Finance) Cum Co. Secretary

Mahesh Chander Munjal
Chairman & Managing Director

S.S.Khosla (Satish Kumar Bansal)
Director
Membership No. 80324

MAJESTIC AUTO LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	SCHEDULE NO.	(Rs.)	Year Ended 31.03.2011 (Rs.)	Year Ended 31.03.2010 (Rs.)
INCOME				
Operational Income	IX	1,69,50,89,537		1,41,85,93,089
Less : Excise Duty Paid		17,25,16,983		10,83,09,640
Sales Tax / VAT Paid		4,19,19,656		3,34,96,873
		<u>21,44,36,639</u>		<u>14,18,06,513</u>
Net Operational Income			1,48,06,52,898	1,27,67,86,576
Other Income	X		6,85,96,060	16,95,04,809
TOTAL (A)			<u>1,54,92,48,958</u>	<u>1,44,62,91,385</u>
EXPENDITURE				
Manufacturing and Other Expenses	XI		1,30,05,48,153	1,11,20,94,128
Financial Expenses	XII		7,48,44,191	3,49,14,160
Depreciation			9,25,94,098	6,86,26,605
TOTAL (B)			<u>1,46,79,86,442</u>	<u>1,21,56,34,893</u>
Profit Before Taxation (A-B)			8,12,62,516	23,06,56,492
Less: Provision for Taxation				
- Current			65,00,000	1,16,00,000
- Deferred			96,57,907	2,20,19,395
Provision for Wealth Tax			7,00,000	7,00,000
Mat credit entitlement			(65,00,000)	(1,16,00,000)
Profit After Tax			<u>7,09,04,609</u>	<u>20,79,37,097</u>
Less: Prior Year Expenses			75,931	7,85,555
Add : Prior Year Income			-	4,57,243
Add : Prior Year Tax adjustments			98,398	3,61,588
Balance Brought Forward			<u>36,55,93,444</u>	<u>15,76,23,071</u>
Profit available for appropriation			<u>43,65,20,520</u>	<u>36,55,93,444</u>
Balance Carried to Balance Sheet			43,65,20,520	36,55,93,444
Earnings Per Share (in Rs.) (Face Value of Rs. 10/- each)				
- Basic			6.82	20
- Diluted			6.82	20
(Refer Note No.11 of Notes to Account)				

AS PER OUR AUDIT REPORT
OF EVEN DATE ANNEXED
For and on behalf of B.D. Bansal & Co.
Chartered Accountants
ICAI Reg. No. 000621N

Place: Ludhiana
Date : 30.05.2011

Rajesh Kumar Dang
VP (Finance) Cum Co. Secretary

Maresh Chander Munjal
Chairman & Managing Director

S.S.Khosla (Satish Kumar Bansal)
Director Partner
Membership No. 80324

MAJESTIC AUTO LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	(Rs.)	Year Ended 31.03.2011 (Rs.)	Year Ended 31.3.2010 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax and Extraordinary Items		8,12,62,516	23,06,56,492
Adjustments for			
Add: a) Depreciation	9,25,94,098		6,86,26,605
b) Exchange Differences	(11,24,719)		—
c) Loss on Fixed Assets sold \ discarded	—		3,58,264
d) Interest - Others and financial charges	7,47,87,987		3,47,87,769
e) Provision for Doubtful Debts	(3,72,669)		(5,93,839)
f) Premium on Forward Contracts	—		9,596
g) Loss on Forward Contracts	56,204		1,16,795
		16,59,40,901	10,33,05,190
Less: a) Interest Received on Loans, Deposits	6,67,125		16,61,630
b) Dividend Income on			
Long Term Quoted Investments(Non Trade)	4,87,50,300		16,25,01,000
Current Un-quoted Investments(Non Trade)	4,867		—
c) Profit From Investments in AOP(Non Trade)	57,27,489		67,955
d) Profit on Sale of Fixed Assets	3,219		22,894
e) Profit on Forward Contract	19,56,000		6,64,000
f) Profit on sale of Investments	1,69,861		—
		5,72,78,861	16,49,17,479
Operating Profit Before Working Capital changes		18,99,24,556	16,90,44,203
Adjustments for :			
a) Increase in Trade Payables	3,14,43,630		3,47,85,845
b) (Increase)/Decrease in Inventories	(2,49,32,337)		27,56,107
c) (Increase)/Decrease in Loans & Advances	12,46,86,614		(23,03,26,732)
d) (Increase)/Decrease in Trade & Other Receivables	(13,09,93,116)		(80,92,235)
		2,04,791	(20,08,77,015)
Cash Generated from operations		19,01,29,347	(3,18,32,812)
Less: a) Direct taxes paid	1,64,31,358		59,48,982
b) Exchange Differences	(11,24,719)		—
c) Net prior period expenses / Tax adjustments	75,931		(34,80,765)
		1,53,82,570	24,68,217
Net Cash Flow from operating activities		17,47,46,777	(3,43,01,029)
B. CASH FLOW FROM INVESTING ACTIVITIES			
a) Sale of Fixed Assets	5,000		3,50,000
b) Purchase of Investments	(20,00,11,743)		—
c) Investments in Subsidiary Company	(2,00,00,000)		(1,00,00,000)
d) Loan to Subsidiary Company	(2,18,50,000)		—
e) Interest received on Loans, Deposits	6,67,125		16,61,630
f) Dividend Income	4,87,50,300		16,25,01,000
g) Purchase of Fixed Assets	(87,11,60,855)		(9,72,20,793)
h) Premium on Forward Contracts	—		(9,596)
i) Loss on Forward Contracts	(56,204)		(1,16,795)
j) Profit on Forward Contracts	19,56,000		6,64,000
k) Sale of Investments	20,19,86,471		—
Net Cash from (used in) investing activities		(85,97,13,906)	5,78,29,446
C. CASH FLOW FROM FINANCING ACTIVITIES			
a) Repayment of borrowings	(12,60,66,100)		(54,91,503)
b) Interest - others and financial charges	(7,47,87,987)		(3,47,87,769)
c) Dividend paid	—		(240)
		(20,08,54,087)	(4,02,79,512)
Less: Proceeds from borrowings		88,94,57,413	2,50,00,000
Net Cash from (used in) financing activities		68,86,03,326	(1,52,79,512)
D. NET INCREASE(+)/DECREASE(-) IN CASH AND CASH EQUIVALENTS (A+B+C)		36,36,197	82,48,905
Cash and Cash equivalents at the beginning of the year		3,02,89,506	2,20,40,601
Cash and Cash equivalents at the end of the year		3,39,25,703	3,02,89,506

NOTES TO THE CASH FLOW STATEMENT

- Cash and Cash equivalents includes cash and bank balances shown in Schedule VII of the Balance Sheet.
- Prior Year figures have been regrouped and recast wherever necessary.
- Balance in deposit accounts at Rs.20,90,906/- (P.Y 68,99,622/-) included in Para 1 above is held as Margin money by Banks and are not freely remissible to the Company.

AS PER OUR AUDIT REPORT
OF EVEN DATE ANNEXED
For and on behalf of B.D. Bansal & Co.
Chartered Accountants
ICAI Reg. No. 000621N

Place: Ludhiana
Date : 30.05.2011

Rajesh Kumar Dang
VP (Finance) Cum Co. Secretary Chairman & Managing Director

S.S.Khosla (Satish Kumar Bansal)
Director Partner
Membership No. 80324

MAJESTIC AUTO LIMITED

SCHEDULES I TO VIII ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

SCHEDULE - I : SHARE CAPITAL

	(Rs.)	AS AT 31.03.2011 (Rs.)	AS AT 31.03.2010 (Rs.)
AUTHORISED			
1,50,00,000 (Previous Year 1,50,00,000) Equity Shares of Rs. 10/- each		15,00,00,000	15,00,00,000
2,50,00,000 (Previous Year 2,50,00,000) Preference Shares of Rs. 10/- each		<u>25,00,00,000</u> <u>40,00,00,000</u>	<u>25,00,00,000</u> <u>40,00,00,000</u>
ISSUED			
1,03,98,978 (Previous Year 1,03,98,978) Equity Shares of Rs. 10/- each		<u>10,39,89,780</u>	<u>10,39,89,780</u>
SUBSCRIBED AND PAID UP			
1,03,97,478 (Previous Year 1,03,97,478) Equity Shares of Rs. 10/- each fully paid up	10,39,74,780		10,39,74,780
Add : Shares Forfeited (Amount paid up)	<u>7,500</u>		<u>7,500</u>
		<u>10,39,82,280</u> <u>10,39,82,280</u>	<u>10,39,82,280</u> <u>10,39,82,280</u>

Notes :

- 71,533 (Previous Year 71,533) Equity Shares of Rs. 10/- each allotted as fully paid pursuant to a contract without payment being received in cash.
- 23,98,500 (Previous Year 23,98,500) Equity Shares of Rs. 10/- each issued as fully paid by way of Bonus Shares by capitalisation of General Reserve.
- 77,57,688 (Previous Year Nil) Equity Shares of Rs. 10/- each are held by holding Company M/s Anadi Investments (P) Ltd.

SCHEDULE - II : RESERVES & SURPLUS

	(Rs.)	AS AT 31.03.2011 (Rs.)	AS AT 31.03.2010 (Rs.)
CAPITAL RESERVE			
Balance as per last Balance Sheet		30,00,000	30,00,000
SECURITIES PREMIUM ACCOUNT			
Balance as per last Balance Sheet		1,29,52,386	1,29,52,386
GENERAL RESERVE			
Balance as per last Balance Sheet		5,00,00,000	5,00,00,000
SURPLUS ACCOUNT			
As Per Profit and Loss Account		<u>43,65,20,520</u>	<u>36,55,93,444</u>
		<u>50,24,72,906</u>	<u>43,15,45,830</u>

MAJESTIC AUTO LIMITED

SCHEDULE - III : SECURED LOANS

	AS AT 31.03.2011 (Rs.)	AS AT 31.03.2010 (Rs.)
LOANS & ADVANCES FROM BANKS		
i) a) Term Loan [Amount repayable within one year Rs.9,65,07,991/- (Previous Year Rs.2,76,92,000/-)]	60,22,61,991	4,50,00,090
b) Interest accrued & due on above [Amount repayable within one year Rs.92/- (Previous Year Rs.Nil)]	92	—
ii) Buyer's credit from a bank [Amount repayable within one year Rs.6,09,67,977/- (Previous Year Rs.Nil)]	15,39,04,052	—
iii) Cash Credit	17,59,84,362	3,76,05,052
iv) Short Term Loan [Amount repayable within one year Rs.60,00,000/- (Previous Year Rs.5,04,04,430/-)]	60,00,000	5,04,04,430
	93,81,50,497	13,30,09,572

Notes :

- The Term Loans and advances at serial no. (i) & (ii) are secured by mortgage over the immovable properties on pari-passu basis and first charge on entire fixed assets of the Company both present & future on pari-passu basis and also secured by Second Charge on entire current assets of the Company both present and future. These Term Loans are also further secured by personal guarantee of Managing Director of the Company.
- The Loans and advances at serial no.(iii) & (iv) from Banks are secured by hypothecation of stock in trade and book debts and other current assets of the Company both present and future on pari-passu basis and also secured by second pari - passu charge on the immovable properties and entire fixed assets (both present & future) of the Company. These Loans are further secured by personal guarantee of Managing Director of the Company.

SCHEDULE - IV : UNSECURED LOANS

	AS AT 31.03.2011 (Rs.)	AS AT 31.03.2010 (Rs.)
SHORT TERM LOANS & ADVANCES		
a) From Banks*	—	50,00,000
b) From Others*	6,00,00,000	—
OTHER LOANS & ADVANCES		
a) From Managing Director Interest accrued & due on above	10,00,00,000 57,51,484	10,00,00,000 —
b) From Others (Inter Corporate Deposits) Interest accrued & due on above	5,00,00,000 —	15,25,00,000 1,096
	21,57,51,484	25,75,01,096

* Against personal guarantee of the Managing Director of the Company and aggregate amount is Rs. 6,00,00,000 (Previous Year Rs.50,00,000).

MAJESTIC AUTO LIMITED

SCHEDULE - V : FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK	
	As on 01.04.2010	Additions	Sold/Transfer Adjustment	Total As On 31.03.2011	Upto 01.04.2010	For the year	Sold/Transfer Adjustment	Upto 31.03.2011	As On 31.03.2011	As On 31.03.2010
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Leasehold Land	-	32,45,74,589	-	32,45,74,589	-	18,08,215	-	18,08,215	32,27,66,374	-
Freehold Land	4,42,97,910	-	-	4,42,97,910	-	-	-	-	4,42,97,910	4,42,97,910
Buildings	20,52,51,002	1,74,47,250	-	22,26,98,252	4,32,48,000	61,11,170	-	4,93,59,170	17,33,39,082	16,20,03,002
Machinery and Equipments	75,77,07,211	46,08,80,121	-	1,21,85,87,332	35,16,50,759	8,18,48,747	-	43,34,99,506	78,50,87,826	40,60,56,452
Intangible Assets	-	27,36,570	-	27,36,570	-	2,21,729	-	2,21,729	25,14,841	-
Furniture, Fixture and Office Equipments	2,63,57,319	11,98,191	-	2,75,55,510	1,23,32,011	12,50,449	-	1,35,82,460	1,39,73,050	1,40,25,308
Vehicles	1,29,87,353	13,11,224	35,621	1,42,62,956	66,49,276	13,53,788	33,840	79,69,224	62,93,732	63,38,077
Sub Total	1,04,66,00,795	80,81,47,945	35,621	1,85,47,13,119	41,38,80,046	9,25,94,098	33,840	50,64,40,304	1,34,82,72,815	63,27,20,749
Previous Year Figures	1,00,14,03,091	4,70,01,007	18,03,303	1,04,66,00,795	34,63,71,373	6,86,26,605	11,17,932	41,38,80,046	63,27,20,749	65,50,31,718
Capital Work in Progress										
Building under Construction at Noida	-	12,42,599	-	12,42,599	-	-	-	-	12,42,599	-
Building under Construction at Ludhiana	1,21,08,452	2,68,59,623	1,21,08,452	2,68,59,623	-	-	-	-	2,68,59,623	1,21,08,452
Machinery under Installation	4,50,60,872	9,20,65,512	4,50,46,372	9,20,80,012	-	-	-	-	9,20,80,012	4,50,60,872
Sub Total	5,71,69,324	12,01,67,734	5,71,54,824	12,01,82,234	-	-	-	-	12,01,82,234	5,71,69,324
Previous Year Figures	69,49,536	5,66,89,398	64,69,610	5,71,69,324	-	-	-	-	5,71,69,324	69,49,536
Grand Total	1,10,37,70,119	92,83,15,679	5,71,90,445	1,97,48,95,353	41,38,80,046	9,25,94,098	33,840	50,64,40,304	1,46,84,55,049	68,98,90,073
Previous Year Figures	1,00,83,52,627	10,36,90,405	82,72,913	1,10,37,70,119	34,63,71,373	6,86,26,605	11,17,932	41,38,80,046	68,98,90,073	66,19,81,254

