



**MAJESTIC**  
**AUTO LIMITED**

**41<sup>st</sup>**

**Annual Report**

**2013 - 14**

**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

**CHIEF FINANCIAL OFFICER**

Prakash Chandra Patro

**STATUTORY AUDITORS**

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

**BANKERS**

Canara Bank  
 Punjab National Bank  
 IDBI Bank Ltd.  
 The Catholic Syrian Bank Ltd.  
 Yes Bank Ltd.  
 HDFC Bank

**REGISTERED OFFICE**

C-48, Focal Point, Ludhiana - 141 010  
 Email: grievance@majesticauto.in,  
 Website: www.majesticauto.in  
 CIN: L35911PB1973PLC003264  
 Phone No. 0161-2670234 Fax No. 0161-2672790

**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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**41<sup>st</sup> ANNUAL GENERAL MEETING**

Day	:	Monday
Date	:	29 <sup>th</sup> September, 2014
Time	:	11.00 A.M.
Place	:	At the premises of Mohini Resorts, Near Sector-32, Chandigarh Road, Ludhiana-141010

# MAJESTIC AUTO LIMITED

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## NOTICE

Notice is hereby given that the 41<sup>st</sup> Annual General Meeting of the members of Majestic Auto Limited will be held on Monday, the 29<sup>th</sup> Day of September, 2014 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, 2014 and 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 re-appoint a director in place of Ms. Ashima Munjal, (DIN No. 00050716) who retires by rotation and being eligible, offers herself for re-appointment.
3. To re-appoint M/s B.D. Bansal & Co., Chartered Accountants (ICAI Firm Registration No. 000621N) the retiring Auditors as Statutory Auditors of the Company for 3 (three) consecutive years from the date of the 41<sup>st</sup> Annual General Meeting for a term upto the conclusion of 44<sup>th</sup> Annual General Meeting of the Company in the Calendar year 2017 and to fix their remuneration.

### SPECIAL BUSINESS

**4. TO CONSIDER AND IF THOUGH FIT, TO PASS WITH OR WITHOUT MODIFICATION (S) THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sh. Harjeet Singh Arora (DIN 00063176), who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years from the date of the 41<sup>st</sup> Annual General Meeting for a term upto the conclusion of 46<sup>th</sup> Annual General Meeting of the Company in the Calendar year 2019."

**5. TO CONSIDER AND IF THOUGH FIT, TO PASS WITH OR WITHOUT MODIFICATION (S) THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Major Shavinder Singh Khosla (DIN 02942033), who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years from the date of the 41<sup>st</sup> Annual General Meeting for a term upto the conclusion of 46<sup>th</sup> Annual General Meeting of the Company in the Calendar year 2019."

**6. TO CONSIDER AND IF THOUGH FIT, TO PASS WITH OR WITHOUT MODIFICATION (S) THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sh. G.P. Sood (DIN 00005836), who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years from the date of the 41<sup>st</sup> Annual General Meeting for a term upto the conclusion of 46<sup>th</sup> Annual General Meeting of the Company in the Calendar year 2019."

**7. TO CONSIDER AND IF THOUGH FIT, TO PASS WITH OR WITHOUT MODIFICATION (S) THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014

## MAJESTIC AUTO LIMITED

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(including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Dr. M.A. Zahir (DIN 00002973), who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years from the date of the 41<sup>st</sup> Annual General Meeting for a term upto the conclusion of 46<sup>th</sup> Annual General Meeting of the Company in the Calendar year 2019."

**8. TO CONSIDER AND IF THOUGH FIT, TO PASS WITH OR WITHOUT MODIFICATION (S) THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:**

"RESOLVED THAT in supersession of the ordinary resolution adopted at the thirty seventh annual general meeting held on September 29, 2010 and pursuant to section 180(1)(c) and other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded w.e.f. 12.09.2014 to the Board of Directors of the Company (hereinafter called "the Board" and which term shall be deemed to include any Committee, which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution and with the power to delegate such authority to any person or persons) for borrowing from time to time, as it may think fit, any sum or sums of money not exceeding Rs.250 Crore (Rupees Two Hundred Fifty Crore) on such security and on such terms and conditions as the Board may deem fit, notwithstanding that the monies to be borrowed, together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business), exceed the aggregate, for the time being, of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

RESOLVED FURTHER THAT the Board be and is hereby authorized for borrowing from time to time as it may think fit, any sum or sums of money but not exceeding Rs.250 Crore (Rupees Two Hundred Fifty Crore), in aggregate or equivalent thereto in any foreign currency (including the monies already borrowed by the Company), on such security and on such terms and conditions as the Board may deem fit, by way of loans from, or issue of Bonds, Debentures or other Securities whether convertible into Equity/Preference Shares and/or Securities with or without detachable warrants with a right exercisable by the warrant holder(s) to convert or subscribe to Equity/Preference Shares (hereinafter referred to as "securities"), to Bank(s), Financial or other Institution(s), Mutual Fund(s), Non-Resident Indians (NRIs), Foreign Institutional Investors (FIIs) or any other person(s), body(ies) corporate, etc., whether shareholder of the Company or not.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and to sign all such documents as may be necessary, expedient and incidental thereto to give effect to this resolution."

**9. TO CONSIDER AND IF THOUGH FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 ('the Act') read with Rules made there under (including any statutory modifications or re-enactment thereof for the time being in force), consent of the members of the Company be and is hereby accorded to amend the Articles of Association of the Company, by inserting following new Article 2A after Article 2:

**2 (A). "Wherever in the Companies Act, 2013 ('CA 2013'), it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction(s) only if the Company is so authorized by its Articles, then and in that case by virtue of this Article, the Company is hereby specifically authorized, empowered and entitled to have such right, privilege or authority, to carry out such transaction(s) as have been permitted by the CA 2013 without there being any separate/specific article in that behalf herein provided."**

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things and take all such steps as may be deemed necessary or expedient, to give effect to this Resolution."

Place : Ludhiana  
Date : 14.08.2014

By Order of the Board of Directors  
For Majestic Auto Limited

Regd. Office : Majestic Auto Limited, C-48, Focal Point, Ludhiana.  
Email: grievance@majesticauto.in,  
Website: www.majesticauto.in  
CIN: L35911PB1973PLC003264  
Phone No. 0161-2670234 Fax No. 0161-2672790

(Rajesh Saini)  
AGM- Co. Secretary

## **MAJESTIC AUTO LIMITED**

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### **NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE (ON A POLL ONLY) INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXIES IN ORDER TO BE VALID MUST BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM IS SENT HERewith.  
A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. IN CASE A PROXY IS PROPOSED TO BE APPOINTED BY A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS, THEN SUCH PROXY SHALL NOT ACT AS A PROXY FOR ANY OTHER MEMBER.
2. Pursuant to Section 91 of the Companies Act, 2013 and listing agreement, the Register of Members and the Shares Transfer Books of the Company will remain closed from Tuesday, 23.09.2014 to Monday, 29.09.2014 (both days inclusive).
3. The explanatory statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to special business in the notice is annexed.
4. The Explanatory Statement setting out the material facts concerning Special Business at Item Nos. 4 to 9 of the accompanying notice as required by Section 102 of the Companies Act, 2013, is annexed hereto. The relevant details of persons seeking re-appointment/appointment under Item No. 4 to 7, as required by clause 49 IV (G) (i) of the listing agreement with the Stock Exchanges are also annexed.
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 72 of the Companies Act 2013, the member(s) holding shares in physical form 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. Member(s) holding shares in demat form may contact their respective DP for availing this facility.
8. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible.
9. The Company has designated an exclusive e-mail ID namely: [grievance@majesticauto.in](mailto:grievance@majesticauto.in) for receiving and addressing investors' grievances.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to submit their PAN details to the Registrar
11. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays and Public Holidays, up to and including the date of the Annual General Meeting of the Company. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
12. The Register of Directors and their shareholding, maintained under Section 170 of the Companies Act, 2013 and Register of Contracts or Arrangements in which Directors are interested maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.

