



MAJESTIC
AUTO LIMITED

40th

Annual Report

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BOARD OF DIRECTORS

Mahesh 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

AGM - COMPANY SECRETARY

Rajesh Saini

STATUTORY AUDITORS

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

BANKERS

Canara Bank
Punjab National Bank
IDBI Bank Ltd.
Axis Bank Ltd.
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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40th ANNUAL GENERAL MEETING

Day	:	Monday
Date	:	30 th September, 2013
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 40th Annual General Meeting of the members of Majestic Auto Limited will be held on Monday, the 30th September, 2013 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, 2013 and the Statement of Profit and Loss 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 Dr. M.A. Zahir, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Sh. Harjeet Singh Arora, 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.

By Order of the Board of Directors
For Majestic Auto Limited

Place : Ludhiana

Date : 12.08.2013

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

(Rajesh Saini)
Company Secretary

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 Tuesday, 24.09.2013 to Monday, 30.09.2013 (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.
7. Pursuant to the provisions of Section 109A of the Companies Act, 1956, every shareholder or joint holders may nominate, in the prescribed manner, a person to whom all the rights in the shares shall vest in the event of death of the sole holder or all the joint holders. Members holding shares in electronic form may contact their respective Depository Participant for availing this facility.
8. 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.
9. The Company has designated an exclusive e-mail ID namely: grievance@heromajestic.com for receiving and addressing investors' grievances.
10. As per the Circular No. MRD/DoP/Cir-05/2009 dated May 20, 2009 issued by Securities and Exchange Board of India ("SEBI") it is mandatory to quote PAN for transfer/transmission of shares in physical form. Therefore, the transferee(s)/legal heir(s) is required to furnish a copy of his/her PAN to the Company/ its Registrar.
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

MAJESTIC AUTO LIMITED

RELEVANT INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT REGARDING DIRECTORS BEING APPOINTED/REAPPOINTED:

Dr. M. A. Zahir

Dr. Mohamad Abdul Zahir joined the Company on 27.01.2009. His qualification is M.Com, Ph.D.. He is a Chairman of Synetic Business School, Ludhiana. He is having over forty years of experience in management education, is a well-known academician with practical wisdom and societal concerns. He was nominated by Government of India as Director, on the Board of Allahabad Bank after nationalization of major banks (1970-77). He was President, Ludhiana Management Association (LMA) -Affiliated to All India Management Association (1995-97). At present he is holding the membership of the Board/Committee(s) of the following Companies:

IOL Chemicals & Pharmaceuticals Limited

Director

Chairman - Audit Committee

Majestic Auto Limited

Director

Member - Remuneration Committee

Member - Audit Committee

Sohrab Spinning Limited

Director

Lotus Integrated Texpark Limited

Director

Member - Audit Committee

Trident Limited

Director

Member - Audit Committee

Member - Share Holder's Grievance Committee

Hero Cycles Limited

Director

Chairman- Audit Committee

Ralson (India) Limited

Director

Rockman Industries Limited

Director

Member - Audit Committee

Dr. M. A. Zahir does not hold any share (in his own name or on behalf of other person on a beneficial basis) in the Company.

Dr. M. A. Zahir does not have any relationship with any Director of the Company.

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 Insurance Brokers Limited

Director

Master Share & Stock Brokers Limited

Director

Eminent Buidlwell Pvt. Ltd.

Director

Megabuild Agri Pvt. Ltd.

Director

Matria Estate Developers Pvt. Ltd.

Director

Master Commodity Services Limited

Director

H.K. Arora Real Estate Services Limited

Director

Arora Financial Services Limited

Director

Master Projects Limited

Director

Master Trust Limited

Managing Director

Prime Agro Farms Pvt. Ltd.

Director

Gold Touch Agri Pvt. Ltd

Director

Master Portfolio Services Ltd.

Director

Majestic Auto Limited

Director

M & M Auto Industries Limited

Director

Master Capital Services Limited

Managing Director

Master Infra. & Real Estate

Developers Ltd.

Director

Bigbuild Real Estate Pvt. Ltd

Director

Mansfield Estate Developers P. 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.

MAJESTIC AUTO LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting to you the 40th Annual Report and the Audited Accounts for the Financial Year ended 31st March, 2013.

FINANCIAL RESULTS:

	(Rupees in Lacs)	
	Year ended 31.03.2013	Year ended 31.03.2012
Operational Income (Gross)	17609	18664
Profit before Depreciation and Financial cost	1643	4312
Less : Financial Cost	1261	1376
Depreciation	1472	1270
Net Profit Before Tax	(1090)	1659
Less : Tax Expenses	(505)	(256)
Profit After Tax	(585)	1915
Add : Balance Brought Forward	6280	4365
Profit Available for Appropriations	5695	6280
APPROPRIATIONS		
Balance carried to Balance Sheet	5695	6280
Basic and Diluted Earnings Per Share (Rs.)	(5.63)	18.42

OPERATIONS

During the year under report, your Company has registered turnover of Rs.17,609 lacs as compared to Rs.18,664 lacs in the previous financial year. The Company earned a net loss of Rs.585 lacs as compared to a net profit of Rs.1,915 lacs in the previous financial year. Due to the substantial capital outlay in Ludhiana & Greater Noida of more than Rs.100 crores, depreciation has increased from Rs.1,270 lacs to Rs.1,472 lacs and Employee Benefit Expenses also increased from Rs.1,809 Lacs to Rs.2,141 Lacs due to skilled and unskilled labour cost for starts of commercial production at Greater Noida. During the current financial year, the sale of Mufflers of the Company decreased due to lesser demand from the Customers. The company is hopeful of receiving rich dividends from the present capital outlay in the forthcoming years.

The management is confident that with its visionary approach and meticulous planning, the company will be moving the way ahead in this competitive market.

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

There were no 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.

BOARD OF DIRECTORS

In terms of the provisions of the Companies Act, 1956 & the Articles of Association of the Company, Dr. M.A. Zahir and Sh. Harjeet Singh Arora, the Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

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, 2013, 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, 2013 and of the net profit earned by the Company for financial year ended March 31, 2013 ;
- 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, 2013 have been prepared on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with 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

The Holding Company, M/s Anadi Investments Private Limited is holding 7,757,687 equity shares in the company of Rs. 10/- each equivalent to 74.61% of the paid up capital of the company as on 31st March 2013.

MAJESTIC AUTO LIMITED

SUBSIDIARY COMPANY

The Company has 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.

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, Statement of Profit and Loss 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, 2013 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 2013-2014 has been paid to it.

FIXED DEPOSITS

During the year under review, the Company was having an outstanding public deposit to the extent of Rs. 10.25 Crores under Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975. No deposits were matured during the year.

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 2012-2013. 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.

COST AUDITORS

The Board has re-appointed M/s Khushwinder Kumar & Associates, Cost Accountants, Ludhiana, as the Cost Auditors of the Company in accordance with Section 233B of the Companies Act, 1956 for the financial year 2013-14 and the necessary approval has been received from the Central Government. The Cost Auditors' Report for the financial year 2012-13 will be forwarded to the Central Government in pursuance of the provisions of the Companies Act, 1956.

AUDIT COMMITTEE RECOMMENDATION

During the year there was no such recommendation of the Audit Committee which was not accepted by the Board. Hence, disclosure of the same is not required in this Report.

PERSONNEL

As on March 31, 2013, the total number of employees on the records of the Company was 769. 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 : 12.08.2013**

**(Mahesh Munjal)
Chairman & Managing Director**

MAJESTIC AUTO LIMITED

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

Your Company is presently in the business of manufacturing Silencers, Fine Blanking Components, Electrical Motors & Bicycles Spokes. Presently, your Company is running its plant at Ludhiana and Greater Noida. The manufacturing operations at its newly established plant at Greater Noida have been started during the year under review.

Our esteemed customers include Hero Motocorp Limited, L.G. Electronics India (P) Ltd, Tecumseh Products India (P) Ltd., Bosch Chassis System India Ltd, Jay Ushin Ltd., Hero Cycles Ltd. etc.

i) INDUSTRY STRUCTURE AND DEVELOPMENT

AUTO ANCILLARY INDUSTRY

Indian auto component's industry derives its growth impetus from the growth in the automobile industry. The slow down witnessed by the Automobile Industry has certainly impacted the demand sentiments for the Auto Component Industry as well. However, an anticipated pick-up in growth for the Automobile industry including motor cycle industries is expected to eventually drive growth for auto parts sector. As per industry estimates, the Indian auto component industry derives 60 per cent of its turnover from sales to domestic Original Equipment Manufacturers (OEMs), 25 per cent from sales to the domestic replacement market and around 15 per cent from exports.

The Indian Auto Components Industry has kept pace with technological developments and is today catering not only to Original Equipment Manufacturers (OEMs) and Tier Component makers (those who supply directly to OEMs) in India, but abroad as well. The Automotive Mission Plan 2016 launched by the Indian Government seeks to grow the industry to a size of US \$145bn by 2016 and make it contribute 10 percent to the nation's GDP. India is emerging as a strong automotive R&D hub with foreign players like Hyundai, Suzuki, General Motors setting up base in India. This move is further enhanced by the Indian Government's support towards setting up centres for development and innovation. Also there are opportunities of growth available in alternative segments like electric cars, vehicles run on natural gas, etc.

ELECTRONICS INDUSTRIES

Year 2012-13 was an interesting year, with both exciting and worrying events for the Electronics Industry in India. While on the one hand the global economic climate was volatile and caused some slowdown in the country's economic growth, on the other the National Policy on Electronics promised far-reaching consequences for the Indian Electronics industry. The Policy aims at addressing the huge gap which is estimated at Rs.15.31 lakh crore (\$300 billion) between locally manufactured electronics and the consumer demand for electronics that we expect to see by 2020. If immediate steps are not taken to address this gap, it is forecasted that by 2020, electronics imports may far exceed oil imports. Diverse areas such as manufacturing, R&D, IP creation, manpower and training, standards, e-waste management, investments, and the setting up of a National Electronics Mission are the immediate requirements for a growth in the Indian Electronics scenario.

ii) OPPORTUNITIES AND THREATS

Demographically and economically, India's automotive industry is well-positioned for growth, servicing both domestic demand and, increasingly, export opportunities. A predicted increase in India's working-age population is likely to help stimulate the burgeoning market for private vehicles. Rising prosperity, easier access to finance and increasing affordability is expected to see four-wheelers gaining volumes, although two wheelers will remain the primary choice for the majority of purchasers, buoyed by greater appetite from rural areas, the youth market and women.

Auto component manufacturers are required to constantly invest to add value through continuous up-gradation. Growing competition from rival industries poses a serious threat to company in the silencer segment. Moreover high interest rate, low investment in Research and Development and Infrastructural constraints in supply chain are the major concerns.

With steel being the key input for your Company, raw material costs increases have a direct bearing on selling prices. However, most of our customers have an agreement to compensate us for increases in the price of steel, and hence we remain insulated to that extent.

Conversion costs remain high due to high power & fuel costs and constant investments required in training and up-gradation of our employees' skill sets. For this your Company organizes various participative programs, training & quality awareness programs which positions us on the cusp of growing opportunities and helps us face growing business challenges upfront.

The profitability of Indian Electronic components Industry is likely to be under pressure due to pricing pressures from OEMs, threat of rising commodity prices, higher cost of funds due to sticky inflation & high rate of interest, entry of new players and new product/model launches and entry of cheaper imports.

iii) SEGMENT/PRODUCT WISE PERFORMANCE

SILENCER AND COMPONENT THEREOF

The turnover /income from operation of Mufflers have been decreased by 17% from Rs.10,615 lacs during the previous year to Rs.8,816 lacs during the current year.

MAJESTIC AUTO LIMITED

FINE BLANKING COMPONENTS

The turnover /income from operation of Fine Blanking Components have been decreased by 5% from Rs.2,177 lacs during the previous year to Rs.2,079 lacs during the current year.

ELECTRICALS

The turnover /income from operation of Electricals have been increased by 38% from Rs.2,451 lacs during the previous year to Rs.3,379 lacs during the current year.

iv) FUTURE OUTLOOK, RISK AND CONCERNS

Indian auto component manufacturers offer advantages like low-cost and adequate production capacity with world class technology. Domestic auto component manufacturers are increasingly complying with the internationally accepted quality standards like six sigma, ISO, etc. which has caught the attention of global OEMs. Global OEMs with presence in India are increasing level of localization in products offered them in the Indian markets. The level of indigenization is being increased in phased manner to keep costs low without compromising quality. Furthermore, depreciating rupee is resulting in increase of import bill for global OEMs, who source a large proportion of their inputs from overseas markets. In order to curtail the burden of growing import bill global OEMs are resorting to increased local sourcing. Sharp fall in the demand of muffler, high rate of interest, tight liquidity are major areas of concern for the Company and may affect the performance of Company.

v) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an adequate and effective system of internal control implemented by Management having regard to the size and nature of the business activities of the Company to achieve operational efficiency, accuracy, compliance of policies and procedures, laws and regulations and close monitoring. The exercise is carried out across all the locations of the Company aimed at promoting effectiveness & efficiency of operations while emphasizing compliance to policies, applicable laws & regulations to achieve business objectives including performance and profitability goals and safeguarding of resources. The Company also carries out management audit which ensures the control and safeguarding of the Company's assets against loss through inefficiency, waste, negligence or fraud. The Company is well structured and policy guidelines are well documented with predefined authority.

The Audit Committee of the Company is reviewing the internal controls including the internal audit reports, financial results of the Company at least once in every three months and provides its support to all operational and finance functions of the Company through regular monitoring and suggestions. The company has exhaustive budgetary control system. Actual performance is reviewed with reference to budget by the Management review team on quarterly basis.

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 detail financial performance has already been discussed in the Directors' Report.

vii) HUMAN RESOURCES

MAL is a people centric organization. Our employees are greatest strength and assets; therefore we want them to be at their best. To enhance the productivity, company has developed their people by providing innovative and professional environment. It has an efficient recruitment policy and human resource management processes, which enables to attract and retain competent & talented employees. When we hire people, we look for positive attitude and exemplary behaviour so that they can imbibe our value system.

To keep ourselves abreast with time and technology, we regularly assess the competencies important for the development of our business and arrange for appropriate training and development programmes to cater different learning needs of our employees in the areas of technology, management, leadership, cultural and other soft skills. The company is constantly working on development of competencies and teamwork of concerned employees at all levels. We are a learning organization. We have an environment, which helps to leverage the knowledge of every employee.

The Company had 769 permanent employees as on 31st March 2013. The industrial relations remained peaceful and cordial throughout the year.

viii) CAUTIONARY STATEMENT

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

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 (excluding pvt. limited 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 28, 2012, August 13, 2012, November 12, 2012 and January 28, 2013 during the Accounting Year ended March 31, 2013. Board Members were given agenda papers along with 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 2012-13 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 Munjal (Managing Director)	4	Yes	1	-	4
Non-Executive Ms. Ashima Munjal	4	Yes	2	-	3
Non-Executive and Independent					
Mr. G.P. Sood	3	No	3	2	1
Dr. M. A. Zahir	4	Yes	7	2	7
Mr. Harjeet Singh Arora	1	No	2	1	12
Maj. Shavinder Singh Khosla	4	Yes	3	1	-

Independent Directors have no relationship with other Directors of the Company. Ms. Ashima Munjal is daughter of Mr. Mahesh Munjal, the Chairman and Managing Director of the Company.

Chairmanships/Memberships of Board Committees include only Audit & 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 Munjal, who is holding 40,421 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, 2013, four meetings of Audit committee were held on May 28, 2012, August 13, 2012, November 12, 2012 and January 28, 2013. The Composition of the Audit Committee and attendance record of members of the Audit Committee for the financial year 2012-13 is as under:

Name of the Director	Category	No. of Audit Committee Meetings Attended
Mr. G. P. Sood (Chairman)	(Non-Executive and Independent Director)	3
Dr. M. A. Zahir	(Non-Executive and Independent Director)	4
Maj. Shavinder Singh Khosla	(Non-Executive and Independent Director)	4
Ms. Ashima Munjal	(Non-Executive Director)	4

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, 2013, 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.

IV. Remuneration Committee

During this financial year, committee meeting was held on 13th August, 2012. The Composition of the remuneration Committee and attendance record of members of the Remuneration Committee for the financial year 2012-13 is as under:

Director	Category	No. of Remuneration Committee Meetings Attended
Mr. G.P. Sood (Chairman)	Non-Executive and Independent Director	1
Maj. Shavinder Singh Khosla (Member)	Non-Executive and Independent Director	1
Dr. M.A. Zahir (Member)	Non-Executive and Independent Director	1

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

MAJESTIC AUTO LIMITED

Directors. The members of the Committee are persons of repute and have sound knowledge of management practices. 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 & Shareholders. 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.