SCHEDULE - VI : INVESTMENTS

	AS AT 31.03.2011 (Rs.)	AS AT 31.03.2010 (Rs.)
A. QUOTED SHARES (AT COST) (LONG TERM) (NON-TRADE)		
Hero Honda Motors Limited 16,25,010 (Previous Year 16,25,010) Equity Shares of Rs.2/- each fully paid up	13,00,010	13,00,010
B. UNQUOTED SHARES(AT COST) (LONG TERM) (NON-TRADE)		
Hero Financial Services Limited Nil (Previous Year 1,80,000 Equity Shares of Rs. 10/- each fully paid up)	-	18,00,000
C. UNQUOTED SHARES(AT COST) (LONG TERM)(TRADE)		
WHOLLY OWNED SUBSIDIARY COMPANY Majestic IT Services Limited 30,00,000 (Previous Year 10,00,000) Equity Shares of Rs. 10/- each fully paid up	3,00,00,000	1,00,00,000
D. ASSOCIATION OF PERSONS (AOP) (NON-TRADE)		
M/s Brijmohan Lall & Associates		
Capital Account	12,00,000	12,00,000
Current Account	66,91,959	9,64,470
	78,91,959	21,64,470
	3,91,91,969	1,52,64,480
Notes :		
1. Aggregate Book value of quoted investments	13,00,010	13,00,010
2. Aggregate Market value of quoted investments	2,58,28,72,145	3,15,66,63,176
3. Aggregate Book value of unquoted investments	3,78,91,959	1,39,64,470

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SCHEDULE - VII : CURRENT ASSETS, LOANS & ADVANCES

		AS AT 31.03.2011 (Rs.)	AS AT 31.03.2010 (Rs.)
A. CURRENT ASSETS			
INVENTORIES			
(As taken, valued and certified by the management)			
a) Raw Materials and Components	3,55,39,393		3,57,31,831
b) Stores & Spares	1,03,80,145		82,97,032
c) Loose Tools	1,00,97,338		67,49,668
d) Finished Goods	1,34,76,599		1,48,52,899
e) Work in Progress	3,90,33,204		1,86,73,836
f) Scrap	17,81,304		10,70,380
		11,03,07,983	8,53,75,646
SUNDRY DEBTORS			
(Unsecured)			
a) Outstanding Over Six Months			
i) Considered Good	13,92,905		11,14,156
ii) Considered Doubtful	6,25,29,185		6,29,01,854
	6,39,22,090		6,40,16,010
Less : Provision for Doubtful Debts	6,25,29,185		6,29,01,854
	13,92,905		11,14,156
b) Others (Considered Good)	23,57,78,865		10,46,91,829
		23,71,71,770	10,58,05,985
CASH AND BANK BALANCES			
a) Cash Balance on Hand	1,35,204		4,42,554
b) Balances with Scheduled Banks			
i) On Current Accounts	3,15,83,396		2,28,82,844
ii) On Deposit Accounts	20,90,906		68,99,622
(Lien marked on sum of Rs.20,90,906/- Previous Year Rs.68,99,622/-)			
c) Interest accrued on fixed deposits	1,16,197		64,486
		3,39,25,703	3,02,89,506
B. LOANS AND ADVANCES			
(Unsecured, Considered Good)			
a) Loan to Subsidiary Company, Majestic IT Services Ltd.	2,18,50,000		—
b) Advances recoverable in cash or in kind or for value to be received or pending adjustments	4,80,75,526		21,04,75,011
c) Balances with Central Excise / Customs Deptt.	3,87,00,595		63,44,330
d) Advances paid to Suppliers	5,49,73,750		4,96,17,144
e) Income tax payments (Net of Provisions)	2,50,81,164		92,51,408
f) MAT credit entitlement	2,08,00,000		1,43,00,000
		20,94,81,035	28,99,87,893
		59,08,86,491	51,14,59,030

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SCHEDULE - VIII : CURRENT LIABILITIES & PROVISIONS

	AS AT 31.03.2011 (Rs.)	AS AT 31.03.2010 (Rs.)
CURRENT LIABILITIES		
(a) Sundry Creditors (For Goods, Services and Expenses)		
i) Total out standing due of Micro Enterprises and Small Enterprises	4,64,05,455	83,27,288
ii) Others	13,60,50,027	12,90,45,104
	18,24,55,482	13,73,72,392
(b) Advance from Customers	27,54,448	49,51,213
(c) Investor Education and Protection Fund shall be credited by the following amount namely:		
Unpaid Dividend*	68,228	68,324
(d) Other Liabilities	6,14,36,215	7,61,58,419
	24,67,14,373	21,85,50,348
PROVISIONS		
For Income Tax	2,08,00,000	1,43,00,000
For Wealth Tax	7,00,000	7,00,000
For Gratuity	3,07,95,561	2,74,02,476
For Excise Duty on Finished Goods	15,04,031	16,17,511
	5,37,99,592	4,40,19,987
	30,05,13,965	26,25,70,335

* Does not include any amounts outstanding as on March 31, 2011 which are required to be credited to Investor Education and Protection Fund.

SCHEDULE - IX TO XII ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE - IX : OPERATIONAL INCOME

	YEAR ENDED 31.03.2011 (Rs.)	YEAR ENDED 31.03.2010 (Rs.)
Domestic Sales	1,55,01,15,549	1,27,09,86,268
Export Sales	14,60,377	—
Job charges Received	14,35,13,611	14,76,06,821
	1,69,50,89,537	1,41,85,93,089

SCHEDULE - X : OTHER INCOME

	YEAR ENDED 31.03.2011 (Rs.)	YEAR ENDED 31.03.2010 (Rs.)
Profit From Investment in AOP (NON-TRADE) (Long Term)		
[From M/s Brijmohan Lall & Associates]	57,27,489	67,955
Dividend Received (On Long Term Quoted Investments) (NON-TRADE)	4,87,50,300	16,25,01,000
Dividend Received (On Short Term Unquoted Investments) (NON-TRADE)	4,867	—
Rent Received on assets leased prior to 1.4.2001		
[T.D.S.Rs.Nil (Previous Year Rs.Nil)]	59,452	60,000
Profit on Sale of Investments	1,69,861	—
Profit on Sale of Fixed Assets	3,219	22,894
Excess Provision for doubtful debts Written Back	3,72,669	5,93,839
Interest Received on Deposits, Loans & Refunds, (Gross)		
[T.D.S.Rs.20,027/- (Previous Year Rs.77,854/-)]	6,67,125	16,61,630
Miscellaneous Income	97,60,359	39,33,491
Profit on Forward Contract	19,56,000	6,64,000
Foreign Exchange Fluctuation	11,24,719	—
	6,85,96,060	16,95,04,809

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SCHEDULE - XI : MANUFACTURING AND OTHER EXPENSES

		YEAR ENDED 31.03.2011 (Rs.)	YEAR ENDED 31.03.2010 (Rs.)
RAW MATERIAL & COMPONENTS CONSUMED		95,39,47,783	77,02,58,096
PURCHASES OF TRADING ITEMS		2,53,65,392	1,66,05,580
VARIATION IN STOCK			
Opening Stock			
Finished Goods	1,48,52,899		1,26,19,042
Work-in-Process	1,86,73,836		2,04,78,272
Scrap	10,70,380		18,33,769
	<u>3,45,97,115</u>		<u>3,49,31,083</u>
Less: Excise Duty Paid on Opening Stock	16,17,511		11,40,054
Net opening stock	3,29,79,604		3,37,91,029
Closing Stock			
Finished Goods	1,34,76,599		1,48,52,899
Work-in-Process	3,90,33,204		1,86,73,836
Scrap	17,81,304		10,70,380
	<u>5,42,91,107</u>		<u>3,45,97,115</u>
Less: Excise Duty on Closing Stock	15,04,031		16,17,511
Net closing stock	5,27,87,076		3,29,79,604
		(1,98,07,472)	8,11,425
MANUFACTURING EXPENSES			
Stores and Spares Consumed	2,26,51,838		1,69,83,586
Power and Fuel	5,75,87,771		6,53,81,037
Research and Development Expenses	7,150		16,951
Other Manufacturing Expenses	<u>35,53,919</u>		<u>28,359</u>
		8,38,00,678	8,24,09,933
PAYMENT TO AND PROVISIONS FOR EMPLOYEES			
Salaries, Wages, Bonus & Allowances	12,98,34,268		11,86,17,450
Contribution to Provident and other Funds	2,49,06,405		1,42,46,496
Staff Welfare	<u>12,77,961</u>		<u>18,21,679</u>
		15,60,18,634	13,46,85,625
ADMINISTRATIVE EXPENSES			
Rent (Including paid on assets leased prior to 01.04.2001)	2,84,181		6,000
Rates and Taxes	10,69,556		15,04,691
Repairs to Building	10,62,176		16,43,966
Repairs to Machinery	2,05,93,637		2,95,16,917
Repairs Other	31,27,911		51,14,168
Insurance	24,95,480		28,38,051
Travelling Expenses	33,84,283		28,51,597
Miscellaneous Expenses	1,52,79,448		1,33,90,625
Loss on Assets Sold / Written off	<u>-</u>		<u>3,58,264</u>
		4,72,96,672	5,72,24,279
SELLING EXPENSES			
Rebate & Discount	11,721		45,780
Sales Promotion	2,79,105		5,33,637
Packing & Forwarding	5,26,08,752		4,94,56,001
Advertisement & Publicity Expenses	1,81,576		60,333
Other Selling Expenses	<u>8,45,312</u>		<u>3,439</u>
		5,39,26,466	5,00,99,190
		1,30,05,48,153	1,11,20,94,128

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SCHEDULE - XII : FINANCIAL EXPENSES

	YEAR ENDED 31.03.2011 (Rs.)	YEAR ENDED 31.03.2010 (Rs.)
Interest to Banks & Financial Institutions on Term Loans	3,63,12,853	41,82,042
Interest paid to Banks on Working Capital Loans	30,58,044	41,67,784
Interest paid on Inter corporate deposits	1,82,99,992	1,83,00,000
Other Interest & Charges (Including Bank & Commitment Charges)	1,71,17,098	81,37,943
Premium on Forward Contracts	—	9,596
Loss on Forward Contracts	56,204	1,16,795
	7,48,44,191	3,49,14,160

SCHEDULE - XIII : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNT

(A) SIGNIFICANT ACCOUNTING POLICIES

I) ACCOUNTING CONVENTIONS

The financial statements are prepared under the historical cost convention on accrual basis and in accordance with the Accounting Standards issued under the Companies (Accounting Standards) Rules, 2006 and the relevant presentational requirements of the Companies Act, 1956.

II) ACCOUNTING FOR ESTIMATES

The preparation of financial statements is in conformity with the generally accepted accounting principles and requires estimates and assumptions to be made that affect reportable amount of assets and liabilities on date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results are known/ materialized.

III) FIXED ASSETS INCLUDING INTANGIBLE ASSETS AND DEPRECIATION/AMORTISATION

- Fixed assets including intangible assets are stated at cost net of cenvat, less accumulated depreciation and / or impairment loss, if any. Intangible assets comprise purchased computer software/licenses. All costs till commencement of commercial production attributable to the fixed assets and intangible assets are capitalized.
- Depreciation on fixed assets including intangible assets has been provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.
- The cost of Leasehold land is amortized over the period of lease.

IV) INVESTMENTS

Long term investments are stated at cost. Provision for diminution in value of long term investments is made only if such decline is not temporary in the opinion of the management.

V) INVENTORIES

- Finished goods are valued at lower of cost or net realizable value. Cost is considered at material cost on moment moving weighted average basis plus appropriate overheads.
- Work in progress is valued at material cost on moment moving weighted average basis plus appropriate overheads.
- Scrap is valued at net realizable value.
- Other inventories are valued at cost on moment moving weighted average basis.
- The liability of excise duty on finished goods and scrap lying in the factory at year end is estimated on the basis of sales price of goods and excise rates prevailing on the said date, while determining the cost of closing stock of finished goods and scrap.

VI) RETIREMENT BENEFITS

Superannuation, Provident and Gratuity Funds are accounted for on accrual basis with corresponding payments to recognized scheme/fund. Short term employees benefits are recognized as an expense at the undiscounted amount in the profit and loss account for the year in which the related services rendered. The liability for gratuity (in the nature of a defined benefit obligation) is provided on the basis of actuarial valuation conducted by Life

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Insurance Company of India (LIC), since the gratuity scheme of the company is covered under a group gratuity cum life assurance cash accumulation policy of the LIC.

VII) REVENUE RECOGNITION

Sales and Job Charges are accounted for on the basis of date of dispatch except for export sales which are booked on the basis of date of custom clearance.

VIII) DIVIDEND

The dividend income is accounted for when the right to receive the payment is established.

IX) GOVERNMENT GRANTS

Government grant of the nature of promoters' contribution is credited to capital reserve at the time of receipt.

X) FOREIGN EXCHANGE TRANSACTIONS

- a) Transactions in foreign currencies are accounted for at the exchange rate prevailing at the date of transaction/ negotiations.
- b) Monetary foreign currencies items outstanding at the year end are restated into rupees at the rate of exchange prevailing on the Balance Sheet date.
- c) Non monetary foreign currency items are carried at cost.
- d) Any income or expenses on account of exchange difference either on settlement or on transaction is recognized in the profit and loss account.
- e) In respect of forward contracts, forward premium or discount arising at the inception of forward contract is amortized over the life of contract. Exchange differences on such contracts are recognized in the profit and loss account in the year in which exchange rates change. Any profit and loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

XI) BORROWING COSTS

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of cost of such assets. Qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are charged to revenue.