### **VOTING THROUGH ELECTRONIC MEANS**

1. Pursuant to clause 35B of Listing Agreement read with Section 108 and corresponding Rules of Companies Act, 2013, the Company will provide e voting facility to the members. All business to be transacted at the forthcoming Annual General Meeting can be transacted through the electronic voting system provided by Central Depository Services (India) Limited (CDSL).
2. The notice of Annual General Meeting will be sent to the members, whose names appear in the register of members/depositories as at closing hours of business, 22.08.2014.
3. The shareholders shall have one vote per equity share held by them. The facility of e-voting would be provided once for every folio/ client id, irrespective of the number of joint holders.
4. The Company has appointed Mr. Madan Gopal Jindal, Practicing Company Secretary, as the scrutinizer for conducting the e-voting process in the fair and transparent manner.
5. The scrutinizer shall, within a period of not exceeding three working days from the date of conclusion of e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the company and make a final report to Chairman of the Company.
6. The Results shall be declared at the Annual General Meeting of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website [www.majesticauto.in](http://www.majesticauto.in) and on the website of CDSL within two(2) days of passing of the resolutions at the Annual General Meeting of the Company and communicated to the BSE Limited.
7. The scrutinizer's decision on the validity of e-voting will be final.

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### Instructions for Voting through electronic mode

- (i) The voting period begins on 9.00 a.m. on 25.09.2014, and ends on 5.30 p.m. on 25.09.2014. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 22.08.2014, may cast their vote electronically. The voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period
- (iii) Click on "Shareholders" tab.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ol style="list-style-type: none"> <li>1. Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the de-mat account no. / folio no. in the PAN field.</li> <li>2. In case the de-mat account no. / folio no. is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar and de-mat account no. / folio no. is 115 then enter RA00000115 in the PAN field.</li> </ol>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the no. of shares hold by client as on cut-off date in the Dividend Bank details field.</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant Majestic Auto Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.



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(xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Note for Institutional Shareholders

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details they have to create compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

### ELECTRONIC VOTING PARTICULARS

EVSN (E-Voting Sequence No.)	USER ID	PASSWORD
140901096	16 Digit Demat Account No./Folio No. of Member holding shares in physical form	As per e-voting instructions

### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 FORMING PART OF NOTICE OF ANNUAL GENERAL MEETING

#### Item No.4-7

In terms of section 149(10), (11), (13) and Section 152(6), (7) of the Companies Act, 2013 read with schedule IV of the said Act, an Independent Director shall hold office for not more than two consecutive terms of five years and the tenure of an independent Director on the date of commencement of this Act shall not be counted as a term under above mentioned sub sections. Furthermore the provisions relating to retirement by rotation shall not be applicable to independent Directors. So to comply the provisions of Companies Act, 2013, Independent Director needs to be re-appointed on non-rotational basis and upto five year at a time. In the opinion of the Board, Independent Directors of the Company fulfills the conditions for their appointment as an independent Director as specified in the Act and the Listing Agreement. The Board also opined that they possess appropriate skill, experience and knowledge as required to occupy the position of an Independent Director.

The Board has also received declaration from all four (4) Independent Directors that they meet the criteria of Independence as prescribed under Section 149(6) of the read with Schedule IV of the Companies Act, 2013 and clause 49 of the Listing Agreement. The Board recommends the re-appointment of all four (4) Independent Directors for 5 (five) consecutive years from the date of the 41st Annual General Meeting for a term upto the conclusion of 46th Annual General Meeting of the Company in the Calendar year 2019.

**Notice of Interest:** None of the executive Director/Key Managerial personnel of the Company/ their relatives are in any way concerned or interested in the said resolution. The independent directors themselves are interested in their respective resolution(s).

#### Item No.:8

The shareholders of the Company at their thirty seventh AGM held on September 29, 2010 approved by way of an ordinary resolution under Section 293(1)(d) of the Companies Act, 1956 borrowings which shall not be in excess of Rs.250 crores.

Section 180(1)(c) of the Companies Act, 2013 which is effective from September 12, 2013 requires that the board of directors shall not borrow money in excess of the company's paid up share capital and free reserves, apart from temporary loans obtained from the company's bankers/financial institutions in the ordinary course of business, except with the consent of the company accorded by way of a special resolution.

Ministry of Corporate Affairs through the Circular no. 04/2014 dated March 25, 2014 clarified that the resolution passed under section 293 of the Companies Act, 1956 prior to 12.09.2013 with reference to borrowings and/or creation of security on assets of the company will be regarded as sufficient compliance of the requirements of section 180 of the Companies Act, 2013 for a period of one year (i.e., 11.9.2014) from the date of notification of section 180 of the Companies Act, 2013.

Therefore, it is proposed to seek retrospective approval of members w.e.f.12.09.2014 by way of special resolution under section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, to enable the board of directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of shareholders is being sought to borrow upto Rs. 250 crores over and above the aggregate of the paid up share capital and

## MAJESTIC AUTO LIMITED

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free reserves of the Company.

None of the directors and KMP of the Company and their relatives are concerned or interested, financial or otherwise in this resolution, except to the extent of their shareholding, if any, in the Company.

Your directors commend the resolutions for adoption.

### Item No.:9

The members may please note that the Ministry of Corporate Affairs ('MCA') vide its notifications dated 12th September, 2013 and 26th March, 2014 has notified many substantive provisions of the Companies Act, 2013 ('the Act'), which governs general working of companies. With the notifications of various Sections of the Act, existing Articles of Association of the Company require alterations and empowerment to the Company to carry out certain transactions in accordance with the provisions of the Act. It is proposed to amend the existing article by including an Article No. 2A to authorize and empower the Company to carry out certain transactions, as permitted under the Act without there being any separate/specific article in existing Articles of Association. A copy of the Articles of Association of the Company together with proposed alteration would be available for inspection free of cost by the members at the Registered Office of the Company. No Director, Key Managerial Personnel or their relatives, is concerned or interested, financial or otherwise, in the resolution. The Board commends the resolution at item no. 9 for approval of the Members as a Special Resolution.

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

#### Ms. Ashima Munjal

Ms. Ashima Munjal joined the Company on August 14, 2010 as Director of the Company. She is also Managing Director of Majestic IT Services Limited, a wholly owned subsidiary of the Company. Ms. Ashima Munjal is 33 years old and has a Master of Science in Engineering Degree and Bachelors in computer Science from the Johns Hopkins university, USA. Previously she has worked with the centre for networking and Distributed systems at John Hopkins University, Unisys Corporation and the Veteran Health Administration in the United States of America. She is also having good experience of the business process outsourcing industry. At present she is on the Board of following Companies and Committees there of:

#### Majestic Auto Limited

Director

Member - Share Holder/Investors' Grievance Committee

Member - Audit Committee

#### Majestic IT Services Limited

Managing Director

#### Amtier Infotech Limited

Director

#### Balance Investment Corporation Ltd.

Director

Ms. Ashima Munjal does not hold any share (in her own name or on behalf of other person on a beneficial basis) in the Company.