- A) 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:

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 Munjal	3,854,839	8,400	NIL	1,071,761	848,065	NIL	5,783,065	3 Years

Notes

- The Company has entered into service contract with Mr. Mahesh Munjal, the Managing Director of the Company for a period of 3 years which will be completed on 28.10.2015.
- 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 2012-13 are given below:

Name of the Directors	Sitting Fees (Rs.)	Commission (Rs.)	Total (Rs.)
Mr. G.P.Sood	52,500	NIL	52,500
Dr. M. A. Zahir	67,500	NIL	67,500
Mr. Harjeet Singh Arora	7,500	NIL	7,500
Ms. Ashima Munjal	67,500	NIL	67,500
Maj. Shavinder Singh Khosla	82,500	NIL	82,500

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 28, 2012 and March 30, 2013 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	2
Ms. Ashima Munjal	Non-Executive	1

Compliance Officer: Mr. Rajesh Saini, Company Secretary

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

MAJESTIC AUTO LIMITED

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
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
2010-11	At the premises of Mohini Resorts, Near Sector-32, Chandigarh Road, Ludhiana-141010	Sept. 29, 2011	11.00 A.M.	Appointment of relative of Director to an office of profit.
2011-12	At the premises of Mohini Resorts, Near Sector-32, Chandigarh Road, Ludhiana-141010	Sept. 28, 2012	11.00 A.M.	Approval for re - appointment of Mr. Mahesh Munjal, as the Managing Director of the Company for a period of 3 years w.e.f 29.10.2012.

(ii) Extraordinary General Meeting:

No Extraordinary General Meeting of the Members was held during the year 2012-13.

(iii) Postal Ballot:

During the financial year 2012-13 ended on March 31, 2013, no special/ordinary resolutions passed by the Company through postal ballot and there is no proposal for any special resolution to be put through postal ballot at the forthcoming Annual General Meeting for shareholders' approval.

VII. Disclosures

1. Related parties and transactions with them as required under Accounting Standard 18 (AS-18) are furnished under Note No.38 of the Notes to the Accounts attached with the financial statements for the year ended March 31, 2013. 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, 2013.

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.

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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 www.listing.bseindia.com and <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 Monday, 30th September, 2013, 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, 2013, Results were announced on :

First quarter ended June 30, 2012	August 13, 2012
Second quarter ended September 30, 2012	November 12, 2012
Third quarter ended December 31, 2012	January 28, 2013
Fourth quarter ended March 31, 2013	May 27, 2013

3. For the Year ending March 31, 2014, Results will be announced on (Tentative and subject to change)

First quarter results (June 30, 2013)	August 12, 2013
Second quarter / half year results (Sept. 30, 2013)	Second week of Nov. 2013
Third quarter results (Dec. 31, 2013)	Second week of Feb. 2014
Fourth quarter and year ending (March 31, 2014)	Last week of May, 2014
Annual General Meeting for the year ended March 31, 2014	September, 2014

4. Dates of book closure :

The dates of book closures are from September 24, 2013 to September 30, 2013 (both days inclusive).

5. Listing on Stock Exchange

Stock Exchange where listed

Bombay Stock Exchange Limited

Address

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001

Listing fees for the 2013-2014 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

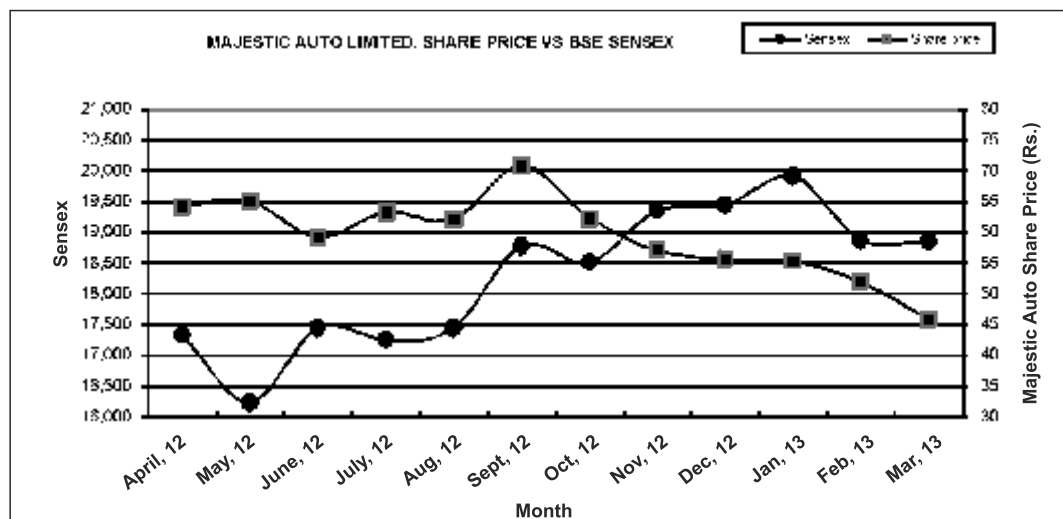
Monthly high and low quotations of shares traded at Bombay Stock Exchange Ltd. is given in the following tables.

Month Year	April 2012	May 2012	June 2012	July 2012	Aug. 2012	Sept. 2012	Oct. 2012	Nov. 2012	Dec. 2012	Jan. 2013	Feb. 2013	March 2013
High (Rs.)	64.00	64.90	59.00	63.00	61.90	70.70	62.00	56.95	55.45	55.20	51.80	45.55
Low (Rs.)	55.45	52.05	51.25	54.25	51.50	50.00	55.50	50.00	48.65	48.30	44.15	33.00

MAJESTIC AUTO LIMITED

b) Share Price Movements

Share Price Movements for the period from April 1, 2012 to March 31, 2013 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

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 the same to the respective shareholders duly transferred in their names. The total number of shares transferred during the year from 1.04.2012 to 31.03.2013 was 1,763, 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 01.04.2012 to 31.03.2013 are given hereunder.

Sr. No.	Nature of Complaints/Requests/Reminders	From 01.04.2012 to 31.3.2013	
		Received	Cleared
1.	Old Shares for Demat / Transfer	1	1
2.	Change of Address	6	6
3.	Unclaimed Share Certificate	10	10
4.	Non Receipt of Share Certificate	2	2
5.	Transmission 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 31.03.2013.

MAJESTIC AUTO LIMITED

12. Distribution of shareholding as on March 31st, 2013

No. of shares held (Rs.10/- paid up)	Folios		Shares of Rs.10/-paid up Value	
	Number	%	Number	%
Upto 5000	5589	98.96	1401463	13.48
5001 - 10000	32	0.57	234043	2.25
10001 - 20000	13	0.23	182246	1.75
20001 - 30000	5	0.09	124629	1.20
30001 - 40000	1	0.02	33273	0.32
40001 - 50000	2	0.04	84921	0.82
50001 - 100000	2	0.04	151119	1.45
100001 - 500000	3	0.05	428097	4.12
500001 and above	1	0.02	7757687	74.61
Total	5648	100	10397478	100

13. Shareholding Pattern as on March 31st, 2013

Category Code	Category of shareholder	No. of Shareholders	Total No. of Shares	No. 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	1	7757687	7757687	74.61
(b)	Directors & their Relatives	1	40421	40421	0.39
	Sub Total(A)	2	7798108	7798108	75.00
(B)	Public shareholding				
1	Institutions				
(a)	Mutual Funds/ UTI	8	87957	84606	0.85
(b)	Foreign Institutional Investors	6	2538	-	0.02
	Sub-Total (B)(1)	14	90495	84606	0.87
B 2	Non-institutions				
(a)	Bodies Corporate	169	355666	350499	3.42
(b)	Individuals				
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	5239	1350442	1144060	12.99
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	18	693654	693654	6.67
(c)	Any Other (specify)				
(c-i)	Non Resident Indians	49	24754	23509	0.24
(c-ii)	Trusts	1	95	-	-
(c-iii)	Clearing Members	9	6389	6389	0.06
(c-iv)	Hindu Undivided Families	147	77875	77875	0.75
	Sub-Total (B)(2)	5632	2508875	2295986	24.13
(B)	Total Public Shareholding (B)= B(1)+(B)(2)	5646	2599370	2380592	25.00
	GRAND TOTAL (A)+(B)	5648	10397478	10178700	100

The Promoters have not pledged any shares of the company.

14. Reconciliation of Share Capital 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, 2013, 97.90% of total Equity Share Capital i.e. 1,01,78,700 Equity Shares were held in dematerialized form with NSDL and CDSL. During the year 5,458 numbers of equity shares of Rs.10/- each were dematerialized by the shareholders representing 0.06% of the total equity share capital of the Company.

MAJESTIC AUTO LIMITED

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

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 Saini
AGM-Company Secretary
C-48, Focal Point, Ludhiana-141010 (Punjab)
e-mail : accounts@heromajestic.com , grievance@heromajestic.com

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

Mr. Rajesh Saini
AGM-Company Secretary
e-mail: accounts@heromajestic.com

X. Equity shares in Suspense Account under Clause 5A(II)

Pursuant to the provisions of Clause 5A(II) of the Listing Agreement, the Company has already sent 3 reminders and opened a unclaimed suspense demat account with Master Capital Services Ltd. The Company has transferred 31,129 unclaimed shares to aforesaid unclaimed suspense demat account on 27th June, 2013.

For and on Behalf of the Board of Directors

Place : Ludhiana

Date : 12.08.2013

(Mahesh 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, 2013, 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 : 12.08.2013

(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, 2013.

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.
- b) Impact of the measures at (a) 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.
- c) 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 - Aluminum Wound motors.
- d) New Model Hub flange modification.
- e) Tool designing and development of new Rotors & Stators & range of these items have been increased.
- f) Development of Car Brake.
- g) Development of Core armature for Automotive.
- h) Setting up new R & D facilities for Electric Motors.
 - a) New Valve plate under designing in Fine Blanking
 - b) New R & D facilities created with upgraded Instruments 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% |

MAJESTIC AUTO LIMITED

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.

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	864
Earned	Nil

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 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, 2013.

Place : Ludhiana

Date : 12.08.2013

(Mahesh Munjal)

Chairman & Managing Director

MAJESTIC AUTO LIMITED

INDEPENDENT AUDITOR'S REPORT

To the Members of Majestic Auto Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of Majestic Auto Limited ("the Company") which comprise of the Balance Sheet as at 31st March'2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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'2013.
- b. In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Report on the Other Legal and Regulatory Requirements

1. As required by the companies (Auditor's Report) order, 2013 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statements on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those book;
 - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors as on 31st March'2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March'2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the companies Act 1956.

**For B.D.Bansal & Co.,
Chartered Accountants
Firm Regn. No. 000621N**

**Place : Ludhiana
Date : 27.05.2013**

**(Satish Kumar Bansal)
Partner
M.No. 80324**

MAJESTIC AUTO LIMITED

Annexure to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- 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 loans from two parties covered under register maintained u/s 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.24.67 crores and the year end balance was Rs.24.67 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 deposit from the public during the year, 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.
- 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

MAJESTIC AUTO LIMITED

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, 2013 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	42,700	A.Y. 2005-06	Dy. Excise & Taxation Commissioner (Appeals) Patiala
2.	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 and Cash Flow Statement of the Company, we report that no funds 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 Regn. No. 000621N

Place : Ludhiana
Date : 27.05.2013

(Satish Kumar Bansal)
Partner
Membership No.80324

MAJESTIC AUTO LIMITED

BALANCE SHEET AS AT 31.03.2013

PARTICULARS	Note No.	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	103,982,280	103,982,280
Reserves and surplus	3	635,517,002	693,983,072
		<u>739,499,282</u>	<u>797,965,352</u>
Non-Current liabilities			
Long-term borrowings	4	955,336,907	828,550,044
Deferred tax liabilities (Net)	13	-	15,186,417
Other Long-term liabilities	5	37,184,928	-
Long-term provisions	6	33,098,391	31,885,462
		<u>1,025,620,226</u>	<u>875,621,923</u>
Current liabilities			
Short-term borrowings	7	109,333,817	87,217,208
Trade payables	8	185,013,197	183,744,440
Other current liabilities	9	298,715,908	191,583,643
Short-term provisions	10	700,000	700,000
		<u>593,762,922</u>	<u>463,245,291</u>
TOTAL		<u>2,358,882,430</u>	<u>2,136,832,566</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	1,637,726,383	1,463,409,603
Intangible assets		3,149,395	2,078,781
Capital work-in-progress		75,004,047	66,618,698
Intangible assets under development		173,400	173,400
		<u>1,716,053,225</u>	<u>1,532,280,482</u>
Non-current investments	12	102,462,151	49,962,151
Deferred tax assets (Net)	13	35,813,254	-
Long-term loans and advances	14	45,805,739	73,737,880
		<u>184,081,144</u>	<u>123,700,031</u>
		<u>1,900,134,369</u>	<u>1,655,980,513</u>
Current assets			
Current investments	15	6,798,270	6,767,549
Inventories	16	141,394,871	106,617,961
Trade receivables	17	135,867,203	184,581,260
Cash and Bank balances	18	19,650,398	19,979,749
Short-term loans and advances	19	154,737,446	156,785,922
Other current assets	20	299,873	6,119,612
		<u>458,748,061</u>	<u>480,852,053</u>
TOTAL		<u>2,358,882,430</u>	<u>2,136,832,566</u>
Significant accounting policies	1		

The accompanying notes are an integral part of the financial statements.

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

Place : Ludhiana
Date : 27.05.2013

Rajesh Saini
AGM-Company Secretary

Mahesh Munjal
Chairman and Managing Director

S.S.Khosla
Director

(Satish Kumar Bansal)
PARTNER
M.NO.80324

MAJESTIC AUTO LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2013

PARTICULARS	Note No.	Year ended 31.03.2013 (Rs.)	Year ended 31.03.2012 (Rs.)
Income:			
Revenue from Operations (Gross)	22	1,760,939,372	1,866,358,197
Less: Excise Duty		226,650,738	219,673,492
Revenue from Operations (Net)		1,534,288,634	1,646,684,705
Other Income	23	82,818,880	275,222,056
Total Revenue		1,617,107,514	1,921,906,761
Expenses:			
Cost of materials consumed	24	960,383,210	1,019,452,241
Purchases of Stock-in-Trade		40,776,335	32,439,482
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	25	(33,944,168)	2,247,171
Employee benefits expense	26	214,134,734	180,925,518
Finance costs	27	126,051,510	137,592,610
Depreciation and amortisation expense	11	147,220,695	127,048,736
Other expenses	28	271,422,662	256,283,771
Total expenses		1,726,044,978	1,755,989,529
Profit before tax		(108,937,464)	165,917,232
Less: Tax expenses:			
Deferred tax		(50,999,670)	(22,475,960)
Tax with respect to earlier years		528,276	(3,116,973)
Profit / (Loss) for the year		(58,466,070)	191,510,165
Earnings per Share (in Rs.)	29		
(Face value of Rs. 10/- each)			
- Basic		(5.62)	18.42
- Diluted		(5.62)	18.42
Significant accounting policies	1		

The accompanying notes are an integral part of the financial statements.