XII) TAXATION

The provision for current income tax liability is ascertained on the basis of assessable profits computed in accordance with the provisions of Income Tax Act, 1961. Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of being reversed in one or more subsequent periods.

XIII) CONTINGENCIES

Contingent liabilities arising from claims, litigation, assessments, fines, penalties etc. are provided when it is probable that the contingency will result in the loss and reasonable estimate of the amount of the resulting loss can be made. Liabilities which are material and whose future outcome can not be ascertained with reasonable certainty are treated as contingent liabilities and disclosed by way of notes to account.

XIV) ACCOUNTING FOR LEASES

Lease payments under operating lease have been charged to profit and loss account as expense on straight line basis over the lease term.

XV) SEGMENT REPORTING

- a) The Company has disclosed business segment as the primary segment for disclosure. The Company has identified four separate segments i.e. Fine Blanking Components, Mufflers, Spokes and Electricals. The Segments are identified with regard to the dominant source, nature of risks and returns, internal organization and management structure and internal reporting systems.
- b) The accounting policies adopted for segment reporting are in line with the accounting policies of the Company.
- c) Segment revenues, Results and Capital employed figures include the respective amounts identifiable to each of the segments. Interest and other financial charges/ incomes are reported at corporate level. Also

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those assets and liabilities which are not identifiable to the individual segments are reported at corporate level.

- d) The inter segmental revenue is accounted for on the basis of transfer price agreed to amongst segments as per market trend.

XVI) IMPAIRMENT LOSS

An impairment loss is recognized when the carrying amount of fixed assets exceeds its recoverable amount. The recoverable amount of an asset is lower of net selling price and its value in use.

XVII) CASH FLOW STATEMENT

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard-3 on Cash Flow Statements and presents cash flows by operating, investing and financing activities of the Company. The Company considers all highly liquid financial instruments, which are readily convertible into cash, to be cash equivalents

(B) NOTES TO ACCOUNTS

1. CONTINGENT LIABILITIES

	Year ended 31.03.2011 (Rs. in lacs)	Year ended 31.03.2010 (Rs. in lacs)
i) a) Bank Guarantee/Margin Money Guarantee	217.83	208.00
b) Bills Discounted with the Company's bankers	16.90	Nil
ii) Penalty u/s 51(7) (b) of Punjab Value Added Tax Act, 2005 of Rs. 2,20,057/- (Previous year Rs.2,20,057/-) was disputed by the Company for which appeal has been filed with Dy. Excise & Taxation Commissioner (Appeals), Patiala.		
iii) Penalty under U.P. Trade Tax of Rs.1,98,108/- (Previous year Rs.1,98,108/-) was disputed by the Company for which appeal has been filed with Assistant Commissioner (Appeals), U.P. Trade Tax Act, Noida.		

The Company has taken legal and other steps necessary to protect its position in respect of the claims mentioned at point no. (ii) & (iii) which in its opinion, based on legal advice are not expected to devolve. It is not possible to make any further determination of the liabilities which may arise or the amounts which may be refundable in respect of these claims.

- Excise duty/Sale Tax paid under protest amounting to Rs. 2.01 Lacs (Previous Year Rs. 2.01 Lacs) is appearing under the head amounts recoverable.
- Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.1,132.69 Lacs (Previous Year Rs.1,302.56 lacs) against which a sum of Rs.84.70 Lacs (Previous Year Rs.408.69 Lacs) has been paid as advance.
- The Company is a member of M/s Brij Mohan Lall & Associates (AOP), whose constitution as at 31.03.2011 is as under:

Sl.No.	Name of the Members	Profit Sharing Ratio
1.	M/s Satyanand & Sons (HUF)	20%
2.	M/s Brij Mohan Lall & Sons (HUF)	20%
3.	Mr. Naveen Munjal	20%
4.	Majestic Auto Limited	20%
5.	Mr. Pankaj Munjal	20%

The Company has contributed Rs.12,00,000/- (Previous Year Rs. 12,00,000/-) as fixed capital and balance of Rs. 66,91,959/- (Previous Year Rs. 9,64,470/-) is in the current account with the above AOP.

- In the opinion of management, current assets have a value on realization in the ordinary course of business at least equal to the value at which they are stated in the foregoing Balance Sheet.
- The staff quarter at Dugri Road, Ludhiana have been allotted in the name of an Ex-Director of the Company.

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7. (a) Computation of Net Profit In Accordance with Section 349 of The Companies Act, 1956

	Year ended 31.03.2011 (Rs.)	Year ended 31.03.2010 (Rs.)
Profit before Taxation	8,12,62,516	23,06,56,492
Add: Managerial Remuneration	43,80,610	65,86,808
Sitting Fees	2,47,500	2,85,000
Loss on sale of Fixed Assets	—	3,58,264
	8,58,90,626	23,78,86,564
Less: Profit on sale of Fixed Assets	3,219	22,894
Profit on sale of Investments	1,69,861	—
Excess provision for doubtful debts written back	3,72,669	5,93,839
Net Profit as per Section 349 of the Companies Act, 1956	8,53,44,877	23,72,69,831
Maximum Managerial Remuneration eligible for the year (@5% of the Computed Profit)	42,67,244	1,18,63,492
Less: Salary, perquisites of the Managing Director	40,05,320	39,07,955
Commission to Managing Director eligible	—	79,55,537
Commission restricted to @ 1% of computed profit	—	23,72,698

(b) Director's Remuneration

	Year ended 31.03.2011 (Rs.)	Year ended 31.03.2010 (Rs.)
i) Salaries	31,27,420	25,51,290
ii) Contribution to P.F. & Superannuation Fund	3,75,290	3,06,155
iii) Perquisites	8,77,900	13,56,665
iv) Commission	—	23,72,698
v) Director Meeting Expenses	2,47,500	2,85,000
Total	46,28,110	68,71,808

8. Payment to Auditors (Net of Service Tax)

	Year ended 31.03.2011 (Rs.)	Year ended 31.03.2010 (Rs.)
i) Audit fees	56,250	56,250
ii) Tax Audit Fees	18,750	18,750
iii) For Taxation matters	75,000	75,000
iv) Others	4,50,000	15,000
Total	6,00,000	1,65,000

9. Loans and Advances in the nature of loans:

The company has given loans & advances of Rs. 218.50 Lacs (Previous Year - Nil) in the nature of loans to Majestic IT Services Limited (MITSL), the Wholly Owned Subsidiary Company and the maximum balance outstanding during the year is Rs.218.50 Lacs. This loan is interest free with no specified re-payment schedule. MITSL has not made any investment in the shares of the parent company. MITSL is also company under the same management as defined under section 370 (I-B) of the Companies Act, 1956.

10. Previous year's figures have been regrouped/rearranged wherever considered necessary. Figures have been rounded off to the nearest rupee.

11. Borrowing cost capitalized during the Current year Rs. Nil (Previous year Rs. Nil).

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12. EARNINGS PER SHARE (EPS)

	Year ended 31.3.2011 (Rs.)	Year ended 31.03.2010 (Rs.)
i) Net Profit after tax as per Profit and Loss Account	7,09,04,609	20,79,37,097
ii) (Less): Prior Year Expenses	(75,931)	(7,85,555)
iii) Add : Prior Year Income	-	4,57,243
iv) Add :Prior Year Tax Adjustments	98,398	3,61,588
v) Net profit attributable to Equity Shareholders	7,09,27,076	20,79,70,373
vi) Weighted Average number of equity shares used as denominator for calculation EPS	1,03,97,478	1,03,97,478
vii) Earnings per share in Rs. : Basic	6.82	20.00
viii) Earnings per share in Rs. : Diluted	6.82	20.00
xi) Face Value per equity share	10.00	10.00

13. There are no forward covers outstanding as on 31.03.2011 and following forward covers on account of payables were outstanding as on 31.03.2010.

Amount	Trade Date	Rate	Maturity Date	Mark to Market Valuation (Loss)
JPY 70,00,000	25-March-2010	50.04	11-May-2010	Rs.1,26,391

Foreign currency exposures that are not hedged by derivative instruments as at the end of the year are:

S.No.	Particulars	USD		EURO		CHF		JPY	
		As on 31.03.2011	As on 31.03.2010	As on 31.03.2011	As on 31.03.2010	As on 31.03.2011	As on 31.03.2010	As on 31.03.2011	As on 31.03.2010
i)	Debtors	2,09,715	1,29,092	7755	-	5,544	-	6,21,81,000	-
ii)	Creditors	360	-	6,014	-	-	-	69,09,000	-
iii)	Loans Taken	19,49,490	-	-	-	-	-	12,43,62,000	-

14. The Components of Deferred Tax Assets / Liabilities (Net) are as under :

	As on 31.03.2011 (Rs.)	As on 31.03.2010 (Rs.)
Deferred Tax Assets		
i) Expenditure debited to Profit and Loss Account/other disallowances allowed for tax purposes in the subsequent year(s)	1,33,63,614	1,16,42,888
ii) Provision for doubtful debts and deposits	2,02,87,594	2,08,94,423
iii) Unabsorbed Business Loss and Depreciation	1,64,06,758	87,06,851
	<u>5,00,57,966</u>	<u>4,12,44,162</u>
Deferred Tax Liabilities		
Related to fixed assets	8,77,20,343	6,92,48,632
Net deferred tax assets/(liabilities)	<u>(3,76,62,377)</u>	<u>(2,80,04,470)</u>

15. Details of Sale and Purchase of non trade, unquoted current Investments are as below:-

Year	Particulars	No. of Units Purchased	Purchase Amount (Rs.)	No. of Units Sold/redeemed	Sale Amount (Rs.)
2010-11	a) Reliance Liquid Fund - Treasury Plan-Insti. Option - Daily Dividend Dividend Reinvested	32,70,667.347 3,18.367	5,00,00,000 4,867	32,70,985.714	5,00,04,867
	b) Reliance Money Manager Fund-Institutional Option - Growth Plan	39,474.836	5,00,04,867	39,474.836	5,01,11,807
	c) Principal Floating Rate Fund SMP-Insti. Option - Growth Plan	34,38,056.535	5,00,00,000	34,38,056.535	5,00,06,876
	d) Principal Floating Rate Fund FMP-Insti. Option - Growth Plan	34,00,810.377	5,00,06,876	34,00,810.377	5,00,62,921
2009-10	Nil	-	-	-	-

MAJESTIC AUTO LIMITED

16. During the year the company has migrated to a new ERP system wherein stocks have been valued on "Moment Moving weighted average Basis" as against the "Monthly Moving Weighted average", for more appropriate and relevant presentation of the financial statements. The impact resulting from such change is not ascertainable.

17. Assets taken on Operative Lease

The Company has taken on lease certain facilities with lease term upto one year, which are subject to renewal at mutual consent thereafter. These arrangements can be terminated by either party after giving due notice. The other information in pursuant to Accounting Standard-19 is given hereunder.

		Year ended 31.3.2011 (Rs. in lacs)	Year ended 31.3.2010 (Rs. in lacs)
		2.77	-
a)	The total of future minimum lease payments under non-cancellable operating leases for each of the following Periods:		
	i) Not later than one year	-	-
	ii) Later than one year and not later than five year	-	-
	iii) Later than five year	-	-
b)	Lease payments recognised in the statement of profit and loss for the year with separate amounts for	2.78	-
	i) Minimum lease payments	-	-
	ii) Contingent rents	-	-
c)	Sub lease payments received (or receivable) recognised in the Statement of profit and loss for the year	N.A	N.A

The lease agreements will expire on 18.09.2011, 31.10.2011 & 06.01.2012

18. During the year, the company has executed transfer deeds with the original allottee's / lessee's for acquiring 90 years lease hold rights for industrial property situated at Greater Noida, (U.P.) at a total cost of Rs. 32,45,74,589. The aforesaid amount including registration and other charges directly related to the acquisition of the said rights have been capitalized under the head "Leasehold Land". Considering the limited useful life and absence of any clause for renewal or extension of lease and/or transfer of ownership at the end of lease term, the said amount has been amortised over the period of lease.

19. Related party disclosure under Accounting Standard 18

- a) Holding Company : M/s Anadi Investments Pvt. Ltd.
- b) Subsidiary Company : M/s Majestic IT Services Ltd.
- c) Enterprises which has significant influence over the Company : Hero Cycles Ltd
- d) Enterprises in which the Company has significant influence : M/s. Brij Mohan Lall & Associates
- e) Key Management Personnel : Mr. Mahesh Chander Munjal
Managing Director
- f) Enterprises over which key management personnel and their relatives are able to exercise significant influence :
- M/s Munjal Showa Ltd. M/s Highway Industries Ltd.
- M/s Amar Sons M/s Amar Udyog
- M/s Munjal Auto Ind. Ltd. M/s Amtier Infotech Ltd.
- M/s Aayush Finance Investment (P) Ltd.
- g) Employee welfare trust where there is control :
- i) Majestic Auto Ltd. - Employee Gratuity Fund
- ii) Majestic Auto Ltd. - Superannuation Fund

MAJESTIC AUTO LIMITED

Transactions with related parties

(Rs. in Lacs)

Particulars	Subsidiary Company		Enterprises which has significant influence over the Company		Enterprises in which the Company has significant influence		Key Management personnel		Enterprises over which key management personnel & their relatives are able to exercise significant influences		Employees welfare trust where there is control	
	Year Ended 31.03.11	Year Ended 31.3.10	Year Ended 31.03.11	Year Ended 31.3.10	Year Ended 31.03.11	Year Ended 31.3.10	Year Ended 31.03.11	Year Ended 31.3.10	Year Ended 31.03.11	Year Ended 31.3.10	Year Ended 31.03.11	Year Ended 31.3.10
1. Purchase of goods												
Hero Cycles Ltd.	-	-	864.20	1202.00	-	-	-	-	-	-	-	-
Munjal Showa Ltd.	-	-	-	-	-	-	-	-	2.14	0.99	-	-
M/s Amar Sons	-	-	-	-	-	-	-	-	475.26	-	-	-
M/s Amar Udyog	-	-	-	-	-	-	-	-	-	224.58	-	-
Others	-	-	-	-	-	-	-	-	0.39	0.30	-	-
2. Sale of goods												
Hero Cycles Ltd.	-	-	893.99	991.31	-	-	-	-	-	-	-	-
Munjal Showa Ltd.	-	-	-	-	-	-	-	-	37.99	31.40	-	-
3. Rent Received	-	-	0.30	0.30	-	-	-	-	-	-	-	-
4. Rent Paid	-	-	0.06	0.06	-	-	-	-	-	-	-	-
5. Interest Paid	-	-	60.00	60.00	-	-	78.82	-	-	-	-	-
6. Loan Paid	218.50	-	-	-	-	-	-	-	-	-	-	-
7. Loan Out Standings												
Maresh Chander Munjal	-	-	-	-	-	-	1000	1000	-	-	-	-
Hero Cycles Ltd.	-	-	500	500	-	-	-	-	-	-	-	-
8. Investment in Equity												
Shares	300	100	-	-	-	-	-	-	-	-	-	-
9. Profit from												
M/s Brij Mohan Lall & Associates	-	-	-	-	57.27	0.68	-	-	-	-	-	-
10. Remuneration Paid												
Maresh Chander Munjal	-	-	-	-	-	-	43.81	65.86	-	-	-	-
11. Gratuity												
Employees Gratuity Fund	-	-	-	-	-	-	-	-	-	-	23.31	22.40
12. Receivable												
Hero Cycles Ltd.	-	-	87.02	67.60	-	-	-	-	-	-	-	-
M/s Brij Mohan Lall & Ass.	-	-	-	-	78.91	21.64	-	-	-	-	-	-
Munjal Showa Ltd.	-	-	-	-	-	-	-	-	6.29	4.03	-	-
13. Payable												
Hero Cycles Ltd.	-	-	100.75	268.07	-	-	-	-	-	-	-	-
M/s Amar Sons	-	-	-	-	-	-	-	-	106.82	-	-	-
M/s Amar Udyog	-	-	-	-	-	-	-	-	-	5.28	-	-
Maresh Chander Munjal	-	-	-	-	-	-	57.51	23.73	-	-	-	-
Others	-	-	-	-	-	-	-	-	0.05	0.04	-	-

Note: No amount has been provided as doubtful debts or advances / written off or written back in the year in respects of debts due from / to above related parties.