Ms. Ashima Munjal is daughter of Mr. Mahesh Munjal the Managing 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

#### Master Infra.&Real Estate Developments Ltd

Director

#### Mansfield Estate Developers Pvt. Limited

Director

#### Gold Touch Agri (Pvt.) Limited

Director

#### Master Commodity Services Limited

Director

#### H.K. Arora Real Estate Services Limited

Director

#### Arora Financial Services Limited

Director

#### Master Projects (Pvt.) Limited

Director

#### Eminent Buildwell (Pvt.) Limited

Director

#### Prime Agro Farms (Pvt.) Limited

Director

#### Matria Estate Developers (Pvt.) Limited

Director

#### Master Portfolio Services Ltd.

Director

#### Majestic Auto Limited

Director

#### MM Auto Industries Limited

Director

#### Master Capital Services Limited

Managing Director

#### Master Trust Limited

Director

#### Bigbuild Real Estate (Pvt.) Ltd.

Director

#### Megabuild Agri (Pvt.) Limited

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

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### **Maj. Shavinder Singh Khosla**

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

#### **Majestic Auto Limited**

Director

Chairman - Share Holder/Investors' Grievance Committee

Member - Audit Committee

Member - Remuneration Committee

Member - CSR Committee

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

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

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

Mr. G P Sood joined the Company on 28th May, 1994 as a director of the Company. He was born on September 2, 1925. He is M.A., LL.B., CAIIB. He possesses specialization in the field of banking, finance & laws. He is Ex-Deputy General Manager of Bank of India. He is regular in making valuable contributions in Board Meetings. At present he is on the Board of following Companies and Committees there of:

#### **Hero Motors Limited**

Director

Chairman - Remuneration and Compensation Committee

Member - Audit Committee

Chairman - Shareholders Grievance Committee

Member - Investment Committee

#### **Majestic Auto Limited**

Director

Chairman - Audit Committee

Chairman-Remuneration Committee

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

Mr. G. P. Sood does not have any relationship with any Director of the Company.

### **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 Synthetic 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

Member - CSR Committee

Member - Share Holder's Grievance Committee

#### **Sohrab Spinning Mills Limited**

Director

#### **Lotus Integrated Texpark Limited**

Director

Member - Audit Committee

#### **Trident Limited**

Director

Member - Audit Committee

#### **Hero Cycles Limited**

Director

Chairman- Audit Committee

#### **Ralson (India) Limited**

Director

#### **Rockman Industries Limited**

Director

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.

# MAJESTIC AUTO LIMITED

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting to you the 41<sup>st</sup> Annual Report and the Audited Accounts for the Financial Year ended 31<sup>st</sup> March, 2014.

### FINANCIAL RESULTS:

(Rupees in Lacs)

	Year ended 31.03.2014	Year ended 31.03.2013
Operational Income (Gross)	10462	15343
Profit before Depreciation and Financial cost	7719	1643
Less : Financial Cost	1481	1261
Depreciation	1503	1472
Net Profit Before Tax	4735	(1090)
Less : Tax Expenses	(1246)	(505)
Profit After Tax	5981	(585)
Add : Balance Brought Forward	5695	6280
Profit Available for Appropriations	11676	5695
Basic and Diluted Earnings Per Share (Rs.)	57.52	(5.63)

### OPERATIONS

During the year under report, your Company has registered turnover of Rs.10,462 lacs as compared to Rs.15,343 lacs in the previous financial year. The Company earned a net profit of Rs.5981 lacs as compared to a net loss of Rs.585 lacs in the previous financial year.

The depreciation has increased from Rs.1,472 lacs to Rs.1,503 lacs and Employee Benefit Expenses also increased from Rs.2,141 Lacs to Rs.2,307 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 by 85% 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

At the ensuing Annual General Meeting (AGM), Ms. Aashima Munjal retires by rotation and being eligible, offers herself for re-election. The notice convening the ensuing AGM includes the proposal for her re-appointment as director.

Sh. Harjeet Singh Arora, Sh. G.P. Sood, Dr. M.A. Zahir & Major S.S. Khosla, independent directors on the Board, hold the office of director liable to retire by rotation, as per the resolution passed by the shareholders under the provisions of Companies Act, 1956. In terms of section 149 of the Companies Act, 2013, the independent directors are not liable to retire by rotation and can hold office for a consecutive tenure of five years. The Board has decided to re-appoint all the independent directors at the ensuing AGM as independent directors for a period of five years. All the independent directors have affirmed that they satisfy the criteria laid down under section 149 of the Companies Act, 2013 and clause 49 of the listing agreement.

### 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, 2014, 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, 2014 and of the net profit earned by the Company for financial year ended March 31, 2014 ;
- 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, 2014 has 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 2014.

# MAJESTIC AUTO LIMITED

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## 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, 2014 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 listed at BSE Limited, and pursuant to Clause 38 of the Listing Agreement, the Annual Listing fees for the year 2014-15 have been paid to them well before the due date i.e. April 30, 2014. The Company has also paid the annual custodian fees for the year 2014-15 in respect of Shares held in dematerialized mode to NSDL & CDSL.

## FIXED DEPOSITS

Deposits outstanding as on March 31, 2014 amounted to Rs. Nil. All deposits that matured during the year were repaid.

## 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 2013-2014. 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

The Statutory Auditors M/s B.D. Bansal & Co., hold office until the conclusion of the ensuing Annual General Meeting (AGM).

M/s. B.D. Bansal & Co. has been the statutory auditors of the Company for the last several financial years. In terms of the transition provision of Section 139 of the Companies Act, 2013, it is proposed to appoint M/s. B.D. Bansal & Co as Statutory Auditors of the Company for a period of three years from the conclusion of the ensuing 41st AGM until the conclusion of the 44th AGM. Necessary resolution in this regard has been included in the notice convening the AGM.

M/s. B.D. Bansal & Co have confirmed that their appointment, if made, would be within the limits and that they do not suffer from any disqualifications under Section 141 of the Companies Act, 2013 and the rules made thereunder. M/s. B.D. Bansal & Co have also submitted the peer review certificate issued to them by The Institute of Chartered Accountants of India.

## 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 AUDIT/ORS

The Cost Auditors' Report for the financial year 2013-14 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, 2014, the total number of employees on the records of the Company was 607. 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.

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company has constituted the Corporate Social Responsibility (CSR) Committee on August 14, 2014 comprising Dr. M.A. Zahir as Chairman and Maj. S.S. Khosla and Mr. Mahesh Munjal as other members. The said Committee has been entrusted with the responsibility of formulating and recommending CSR policy indicating the activities to be undertaken by the Company, monitoring and implementation of the framework of CSR policy and recommending the amount to be spent on CSR activities.

## 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 : 14.08.2014

**(Mahesh Munjal)**

**Chairman & Managing Director**

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

Your Company is presently in the business of manufacturing Fine Blanking Components, Electrical Motors, Bicycles Spokes and Silencer. During the financial year 2013-14, the main business of the Company is manufacturing of Electrical Motors and Fine Blanking components. Presently, your Company is running its plant at Ludhiana and Greater Noida.