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

Place: Ludhiana
Date : 27.05.2013

Rajesh Saini
AGM-Company Secretary

Mahesh Munjal
Chairman and Managing Director

S.S.Khosla
Director

(Satish Kumar Bansal)
PARTNER
M.NO.80324

MAJESTIC AUTO LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	Year ended 31.03.2013 (Rs.)	Year ended 31.03.2012 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and Extraordinary items	(108,937,464)	165,917,232
Adjustment for:		
Add:		
a) Depreciation & Amortization Expenses	147,220,695	127,048,735
b) Exchange Difference	9,475,975	20,307,865
c) Loss on fixed Assets sold/discarded	308,005	21,272
d) Interest -other and financial charges	116,575,535	117,284,745
e) Increase in Provision for Gratuity (Net of payment)	1,212,929	762,901
f) Prior period expense	52,865	-
g) Provision for doubtful debts written off/(written back)	(371,100)	(1,221,152)
Less:		
a) Interest received on Loans, Deposits	2,034,938	704,641
b) Dividend income on		
from Current Investment	-	262,930
from Long term Investments (Non Trade)	70,995,870	170,626,050
c) Profit from investment in AOP (Non Trade)	30,721	75,590
d) Profit on sale of Fixed Assets	123,291	154,260
e) Profit on sale of Investments	-	99,250,705
Operating Profit before working Capital Changes	73,184,820	271,074,176
Adjustment for:	92,352,620	159,047,422
a) Increase/(decrease) in Trade Payable	1,268,757	1,288,958
b) Increase/(decrease) in other liabilities	44,909,599	(15,407,441)
c) (Increase)/decrease in inventories	(34,776,910)	3,690,022
d) (Increase)/decrease in Loan and advance & other current assets	21,820,495	15,762,900
e) (Increase)/decrease in Trade and other receivable	49,085,157	53,811,661
Cash Generated from Operations	82,307,098	59,146,100
Less:	174,659,718	218,193,522
a) Direct Taxes Paid	5,112,633	39,964,525
b) Exchange Difference	9,475,975	20,307,865
c) Net prior period expenses/ Tax adjustments	581,141	(2,416,973)
Net Cash Flow operating activities	159,489,969	57,855,417
B. CASH FLOW FROM INVESTMENT ACTIVITIES		160,338,105
a) Sale of Fixed Assets	541,201	1,923,359
b) Purchase of Investments	-	(191,300,000)
c) Investment in subsidiary Company	(52,500,000)	(17,500,000)
d) Loan received back from subsidiary Company	43,650,000	-
e) Loan given to subsidiary Company	(24,520,000)	(21,800,000)
f) Interest received on Loan deposit	2,034,938	704,641
g) Dividend received	70,995,870	170,626,050
h) Purchase of Fixed Assets	(321,859,199)	(192,664,538)
i) Share in AOP profit	30,721	75,590
j) Sale of Investments	-	290,851,494
Net cash from (used in) Investments activities	(281,626,469)	40,916,596
C. CASH FLOW FROM FINANCING ACTIVITIES		
a) Repayment of borrowing	(133,313,205)	(361,260,434)
b) Interest -other and Financial charges	(126,435,689)	(117,284,745)
c) Proceed from borrowings	381,692,499	265,551,627
d) Less: Dividend paid	68,228	-
Net cash from (used in) financing activities	121,875,377	(212,993,552)
D. NET INCREASE(+)/DECREASE(-) IN CASH AND CASH EQUIVALENTS (A+B+C)	(261,123)	(11,738,851)
Cash and cash equivalents as at the beginning of the year	19,911,521	31,650,372
Cash and cash equivalents as at the end of the year	19,650,398	19,911,521

NOTE TO THE CASH FLOW STATEMENT

- Cash and cash equivalents include cash and bank balance shown in note no. 18 of the Balance sheet (except balance in unpaid dividend account).
- Prior year figures have been regrouped and recast wherever necessary

The accompanying notes are an integral part of the financial statements.

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

Place : Ludhiana
Date : 27.05.2013

Rajesh Saini
AGM-Company Secretary

Mahesh Munjal
Chairman and Managing Director

S.S.Khosla
Director

(Satish Kumar Bansal)
PARTNER
M.NO.80324

MAJESTIC AUTO LIMITED

Notes on Financial Statements for the Year ended 31st March, 2013

1. SIGNIFICANT ACCOUNTING POLICIES

A. ACCOUNTING CONVENTIONS

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles (GAAP) in India and comply with the accounting standards as notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant presentational requirements of the Companies Act, 1956.

B. BASIS OF PREPARATION

The financial statements have been prepared to comply in all material aspects with applicable accounting principles in India, the applicable Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 and the relevant provisions thereof.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act, 1956.

Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current / non-current classification of assets and liabilities.

C. FIXED ASSETS INCLUDING INTANGIBLE ASSETS AND DEPRECIATION/AMORTIZATION

- a) 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.
- b) 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.
- c) The cost of Leasehold land is amortized over the period of lease.
- d) In respect of assets added / disposed off during the year, depreciation is charged on a pro-rata basis with reference to the month of addition/disposal.
- e) Assets costing up to Rs. 5,000 are fully depreciated in the year of purchase.
- f) Intangible assets are recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. These assets are valued at cost which comprises its purchase price and any directly attributable expenditure.

D. INVESTMENTS

Investments are classified into current and long term investments. Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments (excluding current maturities of long term investments) are stated at the lower of cost and fair value. Long term investments are carried at cost. Provision for diminution in value of long term investments is made only if such decline is not temporary.

E. INVENTORIES

- a) Finished goods are valued at lower of cost or net realizable value. Cost is considered at material cost on movement moving weighted average basis plus appropriate overheads.
- b) Work in progress is valued at material cost on movement moving weighted average basis plus appropriate overheads.
- c) Scrap is valued at net realizable value.
- d) Goods in transit are valued at cost.
- e) Other inventories are valued at cost on moment moving weighted average basis.
- f) 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.

F. EMPLOYEE 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 Statement of profit and loss 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 (PUC method) conducted by Life Insurance Company of India (LIC), since the gratuity scheme of the company is

MAJESTIC AUTO LIMITED

Notes on Financial Statements for the Year ended 31st March, 2013

covered under a group gratuity cum life assurance cash accumulation policy of the LIC. Actuarial gains or loss arising from such valuation are charged to revenue in the year in which they arise.

G. REVENUE RECOGNITION

Revenue from sale of products/job-work is recognized on dispatch of goods from factory premises and is recognized on accrual basis except for export sales, which are booked on the basis of date of custom clearance. Gross sales as reflected in the financial statements are inclusive of excise duty and net of rebate / trade discounts and returns.

Interest income is recognized on an accrual basis on time proportion method, taking into account the amount outstanding and the rate applicable.

Dividend income is recognized when the right to receive payment is established by the balance sheet date.

Exports benefits are recognized on an accrual basis at the anticipated realizable value, based on past experience.

H. RESEARCH AND DEVELOPMENT

Revenue expenditure on research and development is charged against the profit of the year in which it is incurred. Capital expenditure on research and development is shown as an addition to fixed assets and depreciation is provided on the same basis as for other fixed assets.

I. FOREIGN EXCHANGE TRANSACTIONS

The Company accounts for effects of difference in foreign exchange rates in accordance with Accounting Standard 11 notified by the Companies (Accounting Standards) Rules, 2006.

- 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 rate difference either on settlement or on transaction is recognized in the statement of profit and loss.
- 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 statement of profit and loss 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.

J. 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.

Minimum Alternative Tax ("MAT") paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax in future. MAT Credit entitlement can be carried forward and utilized for a specific period as prescribed under the law from the year in which the same is availed. Accordingly, it is recognized as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

K. GOVERNMENT GRANTS

Government grants are deducted from the value of the concerned asset if the grant is specifically received for the purchase, construction or acquisition of the asset. However, if it is received as a contribution towards the total investment or by way of contribution to its capital outlay and no repayment is ordinarily required to be made; such grants are treated as capital reserves.

L. ACCOUNTING FOR ESTIMATES

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Examples of such estimates include estimation of future obligations under employee retirement benefit plans, estimated useful life of fixed assets, classification of assets / liabilities etc. Actual results could differ from these estimates. Any revision to accounting estimates is recognized in accordance with the requirements of the respective accounting standards.

MAJESTIC AUTO LIMITED

Notes on Financial Statements for the Year ended 31st March, 2013

M. IMPAIRMENT

The carrying amounts of assets are reviewed at each balance sheet date in accordance with Accounting Standard 28, 'Impairment of Assets', to determine whether there is any indication of impairment. 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.

N. ACCOUNTING FOR LEASES

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease charges are recognised as an expense in the Statement of Profit and Loss on a straight line basis.

O. BORROWING COSTS

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets to the extent that they relate to the period till such assets are ready to be put to use. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss.

P. 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 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.

Q. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

A contingent asset is neither recognised nor disclosed in the financial statements.

R. 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.

S. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

MAJESTIC AUTO LIMITED

Notes on Financial Statements for the Year ended 31st March, 2013

PARTICULARS	(Rs.)	As at 31.03.2013 (Rs.)	(Rs.)	As at 31.03.2012 (Rs.)
2. SHARE CAPITAL				
AUTHORISED SHARE CAPITAL				
15,000,000 (Previous Year 15,000,000) Equity Shares of Rs.10/- each		150,000,000		150,000,000
25,000,000 (Previous Year 25,000,000) Preference Shares of Rs. 10/- each		250,000,000		250,000,000
		<u>400,000,000</u>		<u>400,000,000</u>
ISSUED SHARE CAPITAL				
10,398,978 (Previous Year 10,398,978) Equity Shares of Rs. 10/- each		103,989,780		103,989,780
SUBSCRIBED AND PAID UP SHARE CAPITAL				
10,397,478 (Previous Year 10,397,478) Equity Shares of Rs. 10/- each fully paid up		103,974,780		103,974,780
Add: Share forfeited (Amount paid up)		7,500		7,500
		<u>103,982,280</u>		<u>103,982,280</u>
a) Reconciliation of Equity shares outstanding at the beginning and at the end of the reporting period.				
Particulars		31-Mar-13	31-Mar-12	
	Number	Amount (Rs)	Number	Amount(Rs)
Shares outstanding at the beginning of the year	10,397,478	103,974,780	10,397,478	103,974,780
Add: Shares forfeited (Amount paid up)	-	7,500	-	7,500
Changes during the year	-	-	-	-
Shares outstanding at the end of the year	10,397,478	103,982,280	10,397,478	103,982,280
b) Rights, preferences and restrictions attached to Equity shares				
Equity shares: The company has one class of equity shares having a par value of Re. 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.				
c) Shares held by holding company				
Particulars		31-Mar-13	31-Mar-12	
	Number	Amount(Rs)	Number	Amount(Rs)
M/s Anadi Investments (P) Ltd.	7,757,687	77,576,870	7,757,687	77,576,870
d) The details of Shareholders holding more than 5% shares :				
Particulars		31-Mar-13	31-Mar-12	
	No. of Shares	% holding	No. of Shares	% holding
M/s Anandi Investments (P) Ltd.	7,757,687	75	7,757,687	75
3. RESERVES AND SURPLUS				
CAPITAL RESERVE				
Balance as per last account		3,000,000		3,000,000
SECURITIES PREMIUM RESERVE				
Balance as per last account		12,952,386		12,952,386
GENERAL RESERVE				
Balance as per last account		50,000,000		50,000,000
SURPLUS				
Balance as per last account	628,030,686		436,520,520	
Add : Profit / (Loss) for the year	(58,466,070)		191,510,166	
		<u>569,564,616</u>		<u>628,030,686</u>
		<u>635,517,002</u>		<u>693,983,072</u>

MAJESTIC AUTO LIMITED

Notes on Financial Statements for the Year ended 31st March, 2013

PARTICULARS	(Rs.)	As at 31.03.2013 (Rs.)	(Rs.)	As at 31.03.2012 (Rs.)
4. LONG TERM BORROWINGS	Non-current	Current	Non-current	Current
FROM BANKS				
Secured:				
Rupee Term loans	617,880,382	72,184,000	512,771,882	78,594,000
Foreign Currency Term Loans	-	48,372,230	-	-
Unsecured:				
Foreign Currency Term Loans	46,956,525	12,756,975	60,528,162	57,743,383
FROM OTHERS				
Secured:				
Bajaj Finance Limited	125,000,000	-	-	-
Unsecured:				
Deposits (Refer Note 4 (d))	165,500,000	102,500,000	255,250,000	-
	955,336,907	235,813,205	828,550,044	136,337,383
Less : Current maturities shown under other current liability (refer note no. 9)		235,813,205		136,337,383
	955,336,907	-	828,550,044	-

a) Terms of repayment of secured borrowings

Type of loan	Amount (including current maturities) as on 31.03.2013 (Rs.)	Terms of repayment and Maturity	Rate of Interest
Rupee term loans			
(i) Term loan- IDBI Bank	189,600,000	Repayable in 28 quarterly installments commencing from 30-June-11 with first 12 installments of Rs.3,800,000 each, next 12 installments of Rs.11,100,000 each and remaining 4 installments of Rs. 10,300,000 each.	The rate of interest on the loans ranges from 11.50% to 12.50% per annum.
(ii) Term loan- Catholic Syrian Bank	268,039,382	1. Repayable in 26 quarterly installments of Rs. 3,846,000 each commencing from 16-December-10. 2. Repayable in 26 quarterly installments commencing from 31-May-11 with first 12 installments of Rs.4,350,000 each, Next 12 installments of Rs.12,575,000 each and last 2 installments of Rs.23,450,000 each.	
(iii) Term loan- HDFC Bank	209,925,000	Repayable in 26 quarterly installments commencing from 26-July-11 with first 12 installments of Rs. 5,730,000 each, 12 Installments of Rs 12,950,000 each and last 2 installments of Rs 12,920,000 each.	
(iv) Term loan- Standard Chartered Bank	22,500,000	Repayable in 16 equated quarterly installments ended on 16-May-15.	
Foreign currency term loans			
(v) Buyer's Credit Standard Chartered Bank	48,372,230	Principal including interest will be repaid in 12 equated quarterly installments from Buyer's Credit draw down date.	Quarterly LIBOR+200BPS
Others			
(vi) Bajaj Finance Ltd.	125,000,000	Principal including interest will be repayable within two year.	10.60% per annum

MAJESTIC AUTO LIMITED

Notes on Financial Statements for the Year ended 31st March, 2013

b) Nature of Security

(a) (i) to (v) Term Loans 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.

(b) (vi) is secured against Hero Moto Corp -scrip maximum quantity allowed 185000 shares in pledge mode.

c) Terms of Repayment for unsecured borrowings:

Type of loan	Amount (including current maturities) as on 31.03.2013 (Rs.)	Terms of repayment and Maturity	Rate of Interest
Rupee term loans			
(i) Buyer's Credit Bank of Baroda, Brussels	46,956,525	Principal including interest will be repaid in 3 years from the date of bill of lading.	The rate of interest on the loans ranges from yearly LIBOR+ 150BPS to LIBOR+ 170BPS
(ii) Buyer's Credit State Bank of India, Beharin	12,756,975	Principal including interest will be repaid in 3 years from the date of bill of lading.	

d) Terms of Repayment for unsecured deposits.

	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
Deposits from Director	144,250,000	131,500,000
Inter Corporate Deposits	21,250,000	21,250,000
Deposits from Others	-	102,500,000
	165,500,000	255,250,000
Repayable as per the terms of individual deposit ranging from 24 to 36 months from the date of acceptance of deposits.		

PARTICULARS	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
5. OTHER LONG-TERM LIABILITIES		
Trade Deposits	37,184,928	-
	<u>37,184,928</u>	<u>-</u>
6. LONG-TERM PROVISIONS		
Provision for employees benefit		
Provision for Gratuity	33,098,391	31,885,462
	<u>33,098,391</u>	<u>31,885,462</u>
7. SHORT TERM BORROWINGS		
Secured :		
Working Capital Loans repayable on demand from banks	84,424,817	82,175,151
Unsecured :		
Working Capital Loans repayable on demand from banks	24,909,000	5,042,057
	<u>109,333,817</u>	<u>87,217,208</u>

a) The Secured working capital Loans 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.

b) The Unsecured working capital Loans from Banks are secured by personal guarantee of Director(s) of the Company.

MAJESTIC AUTO LIMITED

Notes on Financial Statements for the Year ended 31st March, 2013

PARTICULARS	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
8. TRADE PAYABLES		
Micro, Small and Medium Enterprises #	96,744,132	49,304,542
Others	88,269,065	134,439,898
	185,013,197	183,744,440

This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

9. OTHER CURRENT LIABILITIES		
Current Maturity of long term Borrowings (refer note no.4)	235,813,205	136,337,383
Interest accrued but not due on borrowings	1,003,098	333,532
Unpaid dividend #	-	68,228
Advance from customers	2,795,874	3,401,503
Other payables (including Govt. dues, taxes, employee benefits and other misc. items)	59,103,731	51,442,997
	298,715,908	191,583,643

There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.