MAJESTIC AUTO LIMITED

20. SEGMENT DISCLOSURE

Business Segment

(Rs.in lacs)

	Year Ended 31.03.2011							Year Ended 31.03.2010						
	Fine Banking Components	Mufflers	Electricals	Spo-kes	Other Operation	Eliminations	Consolidated	Fine Banking Components	Mufflers	Electricals	Spo-kes	Other Operation	Eliminations	Consolidated
1 SEGMENT REVENUE														
Net Sales / Income from operations	2026	9070	2312	820	579	-	14807	1592	7518	2241	948	469	-	12768
Less: Inter segment Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET SALES/ INCOME FROM OPERATIONS	2026	9070	2312	820	579	-	14807	1592	7518	2241	948	469	-	12768
2 SEGMENT RESULTS														
Profit before Tax, Interest & Other Income	404	265	182	27	45	-	923	279	286	250	29	88	-	932
Total	404	265	182	27	45	-	923	279	286	250	29	88	-	932
Less: i) Interest							677							267
ii) Other un-allocable expenditure							(567)							(1641)
Net of un-allocable income							813							2306
Total Profit before tax							104							227
Less: Provision for Taxation							709							2079
Profit after tax														
3 OTHER INFORMATION														
Segment Assets-Fixed / Current Assets/Investments	3383	4049	11358	472	421	-	19683	2528	2501	3764	408	479	-	9680
Unallocated Corporate Asset	-	-	-	-	-	-	1302	-	-	-	-	-	-	2485
TOTAL ASSETS							20985							12165
Segment Liabilities-Term/ Current Liabilities	1685	4265	7994	351	249	-	14544	1353	3362	1030	405	380	-	6530
Unallocated Corporate Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES							14544							6530
4 Capital Expenditure for the year	793	169	7667	-	83	-	8712	78	192	568	-	134	-	972
5 Depreciation for the year	242	113	465	8	98	-	926	244	142	271	7	22	-	686
6 Other Non Cash Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-

21. GRATUITY PLANS :

The company has a defined benefit gratuity plan. The gratuity scheme of a company is covered under a group gratuity cum Life Assurance cash accumulation policy offered by LIC of India. The funding to the scheme is done through an approved gratuity trust. Every employee who has completed a minimum five years service is entitled to gratuity based on fifteen days last drawn salary for every completed year of service subject to a maximum of Rs. 5,00,000/-. The disclosures as required pursuant to the Revised Accounting Standard -15 is as under:-

	Year ended 31.03.2011 (Rs.)	Year ended 31.03.2010 (Rs.)
Net Employee Benefit Expense recognized in the Profit and Loss Account		
Current service cost	26,01,817	21,82,913
Add : Interest cost on present value of defined benefit obligation as at the beginning of the year	33,98,616	32,31,500
Less : Expected return on plan assets	13,94,921	12,40,174
Less : Net actuarial (gain)/loss recognized in the year	(11,19,033)	11,45,432
Add : Past service cost	-	-
Net Gratuity Cost	57,24,545	30,28,807

MAJESTIC AUTO LIMITED

Details of Provision for gratuity recognized in the Balance Sheet

Present value of defined benefit obligation at the end of year	4,72,74,571	4,24,82,700
Less : Unrecognized past service cost	-	-
Less : Fair value of plan assets at the end of year	1,64,79,010	1,50,80,224
Funded Status-Net Liability/(Asset)	3,07,95,561	2,74,02,476

Changes in the present value of the defined benefit obligation are as follows

Opening defined benefit obligation	4,24,82,700	4,03,93,751
Add : Interest cost	33,98,616	32,31,500
Add : Current service cost	26,01,817	21,82,913
Less : Benefits paid	22,90,117	20,83,579
Less : Actuarial gain / (loss) on obligation	10,81,555	(12,41,885)
Closing defined benefit obligation	4,72,74,571	4,24,82,700

Changes in the fair value of plan assets are as follows

Opening fair value of plan assets	1,50,80,224	1,37,79,707
Add : Expected return on plan assets	13,94,921	12,40,174
Add : Contributions by employer	23,31,460	22,40,375
Less : Benefits paid	22,90,117	20,83,579
Add : Actuarial gain / (loss)	(37,478)	(96,453)
Closing fair value of plan assets	1,64,79,010	1,50,80,224

Actual Return on Plan Assets

Expected Return on Plan Assets	13,94,921	12,40,174
Add: Actuarial gain/(loss) on Plan Assets	1,11,069	47,367
Actual Return on Plan Assets	15,05,990	12,87,541

The expected return on plan assets is based on market expectation, at the beginning of the period, for returns over the entire life of the related obligation. The gratuity scheme contribution is invested in a group gratuity-cum-life assurance cash accumulation policy offered by LIC of India. The expected return on plan assets is taken on the basis of the LIC fund statement received.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	%	%
Insurer Managed fund through Approved Trust	100	100

The principal assumptions used in determining gratuity are shown below:

	%	%
Discount rate	8	8
Expected rate of return on Plan assets	9.25	9
Salary escalation	7	7
Mortality rate	LIC (1994-96) ULTIMATE	LIC (1994-96) ULTIMATE
Employee turnover:-		
Upto 30 years	3	3
Upto 44 years	2	2
Above 44 years	1	1
Method of Valuation	Projected Unit Credit	Projected Unit Credit

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

SUPERANNUATION BENEFIT

Apart from being covered under the Gratuity Plan, certain employees of the Company participate in a Superannuation Benefit; a defined contribution plan administrated by Life Insurance Corporation ("LIC"). The Company makes contributions based on a specified percentage of salary of each covered employee. The Company does not have any further obligation to the superannuation plan beyond making such contributions. Upon retirement or separation (only after completion of 5 years of services) an employee becomes entitled for superannuation benefit, as determined by LIC, which is paid directly to the concerned employee. The Company contributed Rs. Nil (Previous Year Nil) to the Superannuation Plan.

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22. Details of dues to Micro Enterprises and Small Enterprises.

(Rs. In Lacs)

Sl. No.	Particulars	As on 31.03.2011		As on 31.03.2010	
		Principle	Interest	Principle	Interest
a)	The principle amount and interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year.	464	-	260	-
b)	The amount of interest paid by the buyer in terms of Section 16 of Micro Small and Medium Enterprises Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-	-	-
c)	The amount of interest due and payable for the period of delay in making payment (which have been but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	-	-	-	-
d)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-	-	-
e)	The amount of further interest remaining due and payable even in the succeeding years, until such date, when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-	-	-

23. Information pursuant to the provisions of paragraph 3, 4C, 4D of Part-II of Schedule VI of the Companies Act, 1956 as far as Practicable

A. Details of Capacity and Production :

Item	Unit	Licenced Capacity		Installed Capacity		Actual Production	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
i) Spokes with Nipples & Washers	Nos. In Lacs	-	-	2,938.00	2,938.00	1,423.38	1,715.07
ii) Mufflers	Nos.	-	-	12,65,000	12,65,000	11,19,125	12,42,961
iii) Fine blanking comp.	Nos.	-	-	3,28,20,000	2,82,00,000	2,24,21,846	2,02,86,895

Installed capacity is as certified by the Management and relied on by Auditors being a technical matter.

B. Particulars in respect of opening stock, closing stock and sale of goods produced by the Company

Class of Goods	Unit	Upto	Opening Stock		Qty.	Sales		Closing Stock	
			Qty.	Value (Rs.)		Value (Rs.)	Qty.	Value (Rs.)	Value (Rs.)
i) Spokes with Nipples & Washers	Nos. in Lacs	31.3.2011	8.47	4,28,421	1,418.84	8,65,36,920	13.01	8,70,664	
		31.3.2010	17.74	9,74,378	1,724.34	9,88,11,683	8.47	4,28,421	
ii) Mufflers	Nos.	31.3.2011	12,287	1,09,32,358	11,19,651	1,02,11,90,785	11,761	98,61,381	
		31.3.2010	12,880	61,58,202	12,43,554	81,70,79,934	12,287	1,09,32,358	
iii) Fine Blanking components	Nos.	31.3.2011	4,85,309	29,10,444	2,26,07,360	19,98,80,300	2,99,795	22,38,142	
		31.3.2010	5,13,209	51,43,136	2,03,14,795	15,47,17,718	4,85,309	29,10,444	
iv) Electricals	Lot	31.3.2011	-	23,927	-	9,92,06,161	-	46	
		31.3.2010	-	-	-	9,33,06,105	-	23,927	
v) Others	Lot	31.3.2011	-	5,57,749	-	10,34,35,239	-	5,06,366	
		31.3.2010	-	3,43,326	-	8,63,91,598	-	5,57,749	
vi) Job Charges Received		31.3.2011	-	-	-	15,37,37,248	-	-	
		31.3.2010	-	-	-	14,76,06,821	-	-	
Total		31.3.2011		1,48,52,899		1,66,39,86,653		1,34,76,599	
		31.3.2010		1,26,19,042		1,39,79,13,859		1,48,52,899	

MAJESTIC AUTO LIMITED

C. Particulars in respect of traded goods

Class of Goods	Unit	Up to	Opening Stock Qty.	Value (Rs.)	Purchases Qty.	Value (Rs.)	Sales Qty.	Value (Rs.)	Closing Stock Qty.	Value (Rs.)
Electricals (Aluminum)	M.T.	31.3.2011	-	-	219	2,96,92,791	219	3,11,02,884	-	-
		31.3.2010	-	-	173	1,88,73,436	173	2,06,79,230	-	-
Total		31.3.2011	-	-	-	2,96,92,791	-	3,11,02,884	-	-
		31.3.2010	-	-	-	1,88,73,436	-	2,06,79,230	-	-

D. Analysis of Raw Material and Components consumed (On Derived Method)

Class of Goods	Unit	Qty.	Year ended 31.03.2011 Value (Rs.)	Unit	Qty.	Year ended 31.03.2010 Value (Rs.)
i) Steel Wire	M.T.	959.26	5,79,41,007	M.T.	1239.53	6,69,34,510
ii) Raw Materials & Components	Assorted		80,72,55,478	Assorted		59,99,03,426
iii) Paints and Chemicals	Assorted		4,07,51,155	Assorted		3,08,23,205
iv) Plating Material	Assorted		4,80,00,143	Assorted		7,25,96,955
Total			95,39,47,783			77,02,58,096

E. Value of Raw Material and Components consumed

Class of Goods	Classification	%	Year ended 31.03.2011 Value (Rs.)	%	Year ended 31.03.2010 Value (Rs.)
Raw Materials, Spare Parts and Components	Imported	0.56	53,82,929	5.98	4,60,88,283
	Indigenous	99.44	94,85,64,854	94.02	72,41,69,813
Total		100	95,39,47,783	100	77,02,58,096

F. Value of Imports on CIF Basis

	Year ended 31.03.2011 (Rs.)	Year ended 31.03.2010 (Rs.)
Raw Material	11,98,890	3,75,78,638
Spare Parts & Components	14,15,078	6,44,097
Capital Goods	18,02,57,110	3,86,26,774
Others	72,20,163	64,17,054
Total	19,00,91,241	8,32,66,563

G. Expenditure in Foreign Currency

	Year ended 31.03.2011 (Rs.)	Year ended 31.03.2010 (Rs.)
i) Interest	9,72,742	-
ii) Others	7,97,154	1,12,478
Total	17,69,896	1,12,478

H. Foreign Currency Earnings

	Year ended 31.03.2011 (Rs.)	Year ended 31.03.2010 (Rs.)
Export of Goods on FOB basis	14,60,377	-

MAJESTIC AUTO LIMITED

24. The Information pursuant to Part IV of Schedule VI to the Companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No.	CIN-L35911PB1973PLC003264	State Code	16
Balance Sheet Date	Date Month Year		
	31 03 2011		

II. CAPITAL RAISED DURING THE YEAR

Public Issue	Right Issue	Bonus Issue	Private Placement
NIL	NIL	NIL	NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

	Total Liabilities	Total Assets		
	2098534	2098534		
SOURCES OF FUNDS	Paid-up Capital	Reserves & Surplus	Secured Loans	Unsecured Loans
	103982	540135*	938151	215752
APPLICATION OF FUNDS	Net Fixed Assets	Investments	Net Current Assets	Misc. Expenditure
	1468455	39192	290373	---
	Accumulated Losses			
	—			