Our esteemed customers include Hero Motocorp Limited, L.G. Electronics India (P) Ltd, Mitshubishi Electric India, Tecumseh Products India (P) Ltd., Jay Ushin Ltd. etc.

### i) INDUSTRY STRUCTURE AND DEVELOPMENT

#### AUTO ANCILLARY INDUSTRY

The Indian Automobile Industry is made up of two types of sub-industries - those involved in manufacturing automobiles and those in manufacturing automobile components. The Indian automobile industry has witnessed a period of sluggish demand for almost three consecutive years with signs of recovery still appearing distant. The automobile sector is cyclical and dependent on the growth of the economy and improvement in infrastructure. Today India's component industry has the capability to manufacture the entire range of auto-components and the industry has emerged as one of the key auto components centres in Asia and is today seen as a significant player in the global automotive supply chain. India is now a supplier of a range of high-value and critical automobile components to global. Over the medium term, however, we expect the auto components industry's revenues to grow at a relatively faster pace than the OEM segment riding on several factors including auto OEMs' growing thrust on localization, auto suppliers' efforts to expand business in new geographies, the strong upside potential to replacement market demand and increasing sophistication of vehicles shoring up part prices.

#### ELECTRONICS INDUSTRIES

The overall industrial growth in India slipped into the negative zone once again, with output contracting by 1.9 per cent in February 2014 compared to its year-ago level. The fall was the worst seen in the last nine months. Production fell in spite of the mining and the electricity sector performing well. In February 2014, the manufacturing sector suffered its worst fall in the last 28 months. The fall was led by a 17.4 per cent contraction in output of capital goods. The consumer durables sector too continued to report a fall in production in February 2014. Its output declined by 4.5 per cent compared to last year. Output has been falling for almost a year, owing to the contraction in consumer durables production.

#### Key Trends:

- Slowdown in consumer appliances is expected to continue in 2014-15.
- Multinational companies focus on India as a manufacturing hub and invest heavily in setting up new or expansion of existing manufacturing plants across the country while already established players have also been investing in their existing plants to expand their operations.
- New and innovative products and concepts continue to become popular in India.
- Improving demographics continue to offer an opportunity to more sophisticated products.
- Modern retailers offer attractive schemes like equated monthly installments to attract consumers.
- Small appliances continue to witness bundling to make bigger products (Refrigerators, washing Machines) more attractive to consumers

### ii) OPPORTUNITIES AND THREATS

Automotive industry is the key driver of any growing economy. It plays a vital role in country's rapid economic and industrial development. It caters to the requirement of equipment for basic industries. It facilitates the improvement in various infrastructure facilities like power, rail and road transport. Due to its deep forward and backward linkages with almost every segment of the economy, the industry has a strong and positive multiplier effect and thus propels progress of a nation. The growth of Indian middle class, with increasing purchasing power, along with strong macro-economic fundamentals has attracted the major auto manufacturers to Indian market. The market linked exchange rate, well established financial market, stable policy governance work and availability of trained manpower have also shifted new capacities and flow of capital to the auto industry of India. All these have not only enhanced competition in auto companies and resulted in multiple choices for Indian consumers at competitive costs, but have also ensured a remarkable improvement in the industry's productivity, which is one of the highest in Indian manufacturing sector.

## MAJESTIC AUTO LIMITED

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The auto component industry also has been exposed to many risks of varying intensity. The global slow down, has worsened economic sentiment across continents, affecting exports. Coupled with steep increase in interest rate, volatility in the prices of raw materials & other inputs, currency fluctuations, stiff competition by the entry of Multinationals and their home country partnership and Just In Time supplies are the major risks and challenges faced by the companies. It is forcing companies to plan operations effectively and produce quality components at lower costs.

In spite of all these risks, overall prospects for the Indian auto component industry appear positive, considering government stimulus packages and the Indian economy recovering faster.

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 85% from Rs.8816 lacs during the previous year to Rs.1346 lacs during the current year.

#### **FINE BLANKING COMPONENTS**

The turnover /income from operation of Fine Blanking Components have been decreased by 11% from Rs.2,079 lacs during the previous year to Rs.1,842 lacs during the current year.

#### **ELECTRICALS**

The turnover /income from operation of Electricals have been increased by 97% from Rs.3,379 lacs during the previous year to Rs.6,660 lacs during the current year.

### iv) **FUTURE OUTLOOK, RISK AND CONCERNS**

The continued population shift from small towns to cities resulted in higher per capita incomes, in turn leading to an increase in demand for Refrigerators and Washing machines. Such products were in demand from consumers with high disposable incomes in cities like New Delhi, Mumbai and Bangalore. Further 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 to them in the Indian markets. The level of indigenization is being increased in phased manner to keep costs low without compromising quality.

Further, 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.

## **MAJESTIC AUTO LIMITED**

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### **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 behavior 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 607 permanent employees as on 31st March 2014. 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 realized, 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.

## **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. The company seeks to achieve the goal by ensuring that timely and accurate disclosures are made in an easily understood manner on all matters relating to the financial situation, performance, ownership and governance of the company.

The company is in compliance with the requirements of the guidelines on corporate governance stipulated under clause 49 of the Listing Agreement. 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 27, 2013, August 12, 2013, November 11, 2013 and February 14, 2014 during the Accounting Year ended March 31, 2014. 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.



## MAJESTIC AUTO LIMITED

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 2013-14 are given below :

Name of the Director	No. of Board meetings attended	Attendance at Last AGM	Total number of Committee Membership held	Total number of Committee Chairmanship held	Number of other Directorship held
			(excluding Private Companies, Foreign Companies & Section 25 Companies)		
<b>Executive</b> Mr. Mahesh Munjal (Managing Director)	4	Yes	1	-	4
<b>Non-Executive</b> Ms. Ashima Munjal	4	Yes	2	-	3
<b>Non-Executive and Independent</b> Mr. G.P. Sood	4	No	3	2	1
Dr. M. A. Zahir	4	No	7	2	7
Mr. Harjeet Singh Arora	-	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 and Shareholders/Investors Grievance Committees.

- B. There is no pecuniary relationship or transaction of the non-executive directors vis-a-vis the Company. The non-executive directors are paid sitting fees for attending the Board and committee meetings.
- C. None of the present Directors hold any shares (in his own name or on behalf of other person on beneficial basis) in the Company except Mr. Mahesh Munjal, who is holding 40,421 equity shares of the Company.

### 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.majesticauto.in](http://www.majesticauto.in). All Board members and senior management have affirmed compliance with the Code of Conduct. The declaration signed by the Managing Director and CFO of the Company to this effect is enclosed as Annuxure-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.