10. SHORT TERM PROVISIONS		
Provision for wealth tax	700,000	700,000
	700,000	700,000

11. FIXED ASSETS

Description	Gross Block				Depreciation /Amortisation				Net Block		
(Own Assets)	As at	Additions	Disposal/	Borrowing	As at	As at	For the	Disposal/	Upto	As at	As at
	01-04-2012		Adjustments	Cost	31-03-2013	01-04-2012	Year	Adjustments	31-03-2013	31-03-2013	31-03-2012
(A) TANGIBLE ASSETS :											
Leasehold Land	324,574,589	-	-	-	324,574,589	5,424,645	3,616,430	-	9,041,075	315,533,514	319,149,944
Freehold Land	44,297,910	-	-	-	44,297,910	-	-	-	-	44,297,910	44,297,910
Buildings	262,652,642	157,445,857	-	9,860,154	429,958,653	56,334,371	9,085,694	-	65,420,065	364,538,588	206,318,271
Plant & Equipment	1,410,694,392	144,684,723	-	-	1,555,379,115	544,425,067	129,587,158	-	674,012,225	881,366,890	866,269,325
Furniture & Fixtures	8,411,710	1,360,750	-	-	9,772,460	5,800,917	881,608	-	6,682,525	3,089,935	2,610,793
Vehicles	20,268,521	7,669,124	(3,337,014)	-	24,600,631	9,561,665	2,279,722	(2,611,099)	9,230,288	15,370,343	10,706,856
Office Equipment	23,294,369	734,646	-	-	24,029,015	9,237,865	1,261,947	-	10,499,812	13,529,203	14,056,504
Total (A)	2,094,194,133	311,895,100	(3,337,014)	9,860,154	2,412,612,373	630,784,530	146,712,559	(2,611,099)	774,885,990	1,637,726,383	1,463,409,603
Previous Year	1,851,976,549	242,886,039	(3,828,239)	3,159,784	2,094,194,133	506,218,575	126,603,822	(2,037,867)	630,784,530	1,463,409,603	1,345,757,974
(B) INTANGIBLE ASSETS :											
Computer Software	2,745,424	1,578,750	-	-	4,324,174	666,643	508,136	-	1,174,779	3,149,395	2,078,781
Total (B)	2,745,424	1,578,750	-	-	4,324,174	666,643	508,136	-	1,174,779	3,149,395	2,078,781
Previous Year	2,736,570	8,854	-	-	2,745,424	221,729	444,914	-	666,643	2,078,781	2,514,841
Total (A + B)	2,096,939,557	313,473,850	(3,337,014)	9,860,154	2,416,936,547	631,451,173	147,220,695	(2,611,099)	776,060,769	1,640,875,778	1,465,488,384
Previous Year	1,854,713,119	242,894,893	(3,828,239)	3,159,784	2,096,939,557	506,440,304	127,048,736	(2,037,867)	631,451,173	1,465,488,384	1,348,272,815
Capital Work-in-Progress										75,004,047	66,618,698
Intangible Assets under Development										173,400	173,400

MAJESTIC AUTO LIMITED

Notes on Financial Statements for the Year ended 31st March, 2013

PARTICULARS	(Rs.)	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
12. NON-CURRENT INVESTMENTS			
NON-TRADE INVESTMENTS (AT COST)			
Quoted Equity instruments			
Hero Moto Corp Limited.			
1,577,686 (Previous Year 1,577,686) Equity shares of Rs.2/- each fully paid up		1,262,151	1,262,151
Unquoted Equity Instruments			
Investment in Subsidiaries			
Majestic IT Services Limited		100,000,000	47,500,000
10,000,000 (Previous Year 4,750,000) Equity shares of Rs. 10/- each fully paid up			
Other Investments			
Investment in Capital of Association of Persons (AOP)			
M/s Brij Mohan Lall & Associates			
Total Investment in AOP	7,998,270		7,967,549
Less:- Current Account shown as current Investment (Refer Note No.15)	<u>6,798,270</u>		<u>6,767,549</u>
		1,200,000	1,200,000
		<u>102,462,151</u>	<u>49,962,151</u>
Aggregate amount of quoted investments		1,262,151	1,262,151
Market value of quoted investments		2,432,634,043	3,241,908,077
Aggregate amount of unquoted investments		101,200,000	48,700,000
The Company is a member of M/s Brij Mohan Lall & Associates (AOP), whose constitution as at 31.03.2013 is as under:			
Partners	Share in Profit		
M/s Brijmohan Lall & Associates (HUF)	20%		
M/s Satyanand & Sons (HUF)	20%		
Sh. Pankaj Munjal	20%		
Sh. Naveen Munjal	20%		
M/s Majestic Auto Ltd	20%		
Total capital of AOP as on 31.03.2013 is Rs. 7,998,270 (Fixed Rs. 1,200,000 & Fluctuating Rs.6,798,270) Previous year Rs.7,967,549 (Fixed Rs. 1,200,000 & Fluctuating Rs.6,767,549)			
13. DEFERRED TAX ASSETS/(LIABILITIES) (Net)			
Deferred Tax Assets			
Expenses booked but allowable for tax purposes in subsequent years		131,359,797	85,705,102
Deferred Tax Liabilities			
Related to Fixed Assets		95,546,543	100,891,519
Net Deferred Tax Assets/(Liabilities)		<u>35,813,254</u>	<u>(15,186,417)</u>
14. LONG TERM LOANS AND ADVANCES			
(Unsecured, considered good)			
Capital Advances		12,771,351	44,842,787
Security Deposits		7,782,947	5,567,697
MAT Credit Entitlement		20,800,000	20,800,000
Advance Income Tax (Net of provisions)		3,857,351	1,558,316
Others		594,090	969,080
		<u>45,805,739</u>	<u>73,737,880</u>

MAJESTIC AUTO LIMITED

Notes on Financial Statements for the Year ended 31st March, 2013

PARTICULARS	(Rs.)	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
		(Rs.)	(Rs.)
15. CURRENT INVESTMENT			
Unquoted			
ASSOCIATION OF PERSONS (NON TRADE)			
M/s Brij Mohan Lall & Associates (Current Account)- Refer Note No. 12		6,798,270	6,767,549
		<u>6,798,270</u>	<u>6,767,549</u>
Aggregate amount of unquoted Investments		<u>6,798,270</u>	<u>6,767,549</u>
16. INVENTORIES			
(valued at lower of cost and net realisable value)			
Raw Materials & Components		26,243,963	32,809,031
Work-in-Progress (Refer Note a (i))		67,878,833	41,978,997
Finished Goods (Refer Note a (ii))		16,457,387	9,217,832
Stores and Spares		18,250,105	8,088,644
Loose Tools		10,542,838	13,676,350
Scrap		1,651,884	847,107
Goods-in-Transit		369,861	-
		<u>141,394,871</u>	<u>106,617,961</u>
a) Details of Inventory			
(i) Work-in-progress			
Spokes with Nipples & Washers		516,647	916,978
Mufflers		17,333,974	17,863,856
Fine Blanking components		20,539,287	12,452,535
Electricals		12,688,541	6,331,206
Others		16,800,384	4,414,422
		<u>67,878,833</u>	<u>41,978,997</u>
(ii) Finished Goods			
Spokes with Nipples & Washers		253,624	134,282
Mufflers		11,430,653	5,550,501
Fine Blanking components		3,815,067	2,817,032
Electricals		624,966	148,346
Others		333,077	567,671
		<u>16,457,387</u>	<u>9,217,832</u>
17. TRADE RECEIVABLES			
(Unsecured)			
Outstanding for a period exceeding six months from the due date of payment			
Considered good		524,639	1,971,928
Considered doubtful		60,936,933	61,308,033
		<u>61,461,572</u>	<u>63,279,961</u>
Less: Provision for Doubtful debts		60,936,933	61,308,033
		<u>524,639</u>	<u>1,971,928</u>
Others Considered good		<u>135,342,564</u>	<u>182,609,332</u>
		<u>135,867,203</u>	<u>184,581,260</u>
18. CASH AND BANK BALANCES			
Cash and cash equivalents			
Cash on hand	132,162		378,311
Cheques/ Drafts in hand	1,580,295		19,365
Balances with Banks in Current Accounts	<u>17,937,941</u>		<u>19,513,845</u>
		<u>19,650,398</u>	<u>19,911,521</u>
Other bank balances			
Unpaid dividend accounts		-	68,228
		<u>19,650,398</u>	<u>19,979,749</u>

MAJESTIC AUTO LIMITED

Notes on Financial Statements for the Year ended 31st March, 2013

PARTICULARS	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
19. SHORT-TERM LOANS AND ADVANCES		
(Unsecured considered good)		
Loan and advances to Related Parties		
Loan to Subsidiary Company*	24,520,000	43,650,000
Advances recoverable in cash or in kind or for value to be received	18,337,116	32,498,603
Balances with customs, excise, etc.	39,599,788	18,118,725
Advance paid to Suppliers	23,961,873	17,332,366
Prepaid Expenses	2,117,697	1,798,854
Advance Income Tax (Net of provisions)	46,200,972	43,387,374
	154,737,446	156,785,922
<i>*Inter Corporate Deposit Receivable on Demand from subsidiary</i>		
Disclosure as per amendment to clause 32 of the Listing Agreement (Loans and advances in the nature of loans to subsidiaries)		
The company has given loans & advances of Rs. 24,520,000 Lacs (Previous Year Rs. 43,650,000) 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.57,801,888 (Previous Year Rs. 43,650,000). 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.		
20. OTHER CURRENT ASSETS		
(Unsecured considered good)		
Margin Money Deposits*	282,106	5,687,761
Interest accrued on Above	17,767	431,851
	299,873	6,119,612
*Pledged as security for letters of credit / bank guarantees.		
21. CONTINGENT LIABILITIES AND COMMITMENTS		
(I) Contingent Liabilities		
(a) Claims against the company not acknowledged as debts		
Sales Tax matters under Punjab Value Added Tax Act, 2005	42,700	42,700
Sales Tax matters under U.P. Trade Tax Act	198,108	198,108
(b) Guarantees		
Bank Guarantees#	24,996,800	32,687,562
(c) Letter of Credit	9,503,520	-
# Including Bank guarantee of Rs. Nil {Previous year USD 235,000(Rs. 11,987,562)}		
(i) Excise duty /Sale Tax paid under protest amounting to Rs.234,336 (Previous Year Rs.142,254) is appearing under the head amounts recoverable.		
a) It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.		
b) The Company does not expect any reimbursement in respect of the above contingent liabilities.		
c) Future cash outflows in respect of the above are determinable only on receipt of judgements / decisions pending with various forums / authorities.		
(II) Commitments		
Estimated value of contracts in capital account remaining to be executed and not provided for (net of advance)	23,016,600	73,076,449

MAJESTIC AUTO LIMITED

Notes on Financial Statements for the Year ended 31st March, 2013

PARTICULARS	Year ended 31.03.2013 (Rs.)	Year ended 31.03.2012 (Rs.)
22. REVENUE FROM OPERATIONS (GROSS)		
Sale of Products	1,340,901,751	1,530,372,829
Sale of Services	175,089,117	156,910,141
Other Operating Revenues	244,948,504	179,075,227
	<u>1,760,939,372</u>	<u>1,866,358,197</u>
Details of products sold		
(a) (i) Finished goods		
Spokes with Nipples & Washers	68,134,394	79,550,591
Mufflers	992,196,948	1,176,641,857
Fine Blanking components	184,052,555	187,648,162
Electricals	13,128,629	2,732,497
Others	35,619,418	44,975,875
	<u>1,293,131,944</u>	<u>1,491,548,982</u>
(ii) Traded goods		
Electricals (Alluminium)	47,769,807	38,823,847
	<u>47,769,807</u>	<u>38,823,847</u>
	<u>1,340,901,751</u>	<u>1,530,372,829</u>
(b) Sale of services		
Job Charges	175,089,117	156,910,141
	<u>175,089,117</u>	<u>156,910,141</u>
(c) Other Operating Revenues		
Sale of scrap	192,263,652	129,018,872
Others	52,684,852	50,056,355
	<u>244,948,504</u>	<u>179,075,227</u>
23. OTHER INCOME		
Interest on		
- Bank Deposits	279,843	447,693
- Others	1,755,095	256,948
Dividend income		
- From Current investments	-	262,930
- From Long Term investments	70,995,870	170,626,050
Share of Profit from AOP	30,721	75,590
Rent received	149,388	94,908
Provisions/Liabilities no longer required written back	619,079	1,821,053
Profit on sale of Current investments	-	138,718
Profit on sale of Long Term investments	-	99,111,987
Profit on sale of Fixed asset	123,291	154,260
Other non-operating income	8,865,593	2,231,919
	<u>82,818,880</u>	<u>275,222,056</u>
24. COST OF MATERIALS CONSUMED (Derived)		
Opening inventories	32,809,031	35,539,393
Add : Purchases	954,188,003	1,016,721,879
Less : Closing inventories	26,613,824	32,809,031
Cost of material consumed	<u>960,383,210</u>	<u>1,019,452,241</u>
Details of Imported and Indigenous Raw Materials Consumed:		
	% of Consumption	% of Consumption
Imported	0.87	0.59
Indigenous	99.13	99.41
	<u>100.00</u>	<u>100.00</u>
	<u>8,359,112</u>	<u>6,045,767</u>
	<u>952,024,098</u>	<u>1,013,406,474</u>
	<u>960,383,210</u>	<u>1,019,452,241</u>
Details of Raw Material Consumed		
Steel Wire	48,661,624	57,610,501
Raw Materials & Components	829,231,195	859,484,850
Paints	56,808,401	71,639,075
Plating Material and Chemical	25,681,990	30,717,815
	<u>960,383,210</u>	<u>1,019,452,241</u>

MAJESTIC AUTO LIMITED

Notes on Financial Statements for the Year ended 31st March, 2013

PARTICULARS	Year ended 31.03.2013 (Rs.)	Year ended 31.03.2012 (Rs.)
25. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Closing inventories		
- Finished goods	16,457,387	9,217,832
- Work-in-process	67,878,833	41,978,997
- Scrap	1,651,884	847,107
	<u>85,988,104</u>	<u>52,043,936</u>
Opening inventories		
- Finished goods	9,217,832	13,476,599
- Work-in-process	41,978,997	39,033,204
- Scrap	847,107	1,781,304
	<u>52,043,936</u>	<u>54,291,107</u>
(Increase) / Decrease in Inventories	<u>(33,944,168)</u>	<u>2,247,171</u>
26. EMPLOYEE BENEFIT EXPENSES		
Salaries, wages, bonus etc.	191,861,350	161,186,349
Contribution to Provident and other funds	20,049,186	18,526,831
Staff welfare expenses	2,224,198	1,212,338
	<u>214,134,734</u>	<u>180,925,518</u>
(a) Defined benefit Plans		
GRATUITY PLANS : 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.1,000,000/-. The disclosures as required pursuant to the Revised Accounting Standard -15 is as under:-		
Net Employee Benefit Expense recognized in the Statement of Profit and Loss		
Current service cost	2,585,256	2,889,610
Add : Interest cost on present value of defined benefit obligation as at the beginning of the year	3,922,088	3,781,966
Less: Expected return on plan assets	1,585,509	1,524,308
Add: Net actuarial (gain) / loss recognized in the year	(608,906)	(1,057,366)
Add: Past service cost	-	-
Net Gratuity Cost	<u>4,312,929</u>	<u>4,089,902</u>
Details of Provision for gratuity recognized in the Balance Sheet		
Present value of defined benefit obligation at the end of year	51,510,024	49,026,104
Less: Unrecognised past service cost	-	-
Less: Fair value of plan assets at the end of year	18,411,633	17,140,642
Funded Status-Net Liability/(Asset)	<u>33,098,391</u>	<u>31,885,462</u>
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	49,026,104	47,274,571
Add: Interest cost	3,922,088	3,781,966
Add: Current service cost	2,585,256	2,889,610
Less: Benefits paid	3,295,737	3,816,011
Add: Actuarial (gains) / losses on obligation	(727,687)	(1,104,032)
Closing defined benefit obligation	<u>51,510,024</u>	<u>49,026,104</u>

MAJESTIC AUTO LIMITED

Notes on Financial Statements for the Year ended 31st March, 2013

PARTICULARS	Year ended 31.03.2013 (Rs.)	Year ended 31.03.2012 (Rs.)
Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets	17,140,642	16,479,010
Add: Expected return on plan assets	1,585,509	1,524,308
Add: Contributions by employer	3,100,000	3,000,000
Less: Benefits paid	3,295,737	3,816,011
Add: Actuarial gains / (losses)	(118,781)	(46,665)
Closing fair value of plan assets	18,411,633	17,140,642
Actual Return on Plan Assets		
Expected Return on Plan Assets	1,585,509	1,524,308
Add: Actuarial gain/(loss) on Plan Assets	88,803	129,963
Actual Return on Plan Assets	1,674,312	1,654,271

Define Benefits plan for 5 years GRATUITY	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Net (Asset)/Liability recognised in the Balance Sheet					
(a) Present Value of Obligation as at the close of the year	51,510,024	49,026,104	47,274,571	42,482,700	40,393,751
(b) Fair value of plan asset as at the close of the year	18,411,633	17,140,642	16,479,010	15,080,224	13,779,707
(c) (Asset)/Liability recognised in the Balance Sheet	33,098,391	31,885,462	30,795,561	27,402,476	26,614,044
Change in Defined Benefit Obligation (DBO) during the year ended					
Actuarial (Gain)/Loss	(727,687)	1,104,032	1,081,555	(1,241,885)	2,171,918
Changes in the fair value of Plan Assets					
Actuarial Gain/(Loss)	(118,781)	(46,665)	(37,478)	(96,453)	(110,662)

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	8.00	8.00
Expected rate of return on Plan assets	9.25	9.25
Salary escalation	7.00	7.00
Mortality rate	LIC (1994-96) ULTIMATE	LIC (1994-96) ULTIMATE
Employee turnover:-		
Upto 30 years	1.00%	1.00%
Upto 44 years	2.00%	2.00%
Above 44 years	3.00%	3.00%
Method of Valuation	Projected Unit Credit	Projected Unit Credit

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.300,000 (Previous Year Nil) to the Superannuation Plan.