*Includes deferred tax liabilities (Net) at Rs. 37662 THOUSANDS

IV. PERFORMANCE OF COMPANY

Turnover Including other income	Total Expenditure	Profit Before Tax
1549249	1467986	81263
Profit After Tax	Earning per Share in Rs.	Dividend Rate %
70905	6.82	Nil

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY

(As per Monetary Terms)

Item Code No. (ITC Code)	:	8714
Product Description	:	PART AND ACCESSORIES OF MOTOR CYCLE (INCLUDING MOPEDS) & BICYCLE
Item Code No. (ITC Code)	:	8536
Product Description	:	ELECTRICALS APPARATUS

AS PER OUR AUDIT REPORT
OF EVEN DATE ANNEXED
For and on behalf of B.D. Bansal & Co.
Chartered Accountants
ICAI Reg. No. 000621N

Place: Ludhiana
Date : 30.05.2011

Rajesh Kumar Dang
VP (Finance) Cum Co. Secretary

Mahesh Chander Munjal
Chairman & Managing Director

S.S.Khosla (Satish Kumar Bansal)
Director Partner
Membership No. 80324

MAJESTIC AUTO LIMITED

AUDITORS' REPORT

AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF MAJESTIC AUTO LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS

To

The Board of Directors

Majestic Auto Limited

1. We have audited the attached Consolidated Balance Sheet of Majestic Auto Limited and its subsidiary company Majestic IT Services Limited as at 31st March, 2011, the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated 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 about whether the financial statements are free of material misstatement. An audit includes examining, on 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard-21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the company and its subsidiary included in the consolidated financial statements.
4. Without qualifying our report, we draw attention to note no. 5 of notes to account, regarding the non ascertainability of the impact on stock valuation on the financials of the company due to change in stock valuation technique from "Monthly Moving weighted average Basis" to "Moment Moving Weighted average" for more appropriate and relevant presentation of financial statements.
5. In our opinion and to the best of our information and according to explanations given to us and on consideration of the separate audit report on individual audited financial statements of Majestic Auto Limited and its aforesaid subsidiary company, the Consolidated Balance Sheet, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement give a true and fair view in conformity with the accounting principles generally accepted in India:-
 - i) In the case of Consolidated Balance Sheet, of the Consolidated State of Affairs of Majestic Auto Limited and its subsidiary, as at 31st March, 2011,
 - ii) In the case of Consolidated Profit and Loss Account, of the Consolidated results of operations of Majestic Auto Limited and its subsidiary for the year then ended and
 - iii) In the case of Consolidated Cash Flow Statement, of the Consolidated Cash Flows of Majestic Auto Limited and its subsidiary for the year then ended.

**For and on behalf of B.D.Bansal & Co.
Chartered Accountants
ICAI Reg. No. 000621N**

**Place : Ludhiana
Date : 30.05.2011**

**(Satish Kumar Bansal)
PARTNER
Membership No.80324**

MAJESTIC AUTO LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31.03.2011

PARTICULARS	SCHEDULE NO.	(Rs.)	As At 31.03.2011 (Rs.)	As At 31.03.2010 (Rs.)
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
a) Share Capital	I	10,39,82,280		10,39,82,280
b) Reserves & Surplus	II	48,09,75,655		42,81,55,142
			58,49,57,935	53,21,37,422
LOAN FUNDS				
a) Secured Loans	III	93,81,50,497		13,30,09,572
b) Unsecured Loans	IV	21,57,51,484		25,75,01,096
			1,15,39,01,981	39,05,10,668
Deferred Tax Liabilities(net)			3,76,62,377	2,80,04,470
TOTAL			1,77,65,22,293	95,06,52,560
APPLICATION OF FUNDS				
FIXED ASSETS				
a) Gross Block	V	1,85,57,06,281		1,04,69,69,414
b) Less: Depreciation		50,65,39,263		41,38,87,407
c) Net Block		1,34,91,67,018		63,30,82,007
d) ADD Capital Work in Progress		15,22,90,060		6,21,07,028
			1,50,14,57,078	69,51,89,035
INVESTMENTS	VI		91,91,969	52,64,480
CURRENT ASSETS, LOANS & ADVANCES				
a) Inventories		11,03,07,983		8,53,75,646
b) Sundry Debtors		23,71,71,770		10,58,05,985
c) Cash And Bank Balances		3,42,17,712		3,19,99,991
d) Loans And Advances		19,23,97,952		29,23,01,343
TOTAL		57,40,95,417		51,54,82,965
LESS: CURRENT LIABILITIES & PROVISIONS				
a) Liabilities	VIII	25,42,89,756		22,12,41,646
b) Provisions		5,39,32,415		4,40,42,274
		30,82,22,171		26,52,83,920
NET CURRENT ASSETS			26,58,73,246	25,01,99,045
TOTAL			1,77,65,22,293	95,06,52,560
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNT				
	XIII			

AS PER OUR AUDIT REPORT
OF EVEN DATE ANNEXED
For and on behalf of B.D. Bansal & Co.
Chartered Accountants
ICAI Reg. No. 000621N

Place: Ludhiana
Date : 30.05.2011

Rajesh Kumar Dang
VP (Finance) Cum Co. Secretary

Mahesh Chander Munjal
Chairman & Managing Director

S.S.Khosla (Satish Kumar Bansal)
Director Partner
Membership No. 80324

MAJESTIC AUTO LIMITED

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011

PARTICULARS	SCHEDULE NO.	(Rs.)	Year Ended 31.03.2011 (Rs.)	Year Ended 31.03.2010 (Rs.)
INCOME				
Operational Income	IX	1,69,58,73,314		1,41,85,93,089
Less : Excise Duty Paid		17,25,16,983		10,83,09,640
Sales Tax / VAT Paid		4,19,19,656		3,34,96,873
		<u>21,44,36,639</u>		<u>14,18,06,513</u>
Net Operational Income			1,48,14,36,675	1,27,67,86,576
Other Income	X		6,87,05,619	16,95,04,809
TOTAL (A)			<u>1,55,01,42,294</u>	<u>1,44,62,91,385</u>
EXPENDITURE				
Manufacturing and Other Expenses	XI		1,31,94,44,298	1,11,54,77,455
Financial Expenses	XII		7,48,56,142	3,49,14,160
Depreciation			9,26,85,901	6,86,33,966
TOTAL (B)			<u>1,48,69,86,341</u>	<u>1,21,90,25,581</u>
Profit Before Taxation (A-B)			6,31,55,953	22,72,65,804
Less: Provision for Taxation				
- Current			65,00,000	1,16,00,000
- Deferred			96,57,907	2,20,19,395
Provision for Wealth Tax			7,00,000	7,00,000
Mat credit entitlement			(65,00,000)	(1,16,00,000)
Profit After Tax			<u>5,27,98,046</u>	<u>20,45,46,409</u>
Less: Prior Year Expenses			75,931	7,85,555
Add : Prior Year Income			—	4,57,243
Add : Prior Year Tax adjustment			98,398	3,61,588
Balance Brought Forward			<u>36,22,02,756</u>	<u>15,76,23,071</u>
Profit available for appropriation			<u>41,50,23,269</u>	<u>36,22,02,756</u>
Balance Carried to Balance Sheet			41,50,23,269	36,22,02,756
Earnings Per Share (in Rs.) (Face Value of Rs. 10/- each)				
- Basic			5.08	19.68
- Diluted			5.08	19.68
(Refer Note No.8 of Notes to Account)				

AS PER OUR AUDIT REPORT
OF EVEN DATE ANNEXED
For and on behalf of B.D. Bansal & Co.
Chartered Accountants
ICAI Reg. No. 000621N

Place: Ludhiana
Date : 30.05.2011

Rajesh Kumar Dang
VP (Finance) Cum Co. Secretary

Mahesh Chander Munjal
Chairman & Managing Director

S.S.Khosla (Satish Kumar Bansal)
Director Partner
Membership No. 80324

MAJESTIC AUTO LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	Year Ended 31.03.2011 (Rs.)	Year Ended 31.3.2010 (Rs.)
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and Extraordinary Items	6,31,55,953	22,72,65,804
Adjustments for		
Add: a) Depreciation	9,26,85,901	6,86,33,966
b) Exchange Differences	(11,24,719)	—
c) Loss on Fixed Assets sold \ discarded	—	3,58,264
d) Interest - Others and financial charges	7,47,87,987	3,47,87,769
e) Provision for Doubtful Debts	(3,72,669)	(5,93,839)
f) Premium on Forward Contracts	—	9,596
g) Loss on Forward Contracts	56,204	1,16,795
	16,60,32,704	10,33,12,551
Less: a) Interest Received on Loans,Deposits	6,67,125	16,61,630
b) Dividend Income on		
Long Term Quoted Investments(Non Trade)	4,87,50,300	16,25,01,000
Current Un-quoted Investments(Non Trade)	4,867	—
c) Profit From Investments in AOP(Non Trade)	57,27,489	67,955
d) Profit on Sale of Fixed Assets	3,424	22,894
e) Profit on Forward Contract	19,56,000	6,64,000
f) Profit on Sale of Investments	1,69,861	—
	5,72,79,066	16,49,17,479
Operating Profit Before Working Capital changes	17,19,09,591	16,56,60,876
Adjustments for :		
a) Increase in Trade Payables	3,64,38,251	3,74,99,430
b) (Increase)/Decrease in Inventories	(2,49,32,337)	27,56,107
c) (Increase)/Decrease in Loans & Advances	12,22,33,147	(23,26,40,182)
d) (Increase)/Decrease in Trade & Other Receivables	(13,09,93,116)	(80,92,235)
	27,45,945	(20,04,76,880)
Cash Generated from operations	17,46,55,536	(3,48,16,004)
Less: a) Direct taxes paid	1,64,31,358	59,48,982
b) Exchange Differences	(11,24,719)	—
c) Net prior period expenses / Tax adjustments	75,931	(34,80,765)
	1,53,82,570	24,68,217
Net Cash Flow from operating activities	15,92,72,966	(3,72,84,221)
B. CASH FLOW FROM INVESTING ACTIVITIES		
a) Sale of Fixed Assets	5,000	3,50,000
b) Purchase of Investments	(20,00,11,743)	—
c) Interest received on Loans, Deposits	6,67,125	16,61,630
d) Dividend Income	4,87,50,300	16,25,01,000
e) Purchase of Fixed Assets	(89,89,55,520)	(10,25,27,116)
f) Premium on Forward Contracts	—	(9,596)
g) Loss on Forward Contracts	(56,204)	(1,16,795)
h) Profit on Forward Contracts	19,56,000	6,64,000
i) Sale of Investments	20,19,86,471	—
Net Cash from (used in) investing activities	(84,56,58,571)	6,25,23,123
C. CASH FLOW FROM FINANCING ACTIVITIES		
a) Repayment of borrowings	(12,60,66,100)	(54,91,503)
b) Interest - others and financial charges	(7,47,87,987)	(3,47,87,769)
c) Dividend paid	—	(240)
	(20,08,54,087)	(4,02,79,512)
Less: Proceeds from borrowings	88,94,57,413	2,50,00,000
Net Cash from (used in) financing activities	68,86,03,326	(1,52,79,512)
D. NET INCREASE(+)/DECREASE(-) IN CASH AND CASH EQUIVALENTS (A+B+C)	22,17,721	99,59,390
Cash and Cash equivalents at the beginning of the year	3,19,99,991	2,20,40,601
Cash and Cash equivalents at the end of the year	3,42,17,712	3,19,99,991

NOTES TO THE CASH FLOW STATEMENT

- Cash and Cash equivalents includes cash and bank balances shown in Schedule VII of the Balance Sheet.
- Prior Year figures have been regrouped and recast wherever necessary.
- Balance in deposit accounts at Rs.20,90,906/- (P.Y 68,99,622/-) included in Para 1 above is held as Margin money by Banks and are not freely remissible to the Company.

AS PER OUR AUDIT REPORT
OF EVEN DATE ANNEXED
For and on behalf of B.D. Bansal & Co.
Chartered Accountants
ICAI Reg. No. 000621N

Place: Ludhiana
Date : 30.05.2011

Rajesh Kumar Dang
VP (Finance) Cum Co. Secretary

Mahesh Chander Munjal
Chairman & Managing Director

S.S.Khosla (Satish Kumar Bansal)
Director Partner
Membership No. 80324

MAJESTIC AUTO LIMITED

SCHEDULES I TO VIII ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE - I : SHARE CAPITAL

	AS AT 31.03.2011 (Rs.)	AS AT 31.03.2010 (Rs.)
AUTHORISED		
1,50,00,000 (Previous Year 1,50,00,000)	15,00,00,000	15,00,00,000
Equity Shares of Rs.10/- each		
2,50,00,000 (Previous Year 2,50,00,000)	25,00,00,000	25,00,00,000
Preference Shares of Rs. 10/- each	40,00,00,000	40,00,00,000
ISSUED		
1,03,98,978 (Previous Year 1,03,98,978)		
Equity Shares of Rs. 10/- each	10,39,89,780	10,39,89,780
SUBSCRIBED AND PAID UP		
1,03,97,478 (Previous Year 1,03,97,478)		
Equity Shares of Rs. 10/- Each fully paid up	10,39,74,780	10,39,74,780
Add:Share forfeited (Amount paid up)	7,500	7,500
	10,39,82,280	10,39,82,280
	10,39,82,280	10,39,82,280

Notes :

- 71,533 Equity Shares of Rs. 10/- each allotted as fully paid pursuant to a contract without payment being received in cash.
- 23,98,500 Equity Shares of Rs. 10/- each issued as fully paid by way of Bonus Shares by capitalisation of General Reserve.
- 77,57,688 (Previous Year Nil) Equity Shares of Rs. 10/- each are held by holding Company M/s Anadi Investments (P) Ltd.