## MAJESTIC AUTO LIMITED

### III. Audit Committee

In the Current Accounting Year ended 31st March, 2014, four meetings of Audit committee were held on May 27, 2013, August 12, 2013, November 11, 2013 and February 14, 2014. The Composition of the Audit Committee and attendance record of members of the Audit Committee for the financial year 2013-14 is as under:

Name of the Director	Category	No. of Audit Committee Meetings Attended
Mr. G. P. Sood (Chairman)	(Non Executive and Independent Director)	4
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, 2014, 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 not held. The Composition of the remuneration Committee and attendance record of members of the Remuneration Committee for the financial year 2013-14 is as under:

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

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

#### REMUNERATION POLICY:

The Managing Director is paid remuneration recommended by remuneration committee and approved by the Board of Directors & 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.7,500/- 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	Bonus	Commission	Other benefits & perquisites	Contribution to P.F & super annuation fund	Performance linked incentives	Total	Service Contract
			(RS)	(RS)	(RS)	(RS)	(RS)	
Mr Mahesh Munjal	32,02,419	8,400	NIL	15,89,181	6,19,290	NIL	54,19,290	3 Years

## MAJESTIC AUTO LIMITED

### 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 2013-14 are given below:

Name of the Directors	Sitting Fees (RS)	Commission (RS)	Total (RS)
Mr. G.P.Sood	60000	NIL	60000
Dr. M. A. Zahir	60000	NIL	60000
Mr. Harjeet Singh Arora	-	NIL	-
Ms. Ashima Munjal	67500	NIL	67500
Maj. Shavinder Singh Khosla	75000	NIL	75000

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 30, 2013 and March 31, 2014 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 Munjal	Executive Director	2
Ms. Ashima Munjal	Non-Executive Director	1

Compliance Officer: Mr. Rajesh Saini, Company Secretary For details of shareholders complaints and their status refer para No. 11 under General Shareholders Information.

### VI. General Body Meetings

#### Details of Annual / Extraordinary General Meetings

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

#### (i) Annual General Meetings

Year	Location	Date	Time	Special Resolutions Passed
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.
2012-13	At the premises of Mohini Resorts, Near Sector-32, Chandigarh Road, Ludhiana-141010	Sept. 30, 2013	11.00 A.M.	No Special Resolutio was passed in the Meeting

#### (ii) Extraordinary General Meeting:

No Extraordinary General Meeting of the Members was held during the year 2013-14.

#### (iii) Postal Ballot:

During the financial year 2013-14 ended on March 31, 2014, 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.

# MAJESTIC AUTO LIMITED

## 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, 2014. 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 and CFO has issued a certificate to the Board, as enclosed vide annexure iv for the Financial Year ended March 31, 2014.

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

## VIII. Means of Communication

1. The Company has regularly sent immediately, both by post/courier as well as fax, the annual audited as well as quarterly unaudited results to the Stock Exchange, after they are taken on record by the Board of Directors.
2. The Company's quarterly and annual results have been published in English and Punjabi, Newspapers viz. The Financial Express (all editions) and Desh Sewak respectively and have also been displayed on Company's website at [www.majesticauto.in](http://www.majesticauto.in) and company is also filing information's through BSE website at [www.listing.bseindia.com](http://www.listing.bseindia.com)
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, 29th September, 2014, 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, 2014, Results were announced on :**

First quarter ended June 30, 2013	August 12, 2013
Second quarter ended September 30, 2013	November 11, 2012
Third quarter ended December 31, 2013	February 14, 2014
Fourth quarter ended March 31, 2014	May 30, 2014

3. **For the Year ending March 31, 2015, Results will be announced on (Tentative and subject to change)**

First quarter results (June 30, 2014)	August 14, 2014
Second quarter / half year results (Sept. 30, 2014)	Second week of Nov. 2014
Third quarter results (Dec. 31, 2014)	Second week of Feb. 2015
Fourth quarter and year ending (March 31, 2015)	Last week of May, 2015
Annual General Meeting for the year ended March 31, 2015	September, 2015

4. **Dates of book closure:**

The dates of book closures are from September 23, 2014 to September 29, 2014 (both days inclusive).

5. **Face Value of the Equity Share Rs. 10 per share**

6. **Listing on Stock Exchange**

**Stock Exchange where listed**

Bombay Stock Exchange Limited

**Address**

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001

Listing fees for the 2014-2015 have been paid to the Bombay Stock Exchange Limited, Mumbai within the stipulated time.

## MAJESTIC AUTO LIMITED

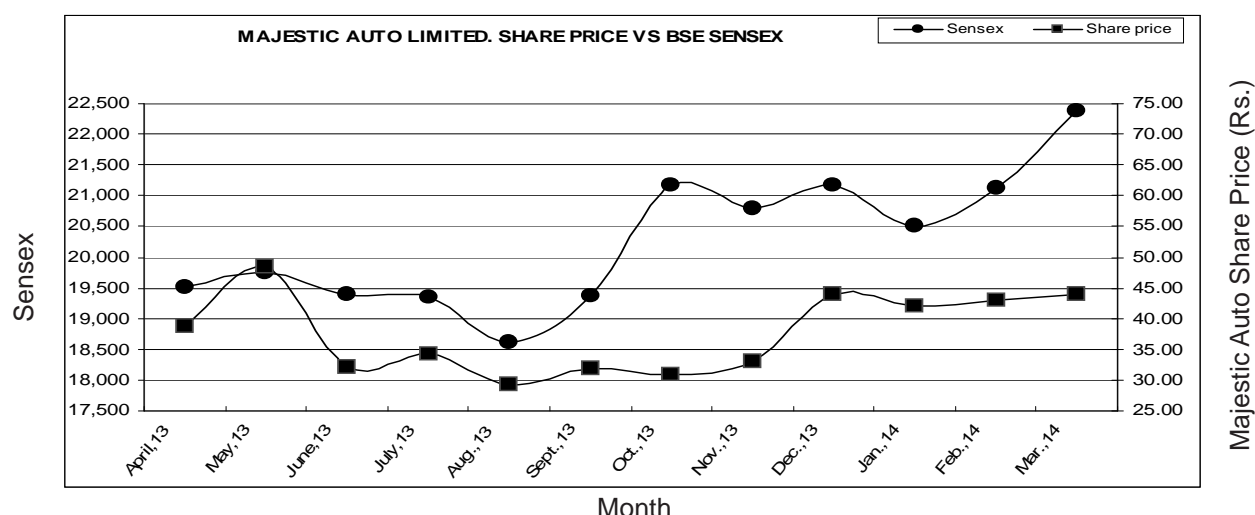
7. **Stock Codes :** 500267 at Bombay Stock Exchange Limited
8. **DEMAT ISIN IN NSDL AND CDSL FOR EQUITY SHARES:** INE201B01022
9. a) **Market Price Data**

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

Month Year	April 2013	May 2013	June 2013	July 2013	Aug. 2013	Sept. 2013	Oct. 2013	Nov. 2013	Dec. 2013	Jan. 2014	Feb. 2014	March 2014
High(Rs.)	38.80	48.45	32.00	34.15	29.35	31.95	31.00	33.00	44.00	42.00	42.95	44.00
Low(Rs.)	33.10	28.30	25.20	24.15	24.50	24.20	27.00	28.15	33.00	34.75	34.60	37.55

b) **Share Price Movements**

Share Price Movements for the period from April 1, 2013 to March 31, 2014 of Majestic Auto Limited vs BSE Sensex.



10. **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  
Contact Person : Mr. J.K. Singla

11. **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 1.04.2013 to 31.03.2014 was 32,754, 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.

**Share holders who hold share in the physical form and wish to make change/nomination in respect of their share in the company, as permitted under the Companies Act, 2013 may submit the same to Registrar and Transfer agent of company in prescribed format.**

12. **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 01.04.2013 to 31.03.2014 are given hereunder.

## MAJESTIC AUTO LIMITED

Sr. No.	Nature of Complaints/Requests/Reminders	From 01.04.2013 to 31.3.2014	
		Received	Cleared
1.	Old Shares for Demat / Transfer	4	4
2.	Change of Address/ Bank Mandate	5	5
3.	Loss of Share Certificate	1	1
4.	Seeking Information's	1	1
5.	Transmission of Shares	1	1

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 31.03.2014.