MAJESTIC AUTO LIMITED

Notes on Financial Statements for the Year ended 31st March, 2013

PARTICULARS	Year ended 31.03.2013 (Rs.)	Year ended 31.03.2012 (Rs.)
27. FINANCE COSTS		
Interest Expenses	106,120,020	107,081,491
Other borrowing costs	10,455,515	10,203,254
Applicable (gain)/loss on foreign currency transactions and translation	9,475,975	20,307,865
	126,051,510	137,592,610
28. OTHER EXPENSES		
Consumption of stores and spares*	50,318,578	34,315,549
Consumption of packing materials	8,272,356	14,917,320
Power and fuel	76,197,195	63,935,695
Fabrication expenses	25,044,562	24,936,445
Freight, cartage and octroi	13,341,417	11,319,660
Rent (refer note no.37)	920,140	599,300
Rates and taxes	1,722,994	1,906,016
Insurance	4,782,814	5,030,163
Research & development expenses	6,900	3,045
Repairs to plant & machinery	21,911,856	39,479,584
Repairs to buildings	2,222,009	1,986,051
Machinery rent	306,325	-
Repairs others	9,257,646	7,189,057
Directors' sitting fees	277,500	255,000
Auditor's remuneration and expenses		
- Audit fee	272,000	250,000
- Tax audit fee	50,000	50,000
- Taxation matters	75,000	75,000
- other services	28,500	225,000
(Decrease) / Increase of excise duty on inventories	421,640	(13,026)
Freight and forwarding charges	36,605,009	30,061,614
Selling expenses	1,716,170	1,291,724
Donations and contribution to charitable institutions	500	750
Loss on sale / write off of assets	308,005	21,272
Prior period Items	52,865	-
Miscellaneous expenses	17,310,681	18,448,552
	271,422,662	256,283,771
*Including loose tools consumed.		
Stores and Spares Consumed:	% of	% of
	Consumption	Consumption
Imported	25.30	26.21
Indigenous	74.70	73.79
Total	100.00	100.00
	12,732,982	8,995,287
	37,585,596	25,320,262
	50,318,578	34,315,549
29. EARNING PER SHARE (EPS)		
Net profit as per profit and loss account	(58,466,070)	191,510,166
Calculation of weighted average number of equity shares		
- Number of share at the beginning of the year	10,397,478	10,397,478
- Total equity shares outstanding at the end of the year	10,397,478	10,397,478
- Weighted average number of equity shares outstanding during the year	10,397,478	10,397,478
Basic Earnings Per Share (In Rs.)	(5.62)	18.42
Diluted Earnings Per Share (In Rs.)	(5.62)	18.42
Nominal Value of Equity Shares (In Rs.)	10.00	10.00

MAJESTIC AUTO LIMITED

Notes on Financial Statements for the Year ended 31st March, 2013

30. Foreign currency exposures recognized by the Company that have not been hedged by a derivative instrument or otherwise as at 31st March, 2013 are as under:

S.No.	Particulars	USD		EURO		CHF		JPY	
		As on 31.03.13	As on 31.03.12	As on 31.03.13	As on 31.03.12	As on 31.03.13	As on 31.03.12	As on 31.03.13	As on 31.03.12
i)	Debtors	9,225	23,118	-	-	5,211	48,267	-	-
ii)	Creditors	8,330	18,070	7,523	-	96,533	23,247	1,420,000	-
iii)	Loans	1,551,225	1,317,857	-	-	-	-	41,454,000	82,908,000

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

Sl. No.	Particulars	As on 31.03.2013 (Rs.)		As on 31.03.2012 (Rs.)	
		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.	96,744,132	-	49,304,542	-
b)	The amount of interest paid by the buyer in terms of section 16 of Micro Small and Medium Enterprises Development 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 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 2006.	-	-	-	-

32. Borrowing costs amounting to Rs. 98,60,154 (previous year Rs. 31,59,784) attributable to acquisition and construction of fixed assets have been capitalized during the year.
33. In the opinion of the Board, all assets other than fixed assets and non-current investments 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.
34. Value of imports calculated on C.I.F. basis in respect of -

	Year ended 31.03.2013 (Rs.)	Year ended 31.03.2012 (Rs.)
Raw Material	5,989,715	3,118,905
Components & Spare Parts	15,029,885	12,658,151
Capital Goods	62,392,098	13,165,498
	83,411,698	28,942,554

35. Expenditure in Foreign Currency (on accrual basis)

Interest	2,487,668	3,508,439
Others	493,443	377,022
	2,981,111	3,885,461

36. Earnings in Foreign Currency (on accrual basis)

Export of Goods on FOB basis	-	1,122,719
	-	1,122,719

MAJESTIC AUTO LIMITED

Notes on Financial Statements for the Year ended 31st March, 2013

37. Assets taken on Operative Lease

The Company has taken on lease certain assets with lease term upto 11 months, 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.

a)	The total of future minimum lease payments under non-cancelable operating leases for each of the following Periods:	Year ended 31.3.2013 (Rs.)	Year ended 31.3.2012 (Rs.)
	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 recognized in the statement of profit and loss for the year with separate amounts for		
	i) Minimum lease payments	920,140	599,300
	ii) Contingent rents	-	-
c)	Sub lease payments received (or receivable) recognized in the Statement of profit and loss for the year	N.A	N.A

38. Related party disclosure under Accounting Standard 18

During the year the company had entered into transactions with related parties. Those transactions along with related balances as at March 31, 2013 and for the year then ended are presented in the following table. List of related parties along with nature and volume of transaction is given below:

a)	Holding Company	:	M/s Anadi Investments Pvt. Ltd.
b)	Subsidiary Company	:	M/s Majestic IT Services Ltd.
c)	Enterprises in which the Company has significant influence	:	M/s. Brij Mohan Lall&Associates
d)	Key Management Personnel	:	Mr. Mahesh Munjal (Managing Director)
e)	Relatives of Key Management personnel	:	Mr. Ayush Munjal & Ms. Ashima Munjal
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 Munjal Auto Ind. Ltd.
		:	M/s Satyam Auto Component 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

Notes on Financial Statements for the Year ended 31st March, 2013

Transactions with related parties during the year ended 31.03.2013

Particulars	Subsidiary Company	Subsidiary Company	Enterprises in which the company significant influence.	Enterprises in which the company significant influence.	Key management personnel	Key management personnel	Relative of Key management personnel	Relative of Key management personnel	Enterprises over which key management & their relatives are able to exercise significant influences	Enterprises over which key management & their relatives are able to exercise significant influences	Employees welfare trust where there is control	Employees welfare trust where there is control
	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12
<u>Sale of Goods</u>												
M/s Munjal Showa Ltd.	-	-	-	-	-	-	-	-	2440357	3473642	-	-
<u>Purchase of Goods</u>												
M/s Munjal Showa Ltd.	-	-	-	-	-	-	-	-	92996	409383	-	-
<u>Reimbursement of Expenses</u>	691795	17501	-	-	-	-	-	-	-	-	-	-
<u>Interest Paid</u>	-	-	-	-	16516354	14185902	-	-	-	-	-	-
<u>Loan Paid</u>	24520000	21800000	-	-	-	-	-	-	-	-	-	-
<u>Loan Received</u>	-	-	-	-	12750000	31500000	-	-	-	-	-	-
<u>Loan Outstanding</u>	24520000	43650000	-	-	144250000	131500000	-	-	-	-	-	-
Profit from BM Lall & Asso.	-	-	30721	75590	-	-	-	-	-	-	-	-
Balance with BM Lall & Associates	-	-	7998270	7967549	-	-	-	-	-	-	-	-
<u>Remuneration Paid</u>												
Mahesh Munjal	-	-	-	-	57,83,065*	55,54,032*	-	-	-	-	-	-
Aayush Munjal	-	-	-	-	-	-	1327825	1306767	-	-	-	-
M/s Majestic Auto Ltd. Superannuation Fund	-	-	-	-	-	-	-	-	-	-	300000	-
<u>Gratuity</u>												
M/s Majestic Auto Ltd. Employee Gratuity Fund	-	-	-	-	-	-	-	-	-	-	3100000	3000000
<u>Investment</u>												
Majestic IT Services Ltd.	100000000	47500000	-	-	-	-	-	-	-	-	-	-
<u>Receivable</u>												
Munjal Showa Ltd.	-	-	-	-	-	-	-	-	364922	759595	-	-
<u>Payable</u>												
Munjal Showa Ltd.	-	-	-	-	-	-	-	-	92996	-	-	-

*Including perquisites as per Income Tax Act 1961.

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

Notes on Financial Statements for the Year ended 31st March, 2013

39. SEGMENT DISCLOSURE

(Amount in Rs.)

		Year Ended 31.03.2013							Year Ended 31.03.2012						
		Fine Bl- anking Compo- nents	Muf- flers	Elect- ricals	Spo- kes	Other Oper- tion	Elim- in- anst- ions	Cons- olid- ated	Fine Bl- anking Compo- nents	Muf- flers	Elect- ricals	Spo- kes	Other Oper- tion	Elim- in- anst- ions	Cons- olid- ated
1	SEGMENT REVENUE														
	Net Sales / Income														
	from operations	207870997	881627513	337874476	68134394	38781254	-	1534288634	217655076	1061450552	245109344	79569958	42899775	-	1646684705
	Less: Inter segment Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	NET SALES/ INCOME														
	FROM OPERATIONS	207870997	881627513	337874476	68134394	38781254	-	1534288634	217655076	1061450552	245109344	79569958	42899775	-	1646684705
2	SEGMENT RESULTS														
	Profit before Tax														
	Interest & Other Income	4542340	-34226952	-34709289	-643248	1245785	-	-637913 64	18614040	22622314	-135142 40	1400150	2825345	-	31947609
	Total	4542340	-34226952	-34709289	-643248	1245785	-	-637913 64	18614040	22622314	-135142 40	1400150	2825345	-	31947609
	Less: i) Finance Cost							126051510							137592610
	ii) Other un-allocable expenditure														
	Net of un-allocable income														-271562 233
	Total Profit before tax							-809054 10							165917232
	Provision for Taxation							-1089374 64							-25592 933
	Profit after tax							-504713 94							191510165
								-584660 70							
3	OTHER INFORMATION														
	Segment Assets-Fixed / Current														
	Assets/Investments	353275887	265883930	1427719919	36208905	48796561	-	2131885202	339164271	339702273	1200064363	51117102	34063362	-	1964111371
	Unallocated Corporate Asset	-	-	-	-	-	-	226997228	-	-	-	-	-	-	172721195
	TOTAL ASSETS	353275887	265883930	1427719919	36208905	48796561	-	2358882430	339164271	339702273	1200064363	51117102	34063362	-	2136832566
	Segment Liabilities-Term/														
	Current Liabilities	180572131	338114430	1041366308	33997380	24632899	-	1618683148	151357974	395162467	722967159	34253917	19239366	-	1322980883
	Unallocated Corporate Liabilities	-	-	-	-	-	-	700000	-	-	-	-	-	-	15886331
	TOTAL LIABILITIES	180572131	338114430	1041366308	33997380	24632899	-	1619383148	151357974	395162467	722967159	34253917	19239366	-	1338867214
4	Capital Expenditure for the year	51180082	2976136	246846415	-	30716720	-	331719353	23846042	7967052	160107342	506123	237982	-	192664541
5	Depreciation for the year	34250825	7151696	86148345	19258	19650571	-	147220695	32549721	15169340	76939511	530349	1859815	-	127048736
6	Other Non Cash Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-

40. The Companies (Accounting Standards) (Second Amendment) Rules 2011 has further amended AS-11, "The effects of changes in foreign exchange rates" vide Notification No. G.S.R 914(E) dated December 29, 2011 which amends the principal regulation published vide Notification No. G.S.R 739(E) dated December 7, 2006, and subsequently amended vide Notification No. G.S.R 212(E) dated March 27, 2008, G.S.R 225(E) dated March 31, 2009 and G.S.R 378(E) dated May 11, 2011. Before these amendments, AS-11 required the exchange gain/losses on the long term foreign currency monetary items in so far as they relate to the acquisition of depreciable Capital Asset to be charged off fully in the Profit & Loss Account. The amended AS-11 provides an irrevocable option to the company to add or deduct the exchange rate fluctuation on long term foreign currency monetary items from the cost of the Capital asset and depreciate the same over the balance life of the Capital asset. The amendment is applicable retrospectively from the financial year beginning on or after December 7, 2006. The Company had not earlier exercised the option as per above said principal regulation and opts not to exercise the option under Companies (Accounting Standards) (Second Amendment) Rules 2011 for accounting year ended on March 31, 2013 and accordingly has charged exchange difference related to the long term foreign currency monetary items to the statement of profit and loss.

MAJESTIC AUTO LIMITED

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Majestic Auto Ltd.,

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Majestic Auto Limited ("the Company") and its subsidiary, which comprise the Consolidated Balance Sheet as at 31st March'2013, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principals generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act 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 Consolidated Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- b. In the case of Consolidated Statement of Profit and Loss of the Loss of the Company for the year then ended and;
- c. In the case of Consolidated Cash Flow Statement, of the Cash Flows of the Company for the year then ended.

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 : 27.05.2013

MAJESTIC AUTO LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31.03.2013

PARTICULARS	Note No.	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	103,982,280	103,982,280
Reserves and surplus	3	581,630,629	652,761,242
		<u>685,612,909</u>	<u>756,743,522</u>
Non-Current liabilities			
Long-term borrowings	4	955,336,907	828,550,044
Deferred tax liabilities (Net)	13	-	15,186,417
Other Long-term liabilities	5	37,464,928	305,000
Long-term provisions	6	33,574,865	32,240,423
		<u>1,026,376,700</u>	<u>876,281,884</u>
Current liabilities			
Short-term borrowings	7	109,333,817	87,217,208
Trade payables	8	190,679,400	189,876,956
Other current liabilities	9	306,232,542	197,762,892
Short-term provisions	10	1,539,594	963,806
		<u>607,785,353</u>	<u>475,820,862</u>
TOTAL		<u>2,319,774,962</u>	<u>2,108,846,268</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	1,638,594,685	1,464,326,094
Intangible assets		77,384,750	2,118,476
Capital work-in-progress		75,004,047	66,618,698
Intangible assets under development		173,400	55,880,567
		<u>1,791,156,882</u>	<u>1,588,943,835</u>
Non-current investments	12	2,462,151	2,462,151
Deferred tax assets (Net)	13	35,813,254	-
Long-term loans and advances	14	51,350,068	77,974,690
		<u>89,625,473</u>	<u>80,436,841</u>
		<u>1,880,782,355</u>	<u>1,669,380,676</u>
Current assets			
Current investments	15	6,798,270	6,767,549
Inventories	16	141,394,871	106,617,961
Trade receivables	17	136,961,065	184,594,400
Cash and Bank balances	18	19,893,103	20,526,699
Short-term loans and advances	19	133,645,425	114,839,371
Other current assets	20	299,873	6,119,612
		<u>438,992,607</u>	<u>439,465,592</u>
TOTAL		<u>2,319,774,962</u>	<u>2,108,846,268</u>
Significant accounting policies	1		

The accompanying notes are an integral part of the financial statements.

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

Place : Ludhiana
Date : 27.05.2013

Rajesh Saini
AGM-Company Secretary

Mahesh Munjal
Chairman and Managing Director

S.S.Khosla
Director

(Satish Kumar Bansal)
PARTNER
M.NO.80324

MAJESTIC AUTO LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2013

PARTICULARS	Note No.	(Rs.)	Year ended 31.03.2013 (Rs.)	Year ended 31.03.2012 (Rs.)
Income:				
Revenue from Operations (Gross)	22		1,772,053,476	1,870,831,574
Less: Excise Duty			226,650,738	219,673,492
Revenue from Operations (Net)			1,545,402,738	1,651,158,082
Other Income	23		82,818,880	275,222,208
Total Revenue			1,628,221,618	1,926,380,290
Expenses:				
Cost of materials consumed	24		960,383,210	1,019,452,241
Purchases of Stock-in-Trade			40,776,335	32,439,482
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	25		(33,944,168)	2,247,171
Employee benefits expense	26		221,902,370	185,362,699
Finance costs	27		126,128,345	137,625,200
Depreciation and amortisation expense	11		149,410,092	127,229,765
Other expenses	28		285,167,441	275,831,078
Total expenses			1,749,823,625	1,780,187,636
Profit before tax			(121,602,007)	146,192,654
Less: Tax expenses:				
Deferred tax			(50,999,670)	(22,475,960)
Tax with respect to earlier years			528,276	(3,116,973)
Profit / (Loss) for the year			(71,130,613)	171,785,587
Earnings per Share (in Rs.)	29			
(Face value of Rs. 10/- each)				
- Basic			(6.84)	16.52
- Diluted			(6.84)	16.52
Significant accounting policies	1			

The accompanying notes are an integral part of the financial statements.