SCHEDULE - II : RESERVES & SURPLUS

	AS AT 31.03.2011 (Rs.)	AS AT 31.03.2010 (Rs.)
CAPITAL RESERVE		
Balance as per last Balance Sheet	30,00,000	30,00,000
SECURITIES PREMIUM ACCOUNT		
Balance as per last Balance Sheet	1,29,52,386	1,29,52,386
GENERAL RESERVE		
Balance as per last Balance Sheet	5,00,00,000	5,00,00,000
SURPLUS ACCOUNT		
As Per Profit and Loss Account	41,50,23,269	36,22,02,756
	48,09,75,655	42,81,55,142

MAJESTIC AUTO LIMITED

SCHEDULE - III : SECURED LOANS

	AS AT 31.03.2011 (Rs.)	AS AT 31.03.2010 (Rs.)
LOANS & ADVANCES FROM BANKS		
i) a) Term Loan [Amount repayable within one year Rs.9,65,07,991/- (Previous Year Rs.2,76,92,000/-)]	60,22,62,083	4,50,00,090
b) Interest accrued & due on above [Amount repayable within one year Rs.92/- (Previous Year Rs.Nil)]	92	—
ii) Buyer's credit from a bank [Amount repayable within one year Rs.6,09,67,977/- (Previous Year Rs.Nil)]	15,39,03,960	—
iii) Cash Credit	17,59,84,362	3,76,05,052
iv) Short Term Loan [Amount repayable within one year Rs.60,00,000/- (Previous Year Rs.5,04,04,430/-)]	60,00,000	5,04,04,430
	<u>93,81,50,497</u>	<u>13,30,09,572</u>

Notes :

- The Term Loans and advances at serial no. (i) & (ii) are secured by mortgage over the immovable properties on pari-passu basis and first charge on entire fixed assets of the Company both present & future on pari-passu basis and also secured by Second Charge on entire current assets of the Company both present and future. These Term Loans are also further secured by personal guarantee of Managing Director of the Company.
- The Loans and advances at serial no.(iii) & (iv) from Banks are secured by hypothecation of stock in trade and book debts and other current assets of the Company both present and future on pari-passu basis and also secured by second pari-passu charge on the immovable properties and entire fixed assets (both present & future) of the Company. These Loans are further secured by personal guarantee of Managing Director of the Company.

SCHEDULE - IV : UNSECURED LOANS

	AS AT 31.03.2011 (Rs.)	AS AT 31.03.2010 (Rs.)
SHORT TERM LOANS & ADVANCES		
a) From Banks*	—	50,00,000
b) From Others*	6,00,00,000	—
OTHER LOANS & ADVANCES		
a) From Managing Director	10,00,00,000	10,00,00,000
Interest accrued & due on above	57,51,484	—
b) From Others (Inter Corporate Deposits)	5,00,00,000	15,25,00,000
Interest accrued & due on above	—	1,096
	<u>21,57,51,484</u>	<u>25,75,01,096</u>

* Against personal guarantee of the Managing Director of the Company and aggregate amount is Rs. 6,00,00,000 (Previous Year Rs.50,00,000).

MAJESTIC AUTO LIMITED

SCHEDULE - V : FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK	
	As on 01.04.2010	Additions	Sold/Transfer Adjustment	Total As On 31.03.2011	Upto 01.04.2010	For the year	Sold/Transfer Adjustment	Upto 31.03.2011	As On 31.03.2011	As On 31.03.2010
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Leasehold Land	-	32,45,74,589	-	32,45,74,589	-	18,08,215	-	18,08,215	32,27,66,374	-
Freehold Land	44,29,7,910	-	-	4,42,97,910	-	-	-	-	4,42,97,910	4,42,97,910
Buildings	20,52,51,002	1,74,47,250	-	22,26,98,252	4,32,48,000	61,11,170	-	4,93,59,170	17,33,39,082	16,20,03,002
Machinery and Equipments	75,79,06,162	46,13,70,035	-	1,21,92,76,197	35,16,53,394	8,19,18,968	-	43,35,72,362	78,57,03,835	4,06,252,768
Intangible Assets	13,500	27,74,070	-	27,87,570	210	2,26,886	-	2,27,096	25,60,474	13,290
Furniture, Fixture and Office Equipments	2,65,13,487	13,07,920	12,600	2,78,08,807	1,23,36,527	12,66,874	205	1,36,03,196	1,42,05,611	1,41,76,960
Vehicles	1,29,87,353	13,11,224	35,621	1,42,62,956	66,49,276	13,53,788	33,840	79,69,224	62,93,732	63,38,077
Sub Total	1,04,69,69,414	80,87,85,088	48,221	1,85,57,06,281	41,38,87,407	9,26,85,901	34,045	50,65,39,263	1,34,91,67,018	63,30,82,007
Previous Year Figures	1,00,14,03,091	4,73,69,626	18,03,303	1,04,69,69,414	34,63,71,373	6,86,33,966	11,17,932	41,38,87,407	63,30,82,007	65,50,31,718
Capital Work in Progress										
Building under Construction at Noida	-	12,42,599	-	12,42,599	-	-	-	-	12,42,599	-
Building under Construction at Ludhiana	1,21,08,452	2,68,59,623	1,21,08,452	2,68,59,623	-	-	-	-	2,68,59,623	1,21,08,452
Project in Progress	49,37,704	2,71,70,122	-	3,21,07,826	-	-	-	-	3,21,07,826	49,37,704
Machinery under Installation	4,50,60,872	9,20,65,512	4,50,46,372	9,20,80,012	-	-	-	-	9,20,80,012	4,50,60,872
Sub Total	6,21,07,028	14,73,37,856	5,71,54,824	15,22,90,060	-	-	-	-	15,22,90,060	6,21,07,028
Previous Year Figures	69,49,536	6,16,27,102	64,69,610	6,21,07,028	-	-	-	-	6,21,07,028	69,49,536
Grand Total	1,10,90,76,442	95,61,22,944	5,72,03,045	2,00,79,96,341	41,38,87,407	9,26,85,901	34,045	50,65,39,263	1,50,14,57,078	69,51,89,035
Previous Year Figures	1,00,83,52,627	10,89,96,728	82,72,913	1,10,90,76,442	34,63,71,373	6,86,33,966	11,17,932	41,38,87,407	69,51,89,035	66,19,81,254

SCHEDULE - VI : INVESTMENTS

	AS AT 31.03.2011 (Rs.)	AS AT 31.03.2010 (Rs.)
A. QUOTED SHARES (AT COST) (LONG TERM) (NON-TRADE)		
Hero Honda Motors Limited 16,25,010 Equity shares of Rs.2/- each fully paid up	13,00,010	13,00,010
B. UNQUOTED SHARES(AT COST) (LONG TERM) (NON-TRADE)		
Hero Financial Services Limited Nil (Previous Year 1,80,000 Equity Shares of Rs. 10/- each fully paid up)	-	18,00,000
C. ASSOCIATION OF PERSONS (NON-TRADE)		
M/s Brijmohan Lall & Associates		
Capital Account	12,00,000	12,00,000
Current Account	66,91,959	9,64,470
	78,91,959	21,64,470
	91,91,969	52,64,480

Notes :

1. Aggregate Book value of quoted investments	13,00,010	13,00,010
2. Aggregate Market value of quoted investments	2,58,28,72,145	3,15,66,63,176
3. Aggregate Book value of unquoted investments	78,91,959	39,64,470

MAJESTIC AUTO LIMITED

SCHEDULE - VII : CURRENT ASSETS, LOANS & ADVANCES

		AS AT 31.03.2011 (Rs.)	AS AT 31.03.2010 (Rs.)
A. CURRENT ASSETS			
INVENTORIES			
(As taken, valued and certified by the management)			
a) Raw Materials and Components	3,55,39,393		3,57,31,831
b) Stores & Spares	1,03,80,145		82,97,032
c) Loose Tools	1,00,97,338		67,49,668
d) Finished Goods	1,34,76,599		1,48,52,899
e) Work in Progress	3,90,33,204		1,86,73,836
f) Scrap	17,81,304		10,70,380
		11,03,07,983	8,53,75,646
SUNDRY DEBTORS (UNSECURED)			
a) Outstanding Over Six Months			
i) Considered Good	23,71,71,770		11,14,156
ii) Considered Doubtful	6,25,29,185		6,29,01,854
	29,97,00,955		6,40,16,010
Less : Provision for Doubtful Debts	6,25,29,185		6,29,01,854
	23,71,71,770		11,14,156
b) Others (Considered Good)	—		10,46,91,829
		23,71,71,770	10,58,05,985
CASH AND BANK BALANCES			
a) Cash Balance on Hand	1,72,380		4,48,350
b) Balances with Scheduled Banks			
i) On Current Accounts	3,18,38,229		2,45,87,533
ii) On Deposit Accounts	20,90,906		68,99,622
(Lien marked on sum of Rs.20,90,906/- Previous Year Rs.68,99,622/-)			
c) Interest accrued on fixed deposits	1,16,197		64,486
		3,42,17,712	3,19,99,991
B. LOANS AND ADVANCES			
(Unsecured, Considered Good)			
a) Advances recoverable in cash or in kind or for value to be received or pending adjustments	5,26,73,141		21,27,88,461
b) Balances with Central Excise Deptt / Customs Deptt.	3,87,00,595		63,44,330
c) Advances paid to Suppliers	5,51,43,052		4,96,17,144
d) Income tax payments (Net of Provisions)	2,50,81,164		92,51,408
e) MAT credit entitlement	2,08,00,000		1,43,00,000
		19,23,97,952	29,23,01,343
		57,40,95,417	51,54,82,965

MAJESTIC AUTO LIMITED

SCHEDULE - VIII : CURRENT LIABILITIES & PROVISIONS

	AS AT 31.03.2011 (Rs.)	AS AT 31.03.2010 (Rs.)
CURRENT LIABILITIES		
a) Sundry Creditors (For Goods, Services and Expenses)		
i) Total out standing due of Micro Enterprises and Small Enterprises	4,64,05,455	1,06,61,448
ii) Others	14,01,93,953	12,94,02,242
	18,65,99,408	14,00,63,690
b) Advance from Customers	27,54,448	49,51,213
c) Investor Education and Protection Fund shall be credited by the following amount namely: Unpaid Dividend*	68,228	68,324
d) Other Liabilities	6,48,67,672	7,61,58,419
	25,42,89,756	22,12,41,646
PROVISIONS		
For Income Tax	2,08,00,000	1,43,00,000
For Wealth Tax	7,00,000	7,00,000
For Gratuity	3,09,28,384	2,74,24,763
For Excise Duty on Finished Goods	15,04,031	16,17,511
	5,39,32,415	4,40,42,274
	30,82,22,171	26,52,83,920

* Does not include any amounts outstanding as on March 31, 2011 which are required to be credited to Investor Education and Protection Fund.

SCHEDULE - IX TO XII ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

SCHEDULE - IX : OPERATIONAL INCOME

	YEAR ENDED 31.03.2011 (Rs.)	YEAR ENDED 31.03.2010 (Rs.)
Domestic Sales	1,55,08,99,326	1,27,09,86,268
Export Sales	14,60,377	—
Job charges Received	14,35,13,611	14,76,06,821
	1,69,58,73,314	1,41,85,93,089

SCHEDULE - X : OTHER INCOME

	YEAR ENDED 31.03.2011 (Rs.)	YEAR ENDED 31.03.2010 (Rs.)
Profit From Investment in AOP (NON-TRADE) (Long Term) [From M/s Brijmohan Lall & Associates]	57,27,489	67,955
Dividend Received (On Long Term Quoted Investments) (NON-TRADE)	4,87,50,300	16,25,01,000
Dividend Received (On Short Term Unquoted Investments) (NON-TRADE)	4,867	—
Rent Received on assets leased prior to 1.4.2001 [T.D.S.Rs.Nil (Previous Year Rs.Nil)]	59,452	60,000
Profit on Sale of Investments	1,69,861	—
Profit on Sale of Fixed Assets	3,424	22,894
Excess Provision for doubtful debts Written Back	4,82,023	5,93,839
Interest Received on Deposits, Loans & Refunds, (Gross) [T.D.S.Rs.20,027/- (Previous Year Rs.77,854/-)]	6,67,125	16,61,630
Miscellaneous Income	97,60,359	39,33,491
Profit on Forward Contract	19,56,000	6,64,000
Foreign Exchange Fluctuation	11,24,719	—
	6,87,05,619	16,95,04,809

MAJESTIC AUTO LIMITED

SCHEDULE - XI : MANUFACTURING AND OTHER EXPENSES

	YEAR ENDED 31.03.2011 (Rs.)	YEAR ENDED 31.03.2010 (Rs.)
RAW MATERIAL & COMPONENTS CONSUMED	95,39,47,783	77,02,58,096
PURCHASES OF TRADING ITEMS	2,53,65,392	1,66,05,580
VARIATION IN STOCK		
Opening Stock		
Finished Goods	1,48,52,899	1,26,19,042
Work-in-Process	1,86,73,836	2,04,78,272
Scrap	10,70,380	18,33,769
	3,45,97,115	3,49,31,083
Less: Excise Duty Paid on Opening Stock	16,17,511	11,40,054
Net opening stock	3,29,79,604	3,37,91,029
Closing Stock		
Finished Goods	1,34,76,599	1,48,52,899
Work-in-Process	3,90,33,204	1,86,73,836
Scrap	17,81,304	10,70,380
	5,42,91,107	3,45,97,115
Less: Excise Duty on Closing Stock	15,04,031	16,17,511
Net closing stock	5,27,87,076	3,29,79,604
	(1,98,07,472)	8,11,425
MANUFACTURING EXPENSES		
Stores and Spares Consumed	2,26,51,838	1,69,83,586
Power and Fuel	5,75,87,771	6,53,81,037
Research and Development Expenses	7,150	16,951
Other Manufacturing Expenses	35,53,919	28,359
	8,38,00,678	8,24,09,933
PAYMENT TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages, Bonus & Allowances	13,18,72,952	11,86,73,085
Contribution to Provident and other Funds	2,50,16,941	1,42,68,783
Staff Welfare	18,40,111	19,44,782
	15,87,30,004	13,48,86,650
ADMINISTRATIVE EXPENSES		
Rent (Including rent paid on assets leased prior to 01.04.2001)	41,94,969	7,38,942
Rates and Taxes	10,69,556	15,04,691
Repairs to Building	10,62,176	16,43,966
Repairs to Machinery	2,05,93,637	2,95,16,917
Repairs Other	31,60,971	51,16,693
Insurance	24,95,480	28,38,051
Travelling Expenses	43,68,416	28,58,097
Miscellaneous Expenses	1,99,07,720	1,38,11,781
Preliminary Expenses Written off	-	20,19,179
Loss on Assets Sold / Written off	-	3,58,264
	5,68,52,925	6,04,06,581
SELLING EXPENSES		
Rebate & Discount	11,721	45,780
Sales Promotion	7,37,297	5,33,637
Packing & Forwarding	5,26,08,752	4,94,56,001
Advertisement & Publicity Expenses	63,51,906	60,333
Other Selling Expenses	8,45,312	3,439
	6,05,54,988	5,00,99,190
	1,31,94,44,298	1,11,54,77,455

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SCHEDULE - XII : FINANCIAL EXPENSES

	YEAR ENDED 31.03.2011 (Rs.)	YEAR ENDED 31.03.2010 (Rs.)
Interest to Banks & Financial Institutions on Term Loans	3,63,12,853	41,82,042
Interest paid to Banks on Working Capital Loans	30,58,044	41,67,784
Interest paid on Inter corporate deposits	1,82,99,992	1,83,00,000
Other Interest & Charges (Including Bank & Commitment Charges)	1,71,29,049	81,37,943
Premium on Forward Contracts	56,204	9,596
Loss on Forward Contracts	-	1,16,795
	7,48,56,142	3,49,14,160

SCHEDULE - XIII : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNT

(A) SIGNIFICANT ACCOUNTING POLICIES

I) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include accounts of the Majestic Auto Limited (MAL) and its wholly owned subsidiary Majestic IT Services Limited. Subsidiary undertakings are those companies in which MAL, directly or indirectly, has an interest of more than one half of voting power or otherwise controls the composition of the Board/Governing Body so as to obtain economic benefits from its activities. Subsidiaries are consolidated from the date on which effective control is transferred to the Group till the date such control ceases. The consolidated financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended).