### 13. Distribution of shareholding as on March 31st, 2014

No. Of shares held (Rs.10/- paid up)	Folios		Shares of Rs.10/-paid up Value	
	Number	%	Number	%
Upto 5000	5133	98.83	1330958	12.80
5001 - 10000	30	0.58	211405	2.03
10001 - 20000	13	0.25	165516	1.59
20001 - 30000	8	0.15	200746	1.93
30001 - 40000	3	0.06	95639	0.92
40001 - 50000	2	0.04	84921	0.82
50001 - 100000	1	0.02	84606	0.81
100001 - 500000	3	0.06	466000	4.48
500001 and above	1	0.02	7757687	74.61
<b>Total</b>	<b>5194</b>	<b>100%</b>	<b>10397478</b>	<b>100%</b>

### 14. Shareholding Pattern as on March 31st, 2014

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	5	87384	84606	0.84
(b)	Foreign Institutional Investors	5	2251	0	0.02
	Sub-Total (B)(1)	10	89635	84606	0.86
B 2	Non-institutions				
(a)	Bodies Corporate	148	275118	270954	2.65
(b)	Individuals				
i.	Individual shareholders holding nominal share capital up to Rs 1 lakh	4804	1273982	1099257	12.25
ii.	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	23	843414	843414	8.11
(c)	Any Other (specify)				
(c-i)	Non Resident Indians	40	20383	19617	0.20
(c-ii)	Trusts	1	95	0	0.00
(c-iii)	Clearing Members	16	9461	9461	0.09
(c-iv)	Hindu Undivided Families	150	87282	87282	0.84
	Sub-Total (B)(2)	5182	2509735	2329985	24.14
(B)	Total Public Shareholding (B)= B)(1)+(B)(2)	5192	2599370	2414591	25.00
	GRAND TOTAL (A)+(B)	5194	10397478	10212699	100

The Promoters have not pledged any shares of the company.



## MAJESTIC AUTO LIMITED

### 15. 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.

### 16. Dematerialization of shares and liquidity

As on 31st March, 2014, 98.22% of total Equity Share Capital i.e. 1,02,12,699 Equity Shares were held in dematerialized form with NSDL and CDSL. During the year 33,999 numbers of equity shares of Rs.10/- each were dematerialized by the shareholders representing 0.33% of the total equity share capital of the Company.

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

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

### 19. Company's Registered Office Address:

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

20. Corporate Identify No. (CIN) : L35911PB1973PLC003264

21. **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

### 22. 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.

### 23. Investors' correspondence may be addressed to:

Mr. Rajesh Saini  
AGM Cum-Company Secretary  
C-48, Focal Point, Ludhiana-141010 (Punjab)  
e-mail : accounts@majesticauto.in , grievance@majesticauto.in

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

Mr. Prakash Chandra Patro  
Chief Financial Officer (CFO)  
e-mail: accounts@majesticauto.in

### 25. Nomination Facility:

The Company offers facility of nomination. The facility is made available folio-wise and for the entire shares registered under the folio. The members holding shares in dematerialized form may contact and consult their respective Depository Participant (DP) for availing the nomination facility. Members holding shares in physical form may contact RTA of the Company

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

The unclaimed shares as lying to the credit of "Majestic Auto Ltd.- Unclaimed Securities Suspense Account" at the end of the year are as follows:

Particulars	No. of Shareholders	No. of Shares
Balance at the beginning of the year [A]	255	31,129
Addition made during the year [B]	Nil	Nil
Total [C] = [A] + [B]	255	31,129
Shareholders who approached Company for transfer of shares from suspense account during the year	Nil	Nil
Shareholders to whom shares were transferred from suspense account during the year [D]*	Nil	Nil
Shareholders in process as on March 31, 2014	Nil	Nil
Balance at the end of the year [E] = [C] – [D]	255	31,129

The shareholders who have not received the shares may approach the Company or M/s Alankit Assignments Limited, the Registrar and Transfer Agents of the Company, with their correct particulars and proof of their identity for crediting of the Shares from the Unclaimed Securities Suspense Account to their individual demat Account. The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

For and on Behalf of the Board of Directors

Place : Ludhiana  
Date : 14.08.2014

(Mahesh Munjal)  
Chairman & Managing Director

# MAJESTIC AUTO LIMITED

## CERTIFICATE ON CORPORATE GOVERNANCE TO THE MEMBERS OF MAJESTIC AUTO LIMITED

To,  
The Members,  
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, 2014, 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 : 14.08.2014

(Anil Gupta)  
Partner  
Membership No.89988

### 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, 2014.

#### I. CONSERVATION OF ENERGY:

- a) Energy conservation measures taken;
  - i) Reduction of Peak Load Sanction
  - ii) T-5 installed instead of T-8 tubes on winding conveyor & offices
  - iii) Winding Lines combined and removed conveyors.
  - iv) 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:  
No specific R&D activities done by the Company
2. BENEFITS DERIVED AS A RESULT OF THE ABOVE R & D:  
Not Applicable

#### 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	Nil
c) Total	Nil
d) Total R & D expenditure as a percentage of total turnovers	Nil

## 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	302
Earned	Nil

### ANNEXURE - IV TO DIRECTORS' REPORT

#### DECLARATION OF CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT

To

The Board of Directors  
Majestic Auto Limited

We the undersigned, in our respective capacities as Chief Executive Officer and Chief Financial Officer of Majestic Auto Limited, to the best of our knowledge and belief certify that:

- a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2014 and that to the best of our knowledge and belief:
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee;
  - i) significant changes in internal control over financial reporting during the year;
  - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

We further declare that all board members and senior management have affirmed compliance with the code of conduct for the year 2013-14.

Place: Ludhiana

(Mahesh Munjal)

(Prakash Chandra Patro)

Date : 14.08.2014

Chairman & Managing Director

CFO

# MAJESTIC AUTO LIMITED

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## 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'2014, 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

The Company's 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 accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956. 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'2014.
- 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 Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("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 statement 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 books;
  - (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, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs;
  - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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

Place : Ludhiana  
Date : 30.05.2014

(Anil Gupta)  
Partner  
Membership No.89988

### 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) In our opinion, 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, we are of the opinion that the Company has maintained 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 directors of the company covered under register maintained u/s 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs.26.33 crores and the year end balance is Rs.26.33 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, the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- 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 paragraph 4 of the 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 cost records maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

## MAJESTIC AUTO LIMITED

- ix) a) According to the records of the Company / information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amount payable in respect of the above were in arrear as at 31st March, 2014 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	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 financial year covered by the audit 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.
- xix) The Company has not issued any debentures during the year covered by the audit.
- xx) The Company has not raised any money by way of public issue during the year.
- xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and In our opinion and according to the information and explanations given by the management, no material fraud on or by the Company has been noticed or reported during the course of our audit.