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

Place: Ludhiana
Date : 27.05.2013

Rajesh Saini
AGM-Company Secretary

Mahesh Munjal
Chairman and Managing Director

S.S.Khosla
Director

(Satish Kumar Bansal)
PARTNER
M.NO.80324

MAJESTIC AUTO LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	Year ended 31.03.2013 (Rs.)	Year ended 31.03.2012 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and Extraordinary items	(121,602,003)	146,192,654
Adjustment for:		
Add:		
a) Depreciation & Amortization Expenses	149,410,093	127,229,765
b) Exchange Difference	9,475,975	20,307,865
c) Loss on fixed Assets sold/discarded	308,005	21,272
d) Interest -other and financial charges	116,652,370	117,317,335
e) Increase in Provision for Gratuity (Net of payment)	1,212,929	1,321,171
f) Prior period expense	652,865	-
g) Provision for doubtful debts written off/(written back)	(371,100)	(1,221,152)
Less:		
a) Interest received on Loans, Deposits	2,034,938	704,641
b) Dividend income on from Current Investment from Long term Investments (Non Trade)	- 70,995,870	262,930 170,626,050
c) Profit from investment in AOP (Non Trade)	30,721	75,590
d) Profit on sale of Fixed Assets	123,291	154,412
e) Profit on sale of Investments	-	99,250,705
Operating Profit before working Capital Changes	82,554,314	271,074,328
Adjustment for:		
a) Increase/(decrease) in Trade Payable	802,444	3,277,548
b) Increase/(decrease) in other liabilities	46,919,284	(12,421,975)
c) (Increase)/decrease in inventories	(34,776,910)	3,690,022
d) (Increase)/decrease in Loan and advance & other current assets	18,788,442	14,584,557
e) (Increase)/decrease in Trade and other receivable	48,004,435	53,798,521
Cash Generated from Operations	162,292,009	62,928,673
Less:		
a) Direct Taxes Paid	5,112,633	39,964,525
b) Exchange Difference	9,475,975	20,307,865
c) Net prior period expenses/ Tax adjustments	1,181,141	(2,416,973)
Net Cash Flow operating activities	146,522,260	57,855,417
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
a) Sale of Fixed Assets	541,201	1,926,359
b) Purchase of Investments	-	(191,300,000)
c) Interest received on Loan deposit	2,034,938	704,641
d) Dividend received	70,995,870	170,626,050
e) Purchase of Fixed Assets	(342,488,900)	(216,509,740)
f) Share in AOP profit	30,721	75,590
g) Sale of Investments	-	290,851,494
Net cash from (used in) Investments activities	(268,886,170)	56,374,394
C. CASH FLOW FROM FINANCING ACTIVITIES		
a) Repayment of borrowing	(133,313,205)	(361,260,434)
b) Interest -other and Financial charges	(126,512,524)	(117,317,335)
c) Proceed from borrowings	381,692,499	265,551,627
d) Less : Dividend paid	68,228	-
Net cash from (used in) financing activities	121,798,542	(213,026,142)
D. NET INCREASE(+)/DECREASE(-) IN CASH AND CASH EQUIVALENTS (A+B+C)	(565,368)	(11,483,910)
Cash and cash equivalents as at the beginning of the year	20,458,471	31,942,381
Cash and cash equivalents as at the end of the year	19,893,103	20,458,471

NOTE TO THE CASH FLOW STATEMENT

- Cash and cash equivalents include cash and bank balance shown in note no. 18 of the Consolidated Balance sheet (except balance in unpaid dividend account).
- Prior year figures have been regrouped and recast wherever necessary

The accompanying notes are an integral part of the financial statements.

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

Place : Ludhiana
Date : 27.05.2013

Rajesh Saini
AGM-Company Secretary

Maresh Munjal
Chairman and Managing Director

S.S.Khosla
Director

(Satish Kumar Bansal)
PARTNER
M.NO.80324

MAJESTIC AUTO LIMITED

Notes on Consolidated Financial Statements for the Year ended 31st March, 2013

1. SIGNIFICANT ACCOUNTING POLICIES

A. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include accounts of Majestic Auto Limited (MAL) and its wholly owned subsidiary, Majestic IT Services Limited, a company incorporated in India. 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) and in particular Accounting Standard 21 (AS 21) - Consolidated Financial Statements.

B. ACCOUNTING CONVENTIONS

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles (GAAP) in India and comply with the accounting standards as notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant presentational requirements of the Companies Act, 1956.

C. BASIS OF PREPARATION

The financial statements have been prepared to comply in all material aspects with applicable accounting principles in India, the applicable Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 and the relevant provisions thereof.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act, 1956.

Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current / non-current classification of assets and liabilities.

D. FIXED ASSETS INCLUDING INTANGIBLE ASSETS AND DEPRECIATION/AMORTISATION

- a) 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.
- b) 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.
- c) The cost of Leasehold land is amortized over the period of lease.
- d) In respect of assets added / disposed off during the year, depreciation is charged on a pro-rata basis with reference to the month of addition/disposal.
- e) Assets costing up to Rs. 5,000 are fully depreciated in the year of purchase.
- f) Intangible assets are recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. These assets are valued at cost which comprises its purchase price and any directly attributable expenditure.

E. INVESTMENTS

Investments are classified into current and long term investments. Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments (excluding current maturities of long term investments) are stated at the lower of cost and fair value. Long term investments are carried at cost. Provision for diminution in value of long term investments is made only if such decline is not temporary.

F. INVENTORIES

- a) Finished goods are valued at lower of cost or net realizable value. Cost is considered at material cost on movement moving weighted average basis plus appropriate overheads.
- b) Work in progress is valued at material cost on movement moving weighted average basis plus appropriate overheads.
- c) Scrap is valued at net realizable value.
- d) Goods in transit are valued at cost.
- e) Other inventories are valued at cost on movement moving weighted average basis.
- f) 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.

G. EMPLOYEE BENEFITS

- a) Short term employee benefits are recognized as an expense at the undiscounted amount in the statement of Profit and Loss for the year in which related services are rendered.

MAJESTIC AUTO LIMITED

Notes on Consolidated Financial Statements for the Year ended 31st March, 2013

- b) Liability in respect of Gratuity is provided for on the basis of actuarial valuation under Projected Unit Credit Method as determined by the actuary in the case of subsidiary company (unfunded) and LIC in the case of holding company (funded).
- c) Provident Fund benefits, being retirement benefits, are accounted for on accrual basis with corresponding payment to recognized fund.
- d) Superannuation in the case of holding company is funded through a scheme obtained from LIC through approved Superannuation Trust. The subsidiary company does not have any such scheme.

H. REVENUE RECOGNITION

Revenue from sale of products/job-work is recognized on dispatch of goods from factory premises and is recognized on accrual basis except for export sales, which are booked on the basis of date of custom clearance. Gross sales as reflected in the financial statements are inclusive of excise duty and net of rebate / trade discounts and returns.

Interest income is recognized on an accrual basis on time proportion method, taking into account the amount outstanding and the rate applicable.

Dividend income is recognized when the right to receive payment is established by the balance sheet date.

Exports benefits are recognized on an accrual basis at the anticipated realizable value, based on past experience.

I. RESEARCH AND DEVELOPMENT

Revenue expenditure on research and development is charged against the profit of the year in which it is incurred. Capital expenditure on research and development is shown as an addition to fixed assets and depreciation is provided on the same basis as for other fixed assets.

J. FOREIGN EXCHANGE TRANSACTIONS

The Company accounts for effects of difference in foreign exchange rates in accordance with Accounting Standard 11 notified by the Companies (Accounting Standards) Rules, 2006.

- 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 yearend 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 rate difference either on settlement or on transaction is recognized in the statement of profit and loss.
- 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 statement of profit and loss 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.

K. 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.

Minimum Alternative Tax ("MAT") paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax in future. MAT Credit entitlement can be carried forward and utilized for a specific period as prescribed under the law from the year in which the same is availed. Accordingly, it is recognized as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

L. GOVERNMENT GRANTS

Government grants are deducted from the value of the concerned asset if the grant is specifically received for the purchase, construction or acquisition of the asset. However, if it is received as a contribution towards the total investment or by way of contribution to its capital outlay and no repayment is ordinarily required to be made; such grants are treated as capital reserves.

M. ACCOUNTING FOR ESTIMATES

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Examples of such estimates include estimation of future

MAJESTIC AUTO LIMITED

Notes on Consolidated Financial Statements for the Year ended 31st March, 2013

obligations under employee retirement benefit plans, estimated useful life of fixed assets, classification of assets / liabilities etc. Actual results could differ from these estimates. Any revision to accounting estimates is recognized in accordance with the requirements of the respective accounting standards.

N. IMPAIRMENT

The carrying amounts of assets are reviewed at each balance sheet date in accordance with Accounting Standard 28, 'Impairment of Assets', to determine whether there is any indication of impairment. 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.

O. ACCOUNTING FOR LEASES

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease charges are recognised as an expense in the Statement of Profit and Loss on a straight line basis.

P. BORROWING COSTS

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets to the extent that they relate to the period till such assets are ready to be put to use. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss.

Q. 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 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.

R. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

A contingent asset is neither recognised nor disclosed in the financial statements.

S. 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.

T. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

MAJESTIC AUTO LIMITED

Notes on Consolidated Financial Statements for the Year ended 31st March, 2013

PARTICULARS	(Rs.)	As at 31.03.2013 (Rs.)	(Rs.)	As at 31.03.2012 (Rs.)
2. SHARE CAPITAL				
AUTHORISED SHARE CAPITAL				
15,000,000 (Previous Year 15,000,000) Equity Shares of Rs.10/- each		150,000,000		150,000,000
25,000,000 (Previous Year 25,000,000) Preference Shares of Rs. 10/- each		250,000,000		250,000,000
		<u>400,000,000</u>		<u>400,000,000</u>
ISSUED SHARE CAPITAL				
10,398,978 (Previous Year 10,398,978) Equity Shares of Rs. 10/- each		103,989,780		103,989,780
SUBSCRIBED AND PAID UP SHARE CAPITAL				
10,397,478 (Previous Year 10,397,478) Equity Shares of Rs. 10/- each fully paid up		103,974,780		103,974,780
Add: Share forfeited (Amount paid up)		7,500		7,500
		<u>103,982,280</u>		<u>103,982,280</u>
a) Reconciliation of Equity shares outstanding at the beginning and at the end of the reporting period.				
Particulars	31-Mar-13		31-Mar-12	
	Number	Amount (Rs)	Number	Amount (Rs)
Shares outstanding at the beginning of the year	10,397,478	103,974,780	10,397,478	103,974,780
Add: Shares forfeited (Amount paid up)	-	7,500	-	7,500
Changes during the year	-	-	-	-
Shares outstanding at the end of the year	10,397,478	103,982,280	10,397,478	103,982,280
b) Rights, preferences and restrictions attached to Equity shares				
Equity shares: The company has one class of equity shares having a par value of Re. 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.				
c) Shares held by holding company				
Particulars	31-Mar-13		31-Mar-12	
	Number	Amount (Rs)	Number	Amount (Rs)
M/s Anadi Investments (P) Ltd.	7,757,687	77,576,870	7,757,687	77,576,870
d) The details of Shareholders holding more than 5% shares :				
Particulars	31-Mar-13		31-Mar-12	
	No. of Shares	% holding	No. of Shares	% holding
M/s Anandi Investments (P) Ltd.	7,757,687	75	7,757,687	75
3. RESERVES AND SURPLUS				
CAPITAL RESERVE				
Balance as per last account		3,000,000		3,000,000
SECURITIES PREMIUM RESERVE				
Balance as per last account		12,952,386		12,952,386
GENERAL RESERVE				
Balance as per last account		50,000,000		50,000,000
SURPLUS				
Balance as per last account	586,808,856		415,023,269	
Add : Profit / (Loss) for the year	(71,130,613)		171,785,587	
		<u>515,678,243</u>		<u>586,808,856</u>
		<u>581,630,629</u>		<u>652,761,242</u>

MAJESTIC AUTO LIMITED

Notes on Consolidated Financial Statements for the Year ended 31st March, 2013

PARTICULARS	(Rs.)	As at	(Rs.)	(Rs.)	As at
		31.03.2013			31.03.2012
4. LONG TERM BORROWINGS	Non-current	Current	Non-current	Current	
FROM BANKS					
Secured:					
Rupee Term loans	617,880,382	72,184,000	512,771,882	78,594,000	
Foreign Currency Term Loans	-	48,372,230	-	-	
Unsecured:					
Foreign Currency Term Loans	46,956,525	12,756,975	60,528,162	57,743,383	
FROM OTHERS					
Secured:					
Bajaj Finance Limited	125,000,000	-	-	-	
Unsecured:					
Deposits (Refer Note 4 (d))	165,500,000	102,500,000	255,250,000	-	
	955,336,907	235,813,205	828,550,044	136,337,383	
Less : Current maturities shown under other current liability (refer note no. 9)					
		235,813,205		136,337,383	
	955,336,907	-	828,550,044	-	

a) Terms of repayment of secured borrowings

Type of loan	Amount (including current maturities) as on 31.03.2013 (Rs.)	Terms of repayment and Maturity	Rate of Interest
Rupee term loans			
(i) Term loan- IDBI Bank	189,600,000	Repayable in 28 quarterly installments commencing from 30-June-11 with first 12 installments of Rs.3,800,000 each, next 12 installments of Rs.11,100,000 each and remaining 4 installments of Rs. 10,300,000 each.	The rate of interest on the loans ranges from 11.50% to 12.50% per annum.
(ii) Term loan- Catholic Syrian Bank	268,039,382	1. Repayable in 26 quarterly installments of Rs. 3,846,000 each commencing from 16-December-10. 2. Repayable in 26 quarterly installments commencing from 31-May-11 with first 12 installments of Rs.4,350,000 each, Next 12 installments of Rs.12,575,000 each and last 2 installments of Rs.23,450,000 each.	
(iii) Term loan- HDFC Bank	209,925,000	Repayable in 26 quarterly installments commencing from 26-July-11 with first 12 installments of Rs. 5,730,000 each, 12 Installments of Rs 12,950,000 each and last 2 installments of Rs 12,920,000 each.	
(iv) Term loan- Standard Chartered Bank	22,500,000	Repayable in 16 equated quarterly installments ended on 16-May-15.	
Foreign currency term loans			
(v) Buyer's Credit Standard Chartered Bank	48,372,230	Principal including interest will be repaid in 12 equated quarterly installments from Buyer's Credit draw down date.	Quarterly LIBOR+200BPS
Others			
(vi) Bajaj Finance Ltd.	125,000,000	Principal including interest will be repayable within two year.	10.60% per annum

MAJESTIC AUTO LIMITED

Notes on Consolidated Financial Statements for the Year ended 31st March, 2013

b) Nature of Security

(a) (i) to (v) Term Loans 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.

(b) (vi) is secured against Hero Moto Corp -scrip maximum quantity allowed 185000 shares in pledge mode.

c) Terms of Repayment for unsecured borrowings:

Type of loan	Amount (including current maturities) as on 31.03.2013 (Rs.)	Terms of repayment and Maturity	Rate of Interest
Rupee term loans			
(i) Buyer's Credit Bank of Baroda, Brussels	46,956,525	Principal including interest will be repaid in 3 years from the date of bill of lading.	The rate of interest on the loans ranges from yearly LIBOR+ 150BPS to LIBOR+ 170BPS
(ii) Buyer's Credit State Bank of India, Beharin	12,756,975	Principal including interest will be repaid in 3 years from the date of bill of lading.	

d) Terms of Repayment for unsecured deposits.

	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
Deposits from Director	144,250,000	131,500,000
Inter Corporate Deposits	21,250,000	21,250,000
Deposits from Others	-	102,500,000
	165,500,000	255,250,000
Repayable as per the terms of individual deposit ranging from 24 to 36 months from the date of acceptance of deposits.		