The consolidated financial statements have been prepared under the historical cost convention on an accrual basis. The consolidated financial statements have been prepared based on a line-by-line consolidation of the Balance Sheet, Profit and Loss account and Cash Flow Statement of MAL and its subsidiary. All inter-company transactions, balances and unrealized surpluses and deficits on transactions between the two companies are eliminated unless cost cannot be recovered.

The Consolidated Financial Statements have been prepared using uniform policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Company's separate financial statements.

II) ACCOUNTING FOR ESTIMATES

The preparation of financial statements is in conformity with the generally accepted accounting principles and requires estimates and assumptions to be made that affect the reportable amount of assets and liabilities on date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results are known/ materialized.

III) ACCOUNTING CONVENTIONS

The financial statements are prepared under the historical cost convention on accrual basis and in accordance with the Accounting Standards issued under the Companies (Accounting Standards) Rules, 2006 and the relevant presentational requirements of the Companies Act, 1956.

IV) FIXED ASSETS INCLUDING INTANGIBLE ASSETS AND DEPRECIATION/AMORTISATION

- Fixed assets including intangible assets are stated at cost net of cenvat, less accumulated depreciation and / or impairment loss, if any. Intangible assets comprise computer software/licenses. All costs till commencement of commercial production attributable to the fixed assets and intangible assets are capitalized.
- Expenses which are specifically attributable to Project in Progress for making the project for its intended commercial use is included as part of the cost of the development of Project.
- Depreciation on fixed assets including intangible assets has been provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.
- The cost of Leasehold land is amortized over the period of lease.

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V) INVESTMENTS

Long term investments are stated at cost. Provision for diminution in value of long term investments is made only if such decline is not temporary in the opinion of the management.

VI) INVENTORIES

- a) Finished goods are valued at lower of cost or net realizable value. Cost is considered at material cost on moment moving weighted average basis plus appropriate overheads.
- b) Work in progress is valued at material cost on moment moving weighted average basis plus appropriate overheads.
- c) Scrap is valued at net realizable value.
- d) Other inventories are valued at cost on moment moving weighted average basis.
- e) The liability of excise duty on finished goods and scrap lying in the factory at year end is estimated on the basis of sales price of goods and excise rates prevailing on the said date, while determining the cost of closing stock of finished goods and scrap.

VII) RETIREMENT BENEFITS

Superannuation, Provident and Gratuity Funds are accounted for on accrual basis with corresponding payments to recognized scheme/fund. Short term employees benefits are recognized as an expense at the undiscounted amount in the profit and loss account for the year in which the related services rendered. The liability for gratuity (in the nature of a defined benefit obligation) is provided on the basis of actuarial valuation conducted by Life Insurance Company of India (LIC), since the gratuity scheme of the company is covered under a group gratuity cum life assurance cash accumulation policy of the LIC.

However in Case of Subsidiary Company the Liabilities of Gratuity in the nature of defined benefit obligation is provided on the basis of actuarial valuation under projected unit credit method as determined by independent actuary.

VIII) REVENUE RECOGNITION

Sales and Job Charges are accounted for on the basis of date of dispatch except for export sales which are booked on the basis of date of custom clearance. Revenue from Information and Information Technology enabled Services is recognized on accrual basis.

IX) DIVIDEND

The dividend income is accounted for when the right to receive the payment is established.

X) GOVERNMENT GRANTS

The dividend income is accounted for when the right to receive the payment is established.

XI) FOREIGN EXCHANGE TRANSACTIONS

- a) Transactions in foreign currencies are accounted for at the exchange rate prevailing at the date of transaction/ negotiations.
- b) Monetary foreign currencies items outstanding at the year end are restated into rupees at the rate of exchange prevailing on the Balance Sheet date.
- c) Non monetary foreign currency items are carried at cost.
- d) Any income or expenses on account of exchange difference either on settlement or on transaction is recognized in the profit and loss account.
- e) In respect of forward contracts, forward premium or discount arising at the inception of forward contract is amortized over the life of contract. Exchange differences on such contracts are recognized in the profit and loss account in the year in which exchange rates change. Any profit and loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

XII) BORROWING COSTS

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of cost of such assets. Qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are charged to revenue.

XIII) TAXATION

The provision for current income tax liability is ascertained on the basis of assessable profits computed in accordance with the provisions of Income Tax Act, 1961. Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of being reversed in one or more subsequent periods.

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XIV) CONTINGENCIES

Contingent liabilities arising from claims, litigation, assessments, fines, penalties etc. are provided when it is probable that the contingency will result in the loss and reasonable estimate of the amount of the resulting loss can be made. Liabilities which are material and whose future outcome can not be ascertained with reasonable certainty are treated as contingent liabilities and disclosed by way of notes to account.

XV) ACCOUNTING FOR LEASES

Lease payments under operating lease have been charged to profit and loss account as expense on straight line basis over the lease term.

XVI) SEGMENT REPORTING

- The Company has disclosed business segment as the primary segment for disclosure. The Company has identified four separate segments i.e. Fine Blanking Components, Mufflers, Spokes and Electricals. The Segments are identified with regard to the dominant source, nature of risks and returns, internal organization and management structure and internal reporting systems.
- The accounting policies adopted for segment reporting are in line with the accounting policies of the Company.
- Segment revenues, Results and Capital employed figures include the respective amounts identifiable to each of the segments. Interest and other financial charges/ incomes are reported at corporate level. Also those assets and liabilities which are not identifiable to the individual segments are reported at corporate level.
- The inter segmental revenue is accounted for on the basis of transfer price agreed to amongst segments as per market trend.

XVII) IMPAIRMENT LOSS

An impairment loss is recognized when the carrying amount of fixed assets exceeds its recoverable amount. The recoverable amount of an asset is lower of net selling price and its value in use.

XVIII) CASH FLOW STATEMENT

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard-3 on Cash Flow Statements and presents cash flows by operating, investing and financing activities of the Company. The Company considers all highly liquid financial instruments, which are readily convertible into cash, to be cash equivalents.

(B) NOTES TO ACCOUNTS

1. BASIS OF PREPARATION OF CONSOLIDATED ACCOUNTS

- The Consolidated Financial Statements (CFS) are prepared in accordance with Accounting Standard (AS) 21 "Consolidated Financial Statements", as specified in the Companies (Accounting Standards) Rules, 2006. The CFS comprises the financial statements of Majestic Auto Limited and its subsidiary Majestic IT Services Limited (MITSL). MITSL which has been incorporated on 12/12/2009 as a 100% Wholly Owned Subsidiary of the Company, registered at Registrar of Companies, NCT of Delhi & Haryana (INDIA). The reporting period of the holding & subsidiary Company is same. Reference in these notes to Majestic Auto Limited, Company, Parent Company, or Companies shall mean to include Majestic Auto Limited and its Subsidiary MITSL, unless otherwise stated.
- The notes and significant policies to the CFS are intended to serve as a guide for better understanding of the Group's position. In this respect, the Company has disclosed such notes and policies which represent the required disclosure

2. CONTINGENT LIABILITIES

	Year ended 31.03.2011 (Rs. in lacs)	Year ended 31.03.2010 (Rs. in lacs)
i) a) Bank Guarantee/Margin Money Guarantee	217.83	208.00
b) Bills Discounted with the Company's bankers	16.90	Nil
ii) Penalty u/s 51(7) (b) of Punjab Value Added Tax Act, 2005 of Rs. 2,20,057/- (Previous year Rs.2,20,057/-) was disputed by the Company for which appeal has been filed with Dy. Excise & Taxation Commissioner (Appeals), Patiala.		
iii) Penalty under U.P. Trade Tax of Rs.1,98,108/- (Previous year Rs.1,98,108/-) was disputed by the Company for which appeal has been filed with Assistant Commissioner (Appeals), U.P. Trade Tax Act, Noida.		

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The Company has taken legal and other steps necessary to protect its position in respect of the claims mentioned at point no. (ii) & (iii) which in its opinion, based on legal advice are not expected to devolve. It is not possible to make any further determination of the liabilities which may arise or the amounts which may be refundable in respect of these claims.

3. Excise duty/Sale Tax paid under protest amounting to Rs. 2.01 Lacs (Previous Year Rs. 2.01 Lacs) is appearing under the head amounts recoverable.
4. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.1,052.59 lacs net of advances) (Previous Year Rs.907.40 lacs).
5. During the year Majestic Auto Limited has migrated to a new ERP system wherein stocks have been valued on "Moment Moving weighted average Basis" as against the "Monthly Moving Weighted average" for more appropriate and relevant presentation of the financial statements. The impact resulting from such change is not ascertainable.
6. The staff quarter at Dugri Road, Ludhiana have been allotted in the name of an Ex-Director of the Company.
7. Previous year's figures have been regrouped/rearranged wherever considered necessary. Figures have been rounded off to the nearest rupee.
8. In the opinion of management, current assets have a value on realization in the ordinary course of business at least equal to the value at which they are stated in the foregoing Balance Sheet.

9. Director's Remuneration	Year ended 31.03.2011 (Rs.)	Year ended 31.03.2010 (Rs.)
i) Salaries	40,27,420	28,24,677
ii) Contribution to P.F. & Superannuation Fund	3,75,290	3,06,155
iii) Perquisites	17,77,900	16,30,052
iv) Commission	-	23,72,698
v) Director Meeting Expenses	2,47,500	2,85,000
Total	64,28,110	74,18,582
10. Payment to Auditors (Net of Service Tax)	Year ended 31.03.2011 (Rs.)	Year ended 31.03.2010 (Rs.)
i) Audit fees	86,250	86,250
ii) Tax Audit Fees	18,750	18,750
iii) For Taxation matters	75,000	75,000
iv) Others	4,60,000	25,000
Total	6,40,000	2,05,000
11. EARNINGS PER SHARE (EPS)	Year ended 31.03.2011 (Rs.)	Year ended 31.3.2010 (Rs.)
i) Net Profit after tax as per Profit and Loss Account	5,27,98,046	20,45,46,409
ii) (Less): Prior Year Expenses	(75,931)	(7,85,555)
iii) Add : Prior Year Income	-	4,57,243
iv) Add :Prior Year Tax Adjustments	98,398	3,61,588
v) Net profit attributable to Equity Shareholders	5,28,20,513	20,45,79,685
vi) Weighted Average number of equity shares used as denominator for calculation of EPS	1,03,97,478	1,03,97,478
vii) Earnings per share in Rs. : Basic	5.08	19.68
viii) Earnings per share in Rs. : Diluted	5.08	19.68
xi) Face Value per equity share	10.00	10.00
12. The Components of Deferred Tax Assets / Liabilities (Net) are as under :	As on 31.03.2011 Rs.	As on 31.03.2010 Rs.
Deferred Tax Assets		
i) Expenditure debited to Profit and Loss Account/other disallowances allowed for tax purposes in the subsequent year(s)	1,33,63,614	1,16,42,888
ii) Provision for doubtful debts and deposits	2,02,87,594	2,08,94,423
iii) Unabsorbed Business Loss and Depreciation	1,65,15,047	87,27,068
	5,01,66,255	4,12,64,379
Deferred Tax Liabilities		
Related to fixed assets	8,78,28,632	6,92,68,849
Net deferred tax assets/(liabilities)	(3,76,62,377)	(2,80,04,470)

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13. GRATUITY PLANS :

The company has a defined benefit gratuity plan. The gratuity scheme of a company is covered under a group gratuity cum Life Assurance cash accumulation policy offered by LIC of India. The funding to the scheme is done through an approved gratuity trust. Every employee who has completed a minimum five years service is entitled to gratuity based on fifteen days last drawn salary for every completed year of service subject to a maximum of Rs. 5,00,000/-. The disclosures as required pursuant to the Revised Accounting Standard -15 is as under:-

	Year ended 31.03.2011 (Rs.)	Year ended 31.03.2010 (Rs.)
Net Employee Benefit Expense recognized in the Profit and Loss Account		
Current service cost	27,21,217	22,05,200
Add : Interest cost on present value of defined benefit obligation as at the beginning of the year	34,00,399	32,31,500
Less : Expected return on plan assets	13,94,921	12,40,174
Less : Net actuarial(gain) / loss recognized in the year	(11,08,386)	11,45,432
Add : Past service cost-	-	-
Net Gratuity Cost	58,35,081	30,51,094
Details of Provision for gratuity recognized in the Balance Sheet		
Present value of defined benefit obligation at the end of year	4,74,07,394	4,25,04,987
Less : Unrecognized past service cost	-	-
Less : Fair value of plan assets at the end of year	1,64,79,010	1,50,80,224
Funded Status-Net Liability/(Asset)	3,09,28,384	2,74,24,763
Changes in the present value of the defined benefit obligation are as follows		
Opening defined benefit obligation	4,25,04,987	4,03,93,751
Add : Interest cost	34,00,399	32,31,500
Add : Current service cost	27,21,217	22,05,200
Less : Benefits paid	22,90,117	20,83,579
Less : Actuarial gain / (loss) on obligation	10,70,908	(12,41,885)
Closing defined benefit obligation	4,74,07,394	4,25,04,987
Changes in the fair value of plan assets are as follows		
Opening fair value of plan assets	1,50,80,224	1,37,79,707
Add : Expected return on plan assets	13,94,921	12,40,174
Add : Contributions by employer	23,31,460	22,40,375
Less : Benefits paid	22,90,117	20,83,579
Add : Actuarial gain / (loss)	(37,478)	(96,453)
Closing fair value of plan assets	1,64,79,010	1,50,80,224
Actual Return on Plan Assets		
Expected Return on Plan Assets	13,94,921	12,40,174
Add: Actuarial gain/(loss) on Plan Assets	1,11,069	47,367
Actual Return on Plan Assets	15,05,990	12,87,541