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

Place : Ludhiana  
Date : 30.05.2014

(Anil Gupta)  
Partner  
Membership No.89988



# MAJESTIC AUTO LIMITED

## BALANCE SHEET AS AT 31.03.2014

PARTICULARS	Note No.	As at 31.03.2014 (Rs.)	As at 31.03.2013 (Rs.)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	103,982,280	103,982,280
Reserve and Surplus	3	1,233,601,602	635,517,002
		<u>1,337,583,882</u>	<u>739,499,282</u>
<b>Non-current liabilities</b>			
Long-term borrowings	4	836,084,765	955,336,907
Other Long-term liabilities	5	7,666,228	37,184,928
Long-term provisions	6	35,547,940	33,098,391
		<u>879,298,933</u>	<u>1,025,620,226</u>
<b>Current liabilities</b>			
Short-term borrowings	7	66,094,662	109,333,817
Trade payables	8	150,077,528	185,013,197
Other current liabilities	9	82,973,401	298,715,908
Short-term provisions	10	31,200,000	700,000
		<u>330,345,591</u>	<u>593,762,922</u>
<b>TOTAL</b>		<u>2,547,228,406</u>	<u>2,358,882,430</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	11	1,583,166,948	1,637,726,383
Intangible assets		2,485,558	3,149,395
Capital work-in-progress		83,616,885	75,004,047
Intangible assets under development		-	173,400
		<u>1,669,269,391</u>	<u>1,716,053,225</u>
Non-current investments	12	150,436,946	102,462,151
Deferred tax assets (Net)	13	160,306,235	35,813,254
Long-term loans and advances	14	119,867,967	45,805,739
		<u>430,611,148</u>	<u>184,081,144</u>
		<u>2,099,880,539</u>	<u>1,900,134,369</u>
<b>Current assets</b>			
Current investments	15	-	6,798,270
Inventories	16	105,038,770	141,394,871
Trade receivables	17	183,220,474	135,867,203
Cash and Bank balances	18	6,177,445	19,650,398
Short-term loans and advances	19	152,586,990	154,737,446
Other current assets	20	324,188	299,873
		<u>447,347,867</u>	<u>458,748,061</u>
<b>TOTAL</b>		<u>2,547,228,406</u>	<u>2,358,882,430</u>
<b>Significant accounting policies</b>	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 : 30.05.2014

Rajesh Saini  
AGM (Company Secretary)

Prakash Chandra Patro  
CFO

Mahesh Munjal  
CMD

S.S.Khosla  
Director

(Anil Gupta)  
Partner  
M.NO.089988

# MAJESTIC AUTO LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2014

PARTICULARS	Note No.	As at 31.03.2014 (Rs.)	As at 31.03.2013 (Rs.)
<b>Income:</b>			
Revenue from Operations (Gross)	22	1,168,668,151	1,760,939,372
Less: Excise Duty		122,452,183	226,650,738
<b>Revenue from Operations (Net)</b>		<b>1,046,215,968</b>	<b>1,534,288,634</b>
Other Income	23	102,613,113	82,818,880
<b>Total Revenue</b>		<b>1,148,829,081</b>	<b>1,617,107,514</b>
<b>Expenses:</b>			
Cost of materials consumed	24	619,092,666	960,383,210
Purchases of Stock-in-Trade		6,107,199	40,776,335
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	25	31,081,482	(33,944,168)
Employee benefits expense	26	230,710,978	214,134,734
Finance costs	27	148,060,326	126,051,510
Depreciation and amortisation expense	11	150,306,609	147,220,695
Other expenses	28	267,942,933	271,422,662
<b>Total expenses</b>		<b>1,453,302,192</b>	<b>1,726,044,978</b>
Profit before tax/extra ordinary/exceptional items		(304,473,111)	(108,937,464)
Profit on sale of long terms investments		777,991,992	-
<b>Profit before tax</b>		<b>473,518,881</b>	<b>(108,937,464)</b>
<b>Less: Tax expenses:</b>			
Current Tax		79,500,000	-
Less: MAT Credit Entitlement		79,500,000	-
Deferred tax		(124,492,982)	(50,999,670)
Tax with respect to earlier years		(72,737)	528,276
<b>Profit / (Loss) for the year</b>		<b>598,084,600</b>	<b>(58,466,070)</b>
<b>Earnings per Share (in Rs.)</b>	29		
<b>(Face value of Rs. 10/- each)</b>			
- Basic		57.52	(5.62)
- Diluted		57.52	(5.62)
<b>Significant accounting policies</b>	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 : 30.05.2014

Rajesh Saini  
AGM (Company Secretary)

Prakash Chandra Patro  
CFO

Mahesh Munjal  
CMD

S.S.Khosla  
Director

(Anil Gupta)  
Partner  
M.NO.089988

# MAJESTIC AUTO LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

PARTICULARS	(Rs.)	Year Ended 31.03.2014 (Rs.)	Year Ended 31.03.2013 (Rs.)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit before tax and Extraordinary items		473,518,881	(108,937,464)
Adjustment for:			
Add:			
a) Depreciation & Amortization Expenses	150,306,609		147,220,695
b) Exchange Difference	10,885,712		9,475,975
c) Loss on fixed Assets sold/discarded	-		308,005
d) Interest -other and financial charges	137,174,614		116,575,535
e) Increase in Provision for Gratuity (Net of payment)	2,449,549		1,212,929
f) Prior period expense	28,033,733		52,865
g) Provision for doubtful debts written off/(written back)	(193,575)	328,656,642	(371,100)
Less:			
a) Interest received on Loans, Deposits	2,769,198		2,034,938
b) Dividend income on			
From Long term Investments (Non Trade)	94,061,160		70,995,870
c) Profit from investment in AOP (Non Trade)	(3,051)		30,721
d) Profit on sale of Fixed Assets	-		123,291
e) Profit on sale Of Investments	777,991,992	874,819,299	-
Operating Profit before working Capital Changes		(72,643,776)	92,352,620
Adjustment for:			
a) Increase/(decrease) in Trade Payable	(34,935,669)		1,268,757
b) Increase/(decrease) in other liabilities	(44,082,046)		44,909,599
c) (Increase)/decrease in inventories	36,356,101		(34,776,910)
d) (Increase)/decrease in Loan and advance & other current assets	(35,553,772)		21,820,495
e) (Increase)/decrease in Trade and other receivable	(47,159,696)	(125,375,082)	49,085,157
Cash Generated from Operations		(198,018,858)	174,659,718
Less:			
a) Direct Taxes Paid	30,402,314		5,112,633
b) Exchange Difference	10,885,712		9,475,975
c) Net prior period expenses/ Tax adjustments	27,960,996	69,249,022	581,141
Net Cash Flow operating activities		(267,321,974)	159,489,969
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
a) Sale of Fixed Assets	-		541,201
b) Investment in subsidiary Company	(49,470,000)		(52,500,000)
c) Loan received back from subsidiary Company	24,520,000		43,650,000
d) Loan given to subsidiary Company	-		(24,520,000)
e) Interest received on Loan deposit	2,769,198		2,034,938
f) Dividend received	94,061,160		70,995,870
g) Purchase of Fixed Assets	(103,522,775)		(321,859,199)
h) Share in AOP profit	(3,051)		30,721
i) Sale of Investments	786,285,467		-
Net cash from (used in) Investments activities		754,639,999	(281,626,469)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
a) Repayment of borrowing	(363,670,458)		(133,313,205)
b) Interest -other and Financial charges	(137,174,614)		(126,435,689)
c) Proceed from borrowings	-		381,692,499
d) Less Dividend paid	-		68,228
Cash Generated(used in) from Financing Activities		(500,845,072)	121,875,377
Net cash from (used in) financing activities		(500,845,072)	121,875,377
<b>D. NET INCREASE(+)/DECREASE(-) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		13,472,953	(261,123)
cash and cash equivalents as at the beginning of the year		19,650,398	19,911,521
cash and cash equivalents as at the end of the year		6,177,445	19,650,398

### NOTE TO THE CASH FLOW STATEMENT

- Cash and cash equivalents include cash and bank balance shown in Note no. 18 of the Balance sheet
- 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 : 30.05.2014

Rajesh Saini  
AGM (Company Secretary)

Prakash Chandra Patro  
CFO

Mahesh Munjal  
CMD

S.S.Khosla  
Director

(Anil Gupta)  
Partner  
M.NO.089988

# MAJESTIC AUTO LIMITED

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## Notes on Financial Statements for the Year ended 31st March, 2014

### 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 and presented under the historical cost convention on the accrual basis of accounting, unless stated otherwise and comply with the mandatory Accounting Standards ('AS') prescribed under the Companies Act, 1956 read with the General Circular 08/2014 dated April 04, 2014 issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India. The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year.