PARTICULARS	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
5. OTHER LONG-TERM LIABILITIES		
Trade Deposits	37,464,928	305,000
	<u>37,464,928</u>	<u>305,000</u>
6. LONG-TERM PROVISIONS		
Provision for employees benefit		
Provision for Gratuity	33,574,865	32,240,423
	<u>33,574,865</u>	<u>32,240,423</u>
7. SHORT TERM BORROWINGS		
Secured :		
Working Capital Loans repayable on demand from banks	84,424,817	82,175,151
Unsecured :		
Working Capital Loans repayable on demand from banks	24,909,000	5,042,057
	<u>109,333,817</u>	<u>87,217,208</u>

a) The Secured working capital Loans 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.

b) The Unsecured working capital Loans from Banks are secured by personal guarantee of Director(s) of the Company.

MAJESTIC AUTO LIMITED

Notes on Consolidated Financial Statements for the Year ended 31st March, 2013

PARTICULARS	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
8. TRADE PAYABLES		
Micro, Small and Medium Enterprises #	96,744,132	49,304,542
Others	93,935,268	140,572,414
	<u>190,679,400</u>	<u>189,876,956</u>
# This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.		
9. OTHER CURRENT LIABILITIES		
Current Maturity of long term Borrowings (refer note no.4)	235,813,205	136,337,383
Interest accrued but not due on borrowings	1,003,098	333,532
Unpaid dividend#	-	68,228
Income received in advance	2,815,878	3,732,255
Advance from customers	2,795,874	3,401,503
Other payables (including Govt. dues, taxes, employee benefits and other misc. items)	63,804,487	53,889,991
	<u>306,232,542</u>	<u>197,762,892</u>
# There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.		
10. SHORT TERM PROVISIONS		
Provision for employees benefits		
Gratuity	4,643	2,157
Leave Encashment	834,951	261,649
Others		
Provision for wealth tax	700,000	700,000
	<u>1,539,594</u>	<u>963,806</u>

11. FIXED ASSETS

Description	Gross Block					Depreciation / Amortisation				Net Block	
(Own Assets)	As at 01-04-2012	Additions	Disposal/ Adjustments	Borrowing Cost	As at 31-03-2013	As at 01-04-2012	For the Year	Disposal/ Adjustments	Upto 31-03-2013	As at 31-03-2013	As at 31-03-2012
(A) TANGIBLE ASSETS :											
Leasehold Land	324,574,589	-	-	-	324,574,589	5,424,645	3,616,430	-	9,041,075	315,533,514	319,149,944
Freehold Land	44,297,910	-	-	-	44,297,910	-	-	-	-	44,297,910	44,297,910
Buildings	262,652,642	157,445,857	-	9,860,154	429,958,653	56,334,371	9,085,694	-	65,420,065	364,538,588	206,318,271
Plant & Equipment	1,411,463,477	144,739,323	-	-	1,556,202,800	544,617,961	129,718,358	-	674,336,319	881,866,481	866,845,516
Furniture & Fixtures	8,492,955	1,396,250	-	-	9,889,205	5,829,305	920,937	-	6,750,242	3,138,963	2,663,650
Vehicles	20,268,521	7,669,124	(3,337,014)	-	24,600,631	9,561,665	2,279,722	(2,611,099)	9,230,288	15,370,343	10,706,856
Office Equipment	23,629,061	783,236	-	-	24,412,297	9,285,114	1,278,297	-	10,563,411	13,848,886	14,343,947
Total (A)	2,095,379,155	312,033,790	(3,337,014)	9,860,154	2,413,936,085	631,053,061	146,899,438	(2,611,099)	775,341,400	1,638,594,685	1,464,326,094
Previous Year	1,852,918,711	243,131,899	(3,831,239)	3,159,784	2,095,379,155	506,312,167	126,778,913	(2,038,019)	631,053,061	1,464,326,094	1,346,606,544
(B) INTANGIBLE ASSETS:											
Computer Software	2,758,924	1,578,750	-	-	4,337,674	671,229	510,324	-	1,181,553	3,156,121	2,087,695
Intangible Assets	-	76,198,178	-	-	76,198,178	-	1,996,580	-	1,996,580	74,201,598	-
Trade Mark & Licences	37,500	-	-	-	37,500	6,719	3,750	-	10,469	27,031	30,781
Total (B)	2,796,424	77,776,928	-	-	80,573,352	677,948	2,510,654	-	3,188,602	77,384,750	2,118,476
Previous Year	2,787,570	8,854	-	-	2,796,424	227,096	450,852	-	677,948	2,118,476	2,560,474
Total (A + B)	2,098,175,579	389,810,718	(3,337,014)	9,860,154	2,494,509,437	631,731,009	149,410,092	(2,611,099)	778,530,002	1,715,979,435	1,466,444,570
Previous Year	1,855,706,281	243,140,753	(3,831,239)	3,159,784	2,098,175,579	506,539,263	127,229,765	(2,038,019)	631,731,009	1,466,444,570	1,349,167,018
Capital Work-in-Progress										75,004,047	66,618,698
Intangible Assets under Development										173,400	55,880,567

MAJESTIC AUTO LIMITED

Notes on Consolidated Financial Statements for the Year ended 31st March, 2013

PARTICULARS	(Rs.)	As at 31.03.2013 (Rs.)	(Rs.)	As at 31.03.2012 (Rs.)
12. NON-CURRENT INVESTMENTS				
NON-TRADE INVESTMENTS (AT COST)				
Quoted Equity instruments				
Hero Moto Corp Limited.				
1,577,686 (Previous Year 1,577,686) Equity shares of Rs.2/- each fully paid up		1,262,151		1,262,151
Other Investments				
Investment in Capital of Association of Persons (AOP)				
M/s Brij Mohan Lall & Associates				
Total Investment in AOP	7,998,270		7,967,549	
Less:-Current Account shown as current Investment (Refer Note No.15)	<u>6,798,270</u>		<u>6,767,549</u>	
		<u>1,200,000</u>		<u>1,200,000</u>
		<u>2,462,151</u>		<u>2,462,151</u>
Aggregate amount of quoted investments		1,262,151		1,262,151
Market value of quoted investments		2,432,634,043		3,241,908,077
The Company is a member of M/s Brij Mohan Lall & Associates (AOP), whose constitution as at 31.03.2013 is as under:				
Partners	Share in Profit			
M/s Brijmohan Lall & Associates (HUF)	20%			
M/s Satyanand & Sons (HUF)	20%			
Sh. Pankaj Munjal	20%			
Sh. Naveen Munjal	20%			
M/s Majestic Auto Ltd	20%			
Total capital of AOP as on 31.03.2013 is Rs. 7,998,270 (Fixed Rs. 1,200,000 & Fluctuating Rs.6,798,270) Previous year Rs.7,967,549 (Fixed Rs. 1,200,000 & Fluctuating Rs.6,767,549)				
13. DEFERRED TAX ASSETS/(LIABILITIES) (Net)				
Deferred Tax Assets				
Expenses booked but allowable for tax purposes in subsequent years		131,359,797		85,705,102
Deferred Tax Liabilities				
Related to Fixed Assets		95,546,543		100,891,519
Net Deferred Tax Assets/(Liabilities)		<u>35,813,254</u>		<u>(15,186,417)</u>
14. LONG TERM LOANS AND ADVANCES				
(Unsecured, considered good)				
Capital Advances		12,771,351		44,842,787
Security Deposits		9,984,996		7,765,491
MAT Credit Entitlement		20,800,000		20,800,000
Advance Income Tax (Net of provisions)		3,857,351		1,558,316
Others		<u>3,936,370</u>		<u>3,008,096</u>
		<u>51,350,068</u>		<u>77,974,690</u>

MAJESTIC AUTO LIMITED

Notes on Consolidated Financial Statements for the Year ended 31st March, 2013

PARTICULARS	(Rs.)	As at 31.03.2013	(Rs.)	As at 31.03.2012
		(Rs.)		(Rs.)
15. CURRENT INVESTMENT				
Unquoted				
ASSOCIATION OF PERSONS (NON TRADE)				
M/s BrijMohan Lall & Associates (Current Account) Refer Note No. 12)		6,798,270		6,767,549
		<u>6,798,270</u>		<u>6,767,549</u>
Aggregate amount of unquoted Investments		<u>6,798,270</u>		<u>6,767,549</u>
16. INVENTORIES				
(valued at lower of cost and net realisable value)				
Raw Materials & Components		26,243,963		32,809,031
Work-in-Progress (Refer Note a (i))		67,878,833		41,978,997
Finished Goods (Refer Note a (ii))		16,457,387		9,217,832
Stores and Spares		18,250,105		8,088,644
Loose Tools		10,542,838		13,676,350
Scrap		1,651,884		847,107
Goods-in-Transit		369,861		-
		<u>141,394,871</u>		<u>106,617,961</u>
a) Details of Inventory				
(i) Work-in-progress				
Spokes with Nipples & Washers		516,647		916,978
Mufflers		17,333,974		17,863,856
Fine Blanking components		20,539,287		12,452,535
Electricals		12,688,541		6,331,206
Others		16,800,384		4,414,422
		<u>67,878,833</u>		<u>41,978,997</u>
(ii) Finished Goods				
Spokes with Nipples & Washers		253,624		134,282
Mufflers		11,430,653		5,550,501
Fine Blanking components		3,815,067		2,817,032
Electricals		624,966		148,346
Others		333,077		567,671
		<u>16,457,387</u>		<u>9,217,832</u>
17. TRADE RECEIVABLES				
(Unsecured)				
Outstanding for a period exceeding six months from the due date of payment				
Considered good		524,639		1,971,928
Considered doubtful		60,936,933		61,308,033
		<u>61,461,572</u>		<u>63,279,961</u>
Less: Provision for Doubtful debts		60,936,933		61,308,033
		<u>524,639</u>		<u>1,971,928</u>
Others Considered good		136,436,426		182,622,472
		<u>136,961,065</u>		<u>184,594,400</u>
18. CASH AND BANK BALANCES				
Cash and cash equivalents				
Cash on hand	228,211		430,848	
Cheques/ Drafts in hand	1,580,295		19,365	
Balances with Banks in Current Accounts	<u>18,084,597</u>	<u>19,893,103</u>	<u>20,008,258</u>	<u>20,458,471</u>
Other bank balances				
Unpaid dividend accounts		-		68,228
		<u>19,893,103</u>		<u>20,526,699</u>

MAJESTIC AUTO LIMITED

Notes on Consolidated Financial Statements for the Year ended 31st March, 2013

PARTICULARS	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
19. SHORT-TERM LOANS AND ADVANCES		
(Unsecured considered good)		
Advances recoverable in cash or in kind or for value to be received	19,876,099	32,699,639
Balances with customs, excise, etc.	41,453,788	19,620,500
Advance paid to Suppliers	23,961,873	17,332,366
Prepaid Expenses	2,117,697	1,798,854
Advance Income Tax (Net of provisions)	46,235,968	43,388,012
	<u>133,645,425</u>	<u>114,839,371</u>
20. OTHER CURRENT ASSETS		
(Unsecured considered good)		
Margin Money Deposits*	282,106	5,687,761
Interest accrued on Above	17,767	431,851
	<u>299,873</u>	<u>6,119,612</u>
*Pledged as security for letters of credit / bank guarantees.		
21. CONTINGENT LIABILITIES AND COMMITMENTS		
(I) Contingent Liabilities		
(a) Claims against the company not acknowledged as debts		
Sales Tax matters under Punjab Value Added Tax Act, 2005	42,700	42,700
Sales Tax matters under U.P. Trade Tax Act	198,108	198,108
(b) Guarantees		
Bank Guarantees#	24,996,800	32,687,562
(c) Letter of Credit	9,503,520	-
# Including Bank guarantee of Rs. Nil {Previous year USD 235,000(Rs. 11,987,562)}		
(i) Excise duty /Sale Tax paid under protest amounting to Rs.234,336 (Previous Year Rs.142,254) is appearing under the head amounts recoverable.		
a) It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.		
b) The Company does not expect any reimbursement in respect of the above contingent liabilities.		
c) Future cash outflows in respect of the above are determinable only on receipt of judgements / decisions pending with various forums / authorities.		
(II) Commitments		
Estimated value of contracts in capital account remaining to be executed and not provided for (net of advance)	23,016,600	73,076,449
22. REVENUE FROM OPERATIONS (GROSS)		
Sale of Products	1,340,901,751	1,530,372,829
Sale of Services	186,203,221	161,383,518
Other Operating Revenues	244,948,504	179,075,227
	<u>1,772,053,476</u>	<u>1,870,831,574</u>
(a) Details of products sold		
(i) Finished goods		
Spokes with Nipples & Washers	68,134,394	79,550,591
Mufflers	992,196,948	1,176,641,857
Fine Blanking components	184,052,555	187,648,162
Electricals	13,128,629	2,732,497
Others	35,619,418	44,975,875
	<u>1,293,131,944</u>	<u>1,491,548,982</u>
(ii) Traded goods		
Electricals (Alluminium)	47,769,807	38,823,847
	<u>47,769,807</u>	<u>38,823,847</u>
	<u>1,340,901,751</u>	<u>1,530,372,829</u>

MAJESTIC AUTO LIMITED

Notes on Consolidated Financial Statements for the Year ended 31st March, 2013

PARTICULARS	Year ended 31.03.2013 (Rs.)	Year ended 31.03.2012 (Rs.)
(b) Details of sale of services		
Job Charges	175,089,117	156,910,141
Others(IT projects)	11,114,104	4,473,377
	<u>186,203,221</u>	<u>161,383,518</u>
(c) Details of other operating revenues		
Sale of scrap	192,263,652	129,018,872
Others	52,684,852	50,056,355
	<u>244,948,504</u>	<u>179,075,227</u>
23. OTHER INCOME		
Interest on		
- Bank Deposits	279,843	447,693
- Others	1,755,095	256,948
Dividend income		
- From Current investments	-	262,930
- From Long Term investments	70,995,870	170,626,050
Share of Profit from AOP	30,721	75,590
Rent received	149,388	94,908
Provisions/Liabilities no longer required written back	619,079	1,821,053
Profit on sale of Current investments	-	138,718
Profit on sale of Long Term investments	-	99,111,987
Profit on sale of Fixed asset	123,291	154,412
Other non-operating income	8,865,593	2,231,919
	<u>82,818,880</u>	<u>275,222,208</u>
24. COST OF MATERIALS CONSUMED (Derived)		
Opening inventories	32,809,031	35,539,393
Add : Purchases	954,188,003	1,016,721,879
Less : Closing inventories	26,613,824	32,809,031
Cost of material consumed	<u>960,383,210</u>	<u>1,019,452,241</u>
Details of Imported and Indigenous Raw Materials Consumed:		
	% of Consumption	% of Consumption
Imported	0.87	0.59
Indigenous	99.13	99.41
	<u>100.00</u>	<u>100.00</u>
	8,359,112	6,045,767
	<u>952,024,098</u>	<u>1,013,406,474</u>
	<u>960,383,210</u>	<u>1,019,452,241</u>
Details of Raw Material Consumed		
Steel Wire	48,661,624	57,610,501
Raw Materials & Components	829,231,195	859,484,850
Paints	56,808,401	71,639,075
Plating Material and Chemicals	25,681,990	30,717,815
	<u>960,383,210</u>	<u>1,019,452,241</u>
25. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Closing inventories		
- Finished goods	16,457,387	9,217,832
- Work-in-process	67,878,833	41,978,997
- Scrap	1,651,884	847,107
	<u>85,988,104</u>	<u>52,043,936</u>
Opening inventories		
- Finished goods	9,217,832	13,476,599
- Work-in-process	41,978,997	39,033,204
- Scrap	847,107	1,781,304
	<u>52,043,936</u>	<u>54,291,107</u>
(Increase) / Decrease in Inventories	<u>(33,944,168)</u>	<u>2,247,171</u>