* The expected return on plan assets is based on market expectation, at the beginning of the period, for returns over the entire life of the related obligation. The gratuity scheme contribution is invested in a group gratuity -cum-life assurance cash accumulation policy offered by LIC of India. The expected return on plan assets is taken on the basis of the LIC fund statement received.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	%	%
Insurer Managed fund through Approved Trust	100	100

The principal assumptions used in determining gratuity are shown below:

	%	%
Discount rate	8	7.50 to 8
Expected rate of return on Plan assets	9.25	9
Salary escalation	7	5 to 7
Mortality rate	LIC (1994-96) ULTIMATE	LIC (1994-96) ULTIMATE
Employee turnover:-		
Upto 30 years	3	3

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Upto 44 years	2	2
Above 44 years	1	1
Method of Valuation	Projected Unit Credit	Projected Unit Credit

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

SUPERANNUATION BENEFIT

Apart from being covered under the Gratuity Plan, certain employees of the Company participate in a Superannuation Benefit; a defined contribution plan administered by Life Insurance Corporation ("LIC"). The Company makes contributions based on a specified percentage of salary of each covered employee. The Company does not have any further obligation to the superannuation plan beyond making such contributions. Upon retirement or separation (only after completion of 5 years of services) an employee becomes entitled for superannuation benefit, as determined by LIC, which is paid directly to the concerned employee. The Company contributed Rs. Nil (Previous year Rs. Nil) to the Superannuation Plan.

14. Disclosure for leases as required by Accounting Standards 19 issued by ICAI:

The Company has taken on lease certain facilities with lease term upto one year, which are subject to renewal at mutual consent thereafter. These arrangements can be terminated by either party after giving due notice. The other information in pursuant to Accounting Standard-19 is given hereunder.

Particulars	Year ended 31.03.2011 (Rs.)	Year ended 31.03.2010 (Rs.)
i) Asset acquired on operating lease The total of future minimum lease payments under non-cancelable operating leases for each of the following periods:		
a) Not later than one year.	41,89,356	39,10,788
b) Later than one year and not later than five years	39,44,600	71,69,778
c) Later than five years	-	-
ii) The total of future minimum sublease payment expected to be received under non-cancelable Sublease at the balance sheet date;	N.A.	N.A.
iii) Lease payments charged in the statement of profit and loss for the period, with separate amounts for minimum lease payments and contingent rents;	41,88,969	7,32,942
iv) A general description of significant leasing arrangements. The company has taken the premises on operating lease as per the terms of Lease and License agreement.		

15. There are no forward covers outstanding as on 31.03.2011 and following forward covers on account of payables were outstanding as on 31.03.2010.

Amount	Trade Date	Rate	Maturity Date	Mark to Market Valuation (Loss)
JPY 70,00,000	25-March-2010	50.04	11-May-2010	Rs.1,26,391

Foreign currency exposures that are not hedged by derivative instruments as at the end of the year are:

S.No.	Particulars	USD		EURO		CHF		JPY	
		As on 31.03.2011	As on 31.03.2010	As on 31.03.2011	As on 31.03.2010	As on 31.03.2011	As on 31.03.2010	As on 31.03.2011	As on 31.03.2010
i)	Debtors	2,09,715	1,29,092	7755	-	5,544	-	6,21,81,000	-
ii)	Creditors	360	-	6,014	-	-	-	69,09,000	-
iii)	Loans Taken	19,49,490	-	-	-	-	-	12,43,62,000	-

16. Details of Sale and Purchase of non trade, unquoted current Investments are as below:-

Year	Particulars	No. of Units Purchased	Purchase Amount (Rs.)	No. of Units Sold/redeemed	Sale Amount (Rs.)
2010-11	a) Reliance Liquid Fund - Treasury Plan-Insti. Option - Daily Dividend Dividend Reinvested	32,70,667.347 3,18.367	5,00,00,000 4,867	32,70,985.714	5,00,04,867
	b) Reliance Money Manager Fund-Institutional Option - Growth Plan	39,474.836	5,00,04,867	39,474.836	5,01,11,807
	c) Principal Floating Rate Fund SMP-Insti. Option - Growth Plan	34,38,056.535	5,00,00,000	34,38,056.535	5,00,06,876
	d) Principal Floating Rate Fund FMP-Insti. Option - Growth Plan	34,00,810.377	5,00,06,876	34,00,810.377	5,00,62,921
2009-10	Nil	-	-	-	-

17. During the year, the company has executed transfer deeds with the original allottee's / lessee's for acquiring 90 years lease hold rights for industrial property situated at Greater Noida, (U.P.) at a total cost of Rs. 32,45,74,589. The aforesaid amount

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including registration and other charges directly related to the acquisition of the said rights have been capitalized under the head "Leasehold Land". Considering the limited useful life and absence of any clause for renewal or extension of lease and/or transfer of ownership at the end of lease term, the said amount has been amortised over the period of lease."

18. Borrowing cost capitalized during the Current year Rs. Nil (Previous year Rs. Nil).

19. Related party disclosure under Accounting Standard 18

- | | | |
|-------------------------------------------------------------------------------------------------------------------|---|------------------------------------------------------------------------------------------|
| a) Holding Company of Majestic Auto Limited | : | M/s Anadi Investments Pvt. Ltd. |
| b) Enterprises which has significant influence over the Company | : | Hero Cycles Ltd |
| c) Enterprises in which the Company has significant influence | : | M/s. Brij Mohan Lall & Associates |
| d) Key Management Personnel | : | Mr. Mahesh Chander Munjal
Managing Director
Ms. Ashima Munjal
Managing Director |
| e) Enterprises over which key management personnel and their relatives are able to exercise significant influence | | |
| M/s Munjal Showa Ltd. | | M/s Highway Industries Ltd. |
| M/s Amar Sons | | M/s Amar Udyog |
| M/s Munjal Auto Ind. Ltd. | | M/s Amtier Infotech Ltd. |
| M/s Aayush Finance Investment (P) Ltd. | | |
| f) Employee welfare trust where there is control : | | |
| i) Majestic Auto Ltd. - Employee Gratuity Fund | | |
| ii) Majestic Auto Ltd. - Superannuation Fund | | |

Transactions with related parties

(Rs. in Lacs)

Particulars	Enterprises which has significant influence over the Company		Enterprises in which the Company has significant influence		Key Management personnel		Enterprises over which key management personnel & their relatives are able to exercise significant influences		Employees welfare trust where there is control	
	Year Ended 31.03.11	Year Ended 31.3.10	Year Ended 31.03.11	Year Ended 31.3.10	Year Ended 31.03.11	Year Ended 31.3.10	Year Ended 31.03.11	Year Ended 31.3.10	Year Ended 31.03.11	Year Ended 31.3.10
1. Purchase of goods										
Hero Cycles Ltd.	864.20	1202.00	-	-	-	-	-	-	-	-
Munjal Showa Ltd.	-	-	-	-	-	-	2.14	0.99	-	-
M/s Amar Sons	-	-	-	-	-	-	475.26	-	-	-
M/s Amar Udyog	-	-	-	-	-	-	-	224.58	-	-
Others	-	-	-	-	-	-	0.39	0.30	-	-
2. Sale of goods										
Hero Cycles Ltd.	893.99	991.31	-	-	-	-	-	-	-	-
Munjal Showa Ltd.	-	-	-	-	-	-	37.99	31.40	-	-
3. Rent Received	0.30	0.30	-	-	-	-	-	-	-	-
4. Rent Paid	0.06	0.06	-	-	-	-	-	-	-	-
5. Interest Paid	60.00	60.00	-	-	78.82	-	-	-	-	-
6. Loan Out Standings										
Mahesh Chander Munjal	-	-	-	-	1000	1000	-	-	-	-
Hero Cycles Ltd.	500	500	-	-	-	-	-	-	-	-
7. Profit from										
M/s Brij Mohan Lall & Associates	-	-	57.27	0.68	-	-	-	-	-	-
8. Remuneration Paid										
Mahesh Chander Munjal	-	-	-	-	43.81	65.86	-	-	-	-
Ashima Munjal	-	-	-	-	18.00	5.47	-	-	-	-
9. Gratuity										
Employees Gratuity Fund	-	-	-	-	-	-	-	-	23.31	22.40
10. Receivable										
Hero Cycles Ltd.	87.02	67.60	-	-	-	-	-	-	-	-
M/s Brij Mohan Lall & Ass.	-	-	78.91	21.64	-	-	-	-	-	-
Munjal Showa Ltd.	-	-	-	-	-	-	6.29	4.03	-	-
11. Payable										
Hero Cycles Ltd.	100.75	268.07	-	-	-	-	-	-	-	-
M/s Amar Sons	-	-	-	-	-	-	106.82	-	-	-
M/s Amar Udyog	-	-	-	-	-	-	-	5.28	-	-
Mahesh Chander Munjal	-	-	-	-	57.51	23.73	-	-	-	-
Ashima Munjal	-	-	-	-	-	5.47	-	-	-	-
Others	-	-	-	-	-	-	0.05	0.04	-	-

Note: No amount has been provided as doubtful debts or advances / written off or written back in the year in respects of debts due from / to above related parties.

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20. SEGMENT DISCLOSURE

(Rs. in Lacs)

		Year Ended 31.03.2011							Year Ended 31.03.2010						
		Fine Bl- anking Compo- nents	Muf- flers	Elect- ricals	Spo- kes	Other Oper- ation	Elimin- ations	Cons- olid- ated	Fine Bl- anking Compo- nents	Muf- flers	Elect- ricals	Spo- kes	Other Oper- ation	Elimin- ations	Cons- olid- ated
1	SEGMENT REVENUE														
	Net Sales / Income from operations	2026	9070	2312	820	587	-	14815	1592	7518	2241	948	469	-	12768
	Less: Inter segment Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	NET SALES/ INCOME FROM OPERATIONS	2026	9070	2312	820	587	-	14815	1592	7518	2241	948	469	-	12768
2	SEGMENT RESULTS														
	Profit before Tax, Interest & Other Income	404	265	182	27	(136)	-	742	279	286	250	29	54	-	898
	Total	404	265	182	27	(136)	-	742	279	286	250	29	54	-	898
	Less: i) Interest							677							267
	ii) Other un-allocable expenditure							(567)							(1641)
	Net of un-allocable income														
	Total Profit before tax							632							2272
	Provision for Taxation							104							227
	Profit after tax							528							2045
3	OTHER INFORMATION														
	Segment Assets-Fixed / Current Assets/Investments	3383	4049	11358	472	801	-	20063	2528	2501	3764	408	572	-	9773
	Unallocated Corporate Asset	-	-	-	-	-	-	784	-	-	-	-	-	-	2385
	TOTAL ASSETS							20847							12158
	Segment Liabilities-Term/ Current Liabilities	1685	4265	7994	351	326	-	14621	1353	3362	1030	405	407	-	6557
	Unallocated Corporate Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	TOTAL LIABILITIES							14621							6557
4	Capital Expenditure for the year	793	169	7667	-	361	-	8990	78	192	568	-	134	-	972
5	Depreciation for the year	242	113	465	8	99	-	927	244	142	271	7	22	-	686
6	Other Non Cash Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-

STATEMENT PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY.

(Rs. In Lacs)

Name of Subsidiary Company	Extent of holding	Capital	Reserves	Total Assets	Total Liabilities	Details of Investment	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend
Majestic IT Services Limited	100%	300	-215	381	296	-	8	-181	-	-181	-

The annual accounts of the subsidiary company and the related detailed information will be made available upon request by the investors of the company and of its subsidiary company. These documents will also be available for inspection by any investor at the Registered Office of the Company at Majestic Auto Limited, C-48, Focal Point, Ludhiana - 141010, and of the subsidiary company.

AS PER OUR AUDIT REPORT
OF EVEN DATE ANNEXED
For and on behalf of B.D. Bansal & Co.
Chartered Accountants
ICAI Reg. No. 000621N

Place: Ludhiana
Date : 30.05.2011

Rajesh Kumar Dang
VP (Finance) Cum Co. Secretary

Mahesh Chander Munjal
Chairman & Managing Director

S.S.Khosla (Satish Kumar Bansal)
Director Partner
Membership No. 80324

MAJESTIC AUTO LIMITED

Registered Office : C-48, Focal Point, Ludhiana - 141 010

ATTENDANCE SLIP

(Please complete this Attendance Slip and hand it over at entrance of the Meeting Hall)

I/We hereby record my/our presence at the Annual General Meeting being held on Thursday the 29th day of September, 2011 at 11.00 A. M. at the premises of Mohini Resorts, Near Sector-32, Chandigarh Road, Ludhiana - 141 010.

Name of the Shareholder/Proxy _____ Folio No. _____

Address _____

No. of Shares Held _____

Signature of Shareholder / Proxy*

*Strike out whichever is not applicable

MAJESTIC AUTO LIMITED

Registered Office : C-48, Focal Point, Ludhiana - 141 010.

PROXY FORM

I / We _____

of _____ being a member / members of Majestic Auto

Limited hereby appoint Shri / Smt. _____

of _____

or failing him / her _____

of _____

as my / our proxy to attend and vote for me / us on my / our behalf at the Annual General Meeting of the Company to be held on Thursday the 29th day of September, 2011 at 11.00 A. M. at the premises of Mohini Resorts, Near Sector-32, Chandigarh Road, Ludhiana - 141 010.

Signed this _____ day of _____ 2011

Signature _____

Address _____

Folio No. _____

Affix
Revenue
Stamp here

NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on poll instead of himself/herself.
2. The proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a member of the Company.

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Ludhiana - 141 010.

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