MAJESTIC AUTO LIMITED

Notes on Consolidated Financial Statements for the Year ended 31st March, 2013

PARTICULARS	Year ended 31.03.2013 (Rs.)	Year ended 31.03.2012 (Rs.)
26 . EMPLOYEE BENEFIT EXPENSES		
Salaries, wages, bonus etc.	198,956,164	164,924,856
Contribution to Provident and other funds	20,328,993	18,777,113
Staff welfare expenses	2,617,213	1,660,730
	221,902,370	185,362,699
(a) Defined benefit Plans		
GRATUITY PLANS : 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. 1,000,000/-. The disclosures as required pursuant to the Revised Accounting Standard -15 is as under:-		
Net Employee Benefit Expense recognized in the Statement of Profit and Loss		
Current service cost	2,805,731	3,119,033
Add : Interest cost on present value of defined benefit obligation as at the beginning of the year	3,950,657	4,029,628
Less: Expected return on plan assets	1,585,509	1,524,308
Add: Net actuarial(gain) / loss recognized in the year	(733,951)	(1,310,157)
Add: Past service cost	-	-
Net Gratuity Cost	4,436,928	4,314,196
Details of Provision for gratuity recognized in the Balance Sheet		
Present value of defined benefit obligation at the end of year	51,991,141	49,383,222
Less: Unrecognised past service cost	-	-
Less: Fair value of plan assets at the end of year	18,411,633	17,140,642
Funded Status-Net Liability/(Asset)	33,579,508	32,242,580
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	49,383,222	47,407,394
Add: Interest cost	3,950,657	4,029,628
Add: Current service cost	2,805,731	3,119,033
Less: Benefits paid	3,295,737	3,816,011
Add: Actuarial (gains) / losses on obligation	(852,732)	(1,356,822)
Closing defined benefit obligation	51,991,141	49,383,222
Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets	17,140,642	16,479,010
Add: Expected return on plan assets	1,585,509	1,524,308
Add: Contributions by employer	3,100,000	3,000,000
Less: Benefits paid	3,295,737	3,816,011
Add: Actuarial gains / (losses)	(118,781)	(46,665)
Closing fair value of plan assets	18,411,633	17,140,642
Actual Return on Plan Assets		
Expected Return on Plan Assets	1,585,509	1,524,308
Add: Actuarial gain/(loss) on Plan Assets	88,803	129,963
Actual Return on Plan Assets	1,674,312	1,654,271

MAJESTIC AUTO LIMITED

Notes on Consolidated Financial Statements for the Year ended 31st March, 2013

PARTICULARS	Year ended				Year ended
	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Define Benefits plan for 5 years					
GRATUITY					
Net (Asset)/Liability recognised in the Balance Sheet					
(a) Present Value of Obligation as at the close of the year	51,991,141	49,383,222	47,407,394	42,504,987	40,393,751
(b) Fair value of plan asset as at the close of the year	18,411,633	17,140,642	16,479,010	15,080,224	13,779,707
(c) (Asset)/Liability recognised in the Balance Sheet	33,579,508	32,242,580	30,928,384	27,424,763	26,614,044
Change in Defined Benefit Obligation (DBO) during the year ended					
Actuarial (Gain)/Loss	(852,732)	(1,356,822)	1,070,908	(1,241,885)	2,171,918
Changes in the fair value of Plan Assets					
Actuarial Gain/(Loss)	(118,781)	(46,665)	(37,478)	(96,453)	(110,662)

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	8.00	8.00
Expected rate of return on Plan assets	9.25	9.25
Salary escalation	7.00	7.00
Mortality rate	LIC (1994-96) ULTIMATE	LIC (1994-96) ULTIMATE
Employee turnover:-		
Upto 30 years	1.00%	1.00%
Upto 44 years	2.00%	2.00%
Above 44 years	3.00%	3.00%
Method of Valuation	Projected Unit Credit	Projected Unit Credit

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.300,000 (Previous Year Nil) to the Superannuation Plan.

27. FINANCE COSTS

Interest Expenses	106,120,020	107,081,491
Other borrowing costs	10,532,350	10,235,844
Applicable (gain)/loss on foreign currency transactions and translation	9,475,975	20,307,865
	<u>126,128,345</u>	<u>137,625,200</u>

MAJESTIC AUTO LIMITED

Notes on Consolidated Financial Statements for the Year ended 31st March, 2013

PARTICULARS	Year ended 31.03.2013 (Rs.)	Year ended 31.03.2012 (Rs.)
28. OTHER EXPENSES		
Consumption of stores and spares*	50,318,578	34,315,549
Consumption of packing materials	8,272,356	14,917,320
Power and fuel	77,147,201	64,509,536
Fabrication expenses	25,044,562	24,936,445
Freight, cartage and octroi	13,341,417	11,319,660
Rent (refer note no.37)	4,874,306	4,841,188
Rates and taxes	1,722,994	1,906,016
Insurance	4,782,814	5,030,163
Research & development expenses	6,900	3,045
Repairs to plant & machinery	21,911,856	39,479,584
Repairs to buildings	2,222,009	1,986,051
Machinery rent	306,325	-
Repairs others	9,428,040	7,396,626
Directors' sitting fees	277,500	255,000
Auditor's remuneration and expenses		
- Audit fee	302,000	280,000
- Tax audit fee	50,000	50,000
- Taxation matters	75,000	75,000
- other services	38,500	235,000
(Decrease) / Increase of excise duty on inventories	421,640	(13,026)
Freight and forwarding charges	36,605,009	30,061,614
Selling expenses	2,245,265	8,113,925
Donations and contribution to charitable institutions	500	750
Loss on sale / write off of assets	308,005	21,272
Prior period Items	652,865	-
Miscellaneous expenses	24,811,799	26,110,360
	<u>285,167,441</u>	<u>275,831,078</u>

*Including loose tools consumed.

Stores and Spares Consumed:

	% of Consumption		% of Consumption	
Imported	25.30	12,732,982	26.21	8,995,287
Indigenous	74.70	37,585,596	73.79	25,320,262
Total	<u>100.00</u>	<u>50,318,578</u>	<u>100.00</u>	<u>34,315,549</u>

29. EARNING PER SHARE (EPS)

Net profit as per profit and loss account	(71,130,613)	171,785,587
Calculation of weighted average number of equity shares		
- Number of share at the beginning of the year	10,397,478	10,397,478
- Total equity shares outstanding at the end of the year	10,397,478	10,397,478
- Weighted average number of equity shares outstanding during the year	10,397,478	10,397,478
Basic Earnings Per Share (In Rs.)	(6.84)	16.52
Diluted Earnings Per Share (In Rs.)	(6.84)	16.52
Nominal Value of Equity Shares (In Rs.)	10.00	10.00

MAJESTIC AUTO LIMITED

Notes on Consolidated Financial Statements for the Year ended 31st March, 2013

30. Foreign currency exposures recognized by the Company that have not been hedged by a derivative instrument or otherwise as at 31st March, 2013 are as under:

S.No.	Particulars	USD		EURO		CHF		JPY	
		As on 31.03.13	As on 31.03.12	As on 31.03.13	As on 31.03.12	As on 31.03.13	As on 31.03.12	As on 31.03.13	As on 31.03.12
i)	Debtors	9,225	23,118	-	-	5,211	48,267	-	-
ii)	Creditors	8,330	18,070	7,523	-	96,533	23,247	1,420,000	-
iii)	Loans	1,551,225	1,317,857	-	-	-	-	41,454,000	82,908,000

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

Sl. No.	Particulars	As on 31.03.2013 (Rs.)		As on 31.03.2012 (Rs.)	
		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.	96,744,132	-	49,304,542	-
b)	The amount of interest paid by the buyer in terms of section 16 of Micro Small and Medium Enterprises Development 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 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 2006.	-	-	-	-

32. Borrowing costs amounting to Rs. 98,60,154 (previous year Rs. 31,59,784) attributable to acquisition and construction of fixed assets have been capitalized during the year.
33. In the opinion of the Board, all assets other than fixed assets and non-current investments 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.
34. Value of imports calculated on C.I.F. basis in respect of -

	Year ended 31.03.2013 (Rs.)	Year ended 31.03.2012 (Rs.)
Raw Material	5,989,715	3,118,905
Components & Spare Parts	15,029,885	12,658,151
Capital Goods	62,392,098	13,165,498
	83,411,698	28,942,554
35. Expenditure in Foreign Currency (on accrual basis)		
Interest	2,487,668	3,508,439
Others	493,443	377,022
	2,981,111	3,885,461
36. Earnings in Foreign Currency (on accrual basis)		
Export of Goods on FOB basis	-	1,122,719
	-	1,122,719

MAJESTIC AUTO LIMITED

Notes on Consolidated Financial Statements for the Year ended 31st March, 2013

37. Assets taken on Operative Lease

The Company has taken on lease certain assets with lease term upto 11 months, 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.

a)	The total of future minimum lease payments under non-cancelable operating leases for each of the following Periods:	Year ended 31.3.2013 (Rs.)	Year ended 31.3.2012 (Rs.)
	i) Not later than one year	3,720,000	325,899
	ii) Later than one year and not later than five year	-	-
	iii) Later than five year	-	-
b)	Lease payments recognized in the statement of profit and loss for the year with separate amounts for		
	i) Minimum lease payments	4,799,890	4,830,088
	ii) Contingent rents	-	-
c)	Sub lease payments received (or receivable) recognized in the Statement of profit and loss for the year	N.A	N.A

38. Related party disclosure under Accounting Standard 18

During the year the company had entered into transactions with related parties. Those transactions along with related balances as at March 31, 2013 and for the year then ended are presented in the following table. List of related parties along with nature and volume of transaction is given below:

a)	Holding Company	:	M/s Anadi Investments Pvt. Ltd.
b)	Subsidiary Company	:	M/s Majestic IT Services Ltd.
c)	Enterprises in which the Company has significant influence	:	M/s. Brij Mohan Lall & Associates
d)	Key Management Personnel	:	Mr. Mahesh Munjal (Managing Director) & Ms. Aashima Munjal (Managing Director)
e)	Relatives of Key Management personnel	:	Mr. Aayush Munjal
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 Munjal Auto Ind. Ltd. M/s Satyam Auto Component 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

Notes on Consolidated Financial Statements for the Year ended 31st March, 2013

Transactions with related parties during the year ended 31.03.2013

Particulars	Enterprise s in which the company significant influence.	Enterprise s in which the company significant influence.	Key manage ment personnel	Key management personnel	Relative of Key management personnel	Relative of Key management personnel	Enterprises over which key management & their relatives are able to exercise significant influences	Enterprises over which key management & their relatives are able to exercise significant influences	Employees welfare trust where there is control	Employee s welfare trust where there is control
	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12
<u>Sale of Goods</u>										
M/s Munjal Showa Ltd.	-	-	-	-	-	-	2440357	3473642	-	-
<u>Purchase of Goods</u>										
M/s Munjal Showa Ltd.	-	-	-	-	-	-	92996	409383	-	-
<u>Reimbursement of Expenses</u>										
<u>Interest Paid</u>	-	-	16516354	14185902	-	-	-	-	-	-
<u>Loan Paid</u>	-	-	-	-	-	-	-	-	-	-
<u>Loan Received</u>	-	-	12750000	31500000	-	-	-	-	-	-
<u>Loan Outstanding</u>	-	-	144250000	131500000	-	-	-	-	-	-
Profit from BM Lall & Asso.	30721	75590	-	-	-	-	-	-	-	-
Balance with BM Lall & Associates	7998270	7967549	-	-	-	-	-	-	-	-
<u>Remuneration Paid</u>										
Mahesh Munjal	-	-	5783065*	55,54,032*	-	-	-	-	-	-
Aayush Munjal	-	-	-	-	1327825	1306767	-	-	-	-
Aashima Munjal	-	-	1800000	1800000	-	-	-	-	-	-
M/s Majestic Auto Ltd. Superannuation Fund	-	-	-	-	-	-	-	-	300000	-
<u>Gratuity</u>										
M/s Majestic Auto Ltd. Employee Gratuity Fund	-	-	-	-	-	-	-	-	3100000	3000000
<u>Investment</u>										
Majestic IT Services Ltd.	-	-	-	-	-	-	-	-	-	-
<u>Receivable</u>										
Munjal Showa Ltd.	-	-	-	-	-	-	364922	759595	-	-
<u>Payable</u>										
Aashima Munjal	-	-	727634	650000	-	-	-	-	-	-
Munjal Showa Ltd.	-	-	-	-	-	-	92996	-	-	-

*Including perquisites as per Income Tax Act 1961.

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

Notes on Consolidated Financial Statements for the Year ended 31st March, 2013

39. SEGMENT DISCLOSURE

(Amount in Rs.)														
	Year Ended 31.03.2013							Year Ended 31.03.2012						
	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	207,870,997	881,627,513	337,874,476	68,134,394	49,895,358	-	1,545,402,738	217,655,076	1,061,450,552	245,109,344	79,569,958	47,373,152	-	1,651,158,082
Less: Inter segment Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET SALES/ INCOME														
FROM OPERATIONS	207,870,997	881,627,513	337,874,476	68,134,394	49,895,358	-	1,545,402,738	217,655,076	1,061,450,552	245,109,344	79,569,958	47,373,152	-	1,651,158,082
2 SEGMENT RESULTS														
Profit before Tax, Interest &	4,542,340	-34,226,952	-34,709,289	-643,248	-11,341,923	-	-76,379,072	18,614,040	22,622,314	-13,514,240	1,400,150	-16,866,643	-	12,255,621
Total	4,542,340	-34,226,952	-34,709,289	-643,248	-11,341,923	-	-76,379,072	18,614,040	22,622,314	-13,514,240	1,400,150	-16,866,643	-	12,255,621
Less: i) Finance Cost							126,128,345							137,625,200
ii) Other un-allocable expenditure														
Net of un-allocable income							-80,905,410							-271,562,233
Total Profit before tax							-121,602,007							146,192,654
Provision for Taxation							-50,471,394							-25,592,933
Profit after tax							-71,130,613							171,785,587
3 OTHER INFORMATION														
Segment Assets-Fixed / Current														
Assets/Investments	353,275,887	265,883,930	1,427,719,919	36,208,905	134,209,093	-	2,217,297,734	339,164,271	339,702,273	1,200,064,363	51,117,102	97,227,064	-	2,027,275,073
Unallocated Corporate Asset	-	-	-	-	-	-	102,477,228	-	-	-	-	-	-	81,571,195
TOTAL ASSETS	353,275,887	265,883,930	1,427,719,919	36,208,905	134,209,093	-	2,319,774,962	339,164,271	339,702,273	1,200,064,363	51,117,102	97,227,064	-	2,108,846,268
Segment Liabilities-Term/														
Current Liabilities	180,572,131	338,114,430	1,041,366,308	33,997,380	39,411,804	-	1,633,462,053	151,357,974	395,162,467	722,967,159	34,253,917	32,474,898	-	1,336,216,415
Unallocated Corporate Liabilities	-	-	-	-	-	-	700,000	-	-	-	-	-	-	15,886,331
TOTAL LIABILITIES	180,572,131	338,114,430	1,041,366,308	33,997,380	39,411,804	-	1,634,162,053	151,357,974	395,162,467	722,967,159	34,253,917	32,474,898	-	1,352,102,746
4 Capital Expenditure for the year	51,180,082	2,976,136	246,846,415	-	50,620,506	-	351,623,139	23,846,042	7,967,052	160,107,342	506,123	22,289,963	-	214,716,522
5 Depreciation for the year	34,250,825	7,151,696	86,148,345	19,258	21,839,968	-	149,410,092	32,549,721	15,169,340	76,939,511	530,349	2,040,844	-	127,229,765
6 Other Non Cash Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-

40. The Companies (Accounting Standards) (Second Amendment) Rules 2011 has further amended AS-11, "The effects of changes in foreign exchange rates" vide Notification No. G.S.R 914(E) dated December 29, 2011 which amends the principal regulation published vide Notification No. G.S.R 739(E) dated December 7, 2006, and subsequently amended vide Notification No. G.S.R 212(E) dated March 27, 2008, G.S.R 225(E) dated March 31, 2009 and G.S.R 378(E) dated May 11, 2011. Before these amendments, AS-11 required the exchange gain/losses on the long term foreign currency monetary items in so far as they relate to the acquisition of depreciable Capital Asset to be charged off fully in the Profit & Loss Account. The amended AS-11 provides an irrevocable option to the company to add or deduct the exchange rate fluctuation on long term foreign currency monetary items from the cost of the Capital asset and depreciate the same over the balance life of the Capital asset. The amendment is applicable retrospectively from the financial year beginning on or after December 7, 2006. The Company had not earlier exercised the option as per above said principal regulation and opts not to exercise the option under Companies (Accounting Standards) (Second Amendment) Rules 2011 for accounting year ended on March 31, 2013 and accordingly has charged exchange difference related to the long term foreign currency monetary items to the statement of profit and loss.

MAJESTIC AUTO LIMITED



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	Investment Details of	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend
Majestic IT Services Limited	100%	1000	-539	854	393	--	111	-127	-	-127	-

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.



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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 Monday the 30th day of September, 2013 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 Monday the 30th day of September, 2013 at 11.00 A.M. at the premises of Mohini Resorts, Near Sector-32, Chandigarh Road, Ludhiana - 141 010.

Signed this _____ day of _____ 2013

Signature _____

Address _____

Folio No. _____

Affix
Revenue
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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.