#### 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 softwares/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

# MAJESTIC AUTO LIMITED

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## Notes on Financial Statements for the Year ended 31st March, 2014

the company is 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

# MAJESTIC AUTO LIMITED

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## Notes on Financial Statements for the Year ended 31st March, 2014

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.

### **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 charged to the statement of profit & loss in the year in which an assets is identified as impaired.

### **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 expensed on a straight line basis with reference to lease terms and other considerations.

### **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 recognized 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 recognized 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, 2014

PARTICULARS	(Rs.)	Year Ended 31.03.2014 (Rs.)	Year Ended 31.03.2013 (Rs.)
<b>2 SHARE CAPITAL</b>			
<b>AUTHORISED SHARE CAPITAL</b>			
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>
<b>ISSUED SHARE CAPITAL</b>			
10,398,978 (Previous Year 10,398,978) Equity Shares of Rs.10/- each		103,989,780	103,989,780
<b>SUBSCRIBED AND PAID UP SHARE CAPITAL</b>			
10,397,478 (Previous Year 10,397,478) Equity Shares of Rs.10/- each fully paid up		103,974,780	103,974,780
Add: Shares 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-14		31-Mar-13	
	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 if any 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-14		31-Mar-13	
	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 :

	31-Mar-14		31-Mar-13	
	No. of Shares	% holding	No. of Shares	% holding
M/s Anadi Investments (P) Ltd.	7,757,687	74.61	7,757,687	74.61

**3 RESERVES AND SURPLUS**

**CAPITAL RESERVE**

As per last Balance Sheet 3,000,000 3,000,000

**SECURITIES PREMIUM RESERVE**

As per last Balance Sheet 12,952,386 12,952,386

**GENERAL RESERVE**

As per last Balance Sheet 50,000,000 50,000,000

**SURPLUS**

As per last Balance Sheet 569,564,616 628,030,686

Add: Profit / (Loss) for the year 598,084,600 (58,466,070)

1,167,649,216 569,564,616

1,233,601,602 635,517,002

# MAJESTIC AUTO LIMITED

## Notes on Financial Statements for the Year ended 31st March, 2014

PARTICULARS	(Rs.)	Year Ended 31.03.2014 (Rs.)	Year Ended 31.03.2013 (Rs.)
<b>4 LONG-TERM BORROWINGS</b>	<b>Non-Current</b>	<b>Current</b>	<b>Non-Current</b>
<b>FROM BANKS</b>			
Secured:			
Rupee Term loans	342,784,765	-	617,880,382
Foreign Currency Term Loans	-	34,634,044	-
Unsecured:			
Foreign Currency Term Loans	-	-	46,956,525
<b>FROM OTHERS</b>			
Secured:			
Bajaj Finance Limited	230,000,000	-	125,000,000
Unsecured:			
Deposits (Refer Note 4 (b))	263,300,000	-	165,500,000
	<b>836,084,765</b>	<b>34,634,044</b>	<b>955,336,907</b>
<b>Less : Current maturities shown under other current liability (refer note no. 9)</b>			
		<b>34,634,044</b>	<b>235,813,205</b>
	<b>836,084,765</b>	<b>-</b>	<b>955,336,907</b>

a) Terms of repayment of secured borrowings

Type of loan	Amount (including current maturities) as on 31.03.2014 (Rs.)	Terms of repayment and Maturity	Nature of Security	Rate of Interest
<b>Rupee term loans</b>				
(i) Term loan- IDBI Bank	67,800,000	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.	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.	The rate of interest on the loans ranges from 12.00% to 12.10% per annum.
(ii) Term loan- Catholic Syrian Bank	94,984,765	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 Lakhs each.		
(iii) Term loan- HDFC Bank	180,000,000	Repayable after one year or rollover for further period.	Term Loans is secured primary by hypothecate by way of Subservient charges on all movable plant & machinery, fixed assets both present & future of the Company and Secondary-Pledge of equity shares of Hero Motocorp Limited.	10.25% per annum
<b>Foreign currency term loans</b>				
(iv) Buyer's Credit Standard Chartered Bank, UK (LOU issuing Bank "Yes Bank Ltd")	34,634,044	Principal including interest will be repaid during the year (360 days from disbursement date)	Loan is secured by Subservient charge on all the Current Assets and Movable Fixed Assets of the Borrower (both present and future) of the Company. These Loans are further secured by personal guarantee of Managing Director of the	Yearly LIBOR+62 to 67BPS
<b>Others</b>				
v) Bajaj Finance Ltd	230,000,000	Principal including interest will be repayable within two year.	Loan is secured by pledge of equity shares of Hero MotoCorp Limited.	Rate of interest -10.60%

b) Terms of Repayment for unsecured deposits.

	As at 31.03.2014 (Rs.)	As At 31.03.2013 (Rs.)
Deposits from Director	263,300,000	144,250,000
Inter Corporate Deposits	-	21,250,000
	<b>263,300,000</b>	<b>165,500,000</b>

Repayable as per the terms of individual deposit ranging from 24 months to 36 months from the date of acceptance of deposits

## MAJESTIC AUTO LIMITED

### Notes on Financial Statements for the Year ended 31st March, 2014

PARTICULARS	Year Ended 31.03.2014 (Rs.)	Year Ended 31.03.2013 (Rs.)
<b>5 OTHER LONG-TERM LIABILITIES</b>		
Trade Deposits	4,138,285	4,203,785
Trade Payables	3,527,943	32,981,143
	<u>7,666,228</u>	<u>37,184,928</u>
<b>6 LONG-TERM PROVISIONS</b>		
Provision for employees benefit		
Provision for Gratuity	35,547,940	33,098,391
	<u>35,547,940</u>	<u>33,098,391</u>
<b>7 SHORT TERM BORROWINGS</b>		
<b>Secured :</b>		
i) Working Capital Loans repayable on demand from banks	34,713,636	84,424,817
ii) Working Capital Loans repayable on demand from banks	31,381,026	-
<b>Unsecured :</b>		
Working Capital Loans repayable on demand from banks	-	24,909,000
	<u>66,094,662</u>	<u>109,333,817</u>
<b>Nature of Security</b>		
a) i) 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.		
ii) The Secured working capital Loans from Yes Bank Ltd. are secured by Subservient charge on all the Current Assets and Movable Fixed Assets of the Borrower (both present and 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 Directors of the Company.		
<b>8 TRADE PAYABLES</b>		
Micro, Small and Medium Enterprises #	49,810,738	96,744,132
Others	100,266,790	88,269,065
	<u>150,077,528</u>	<u>185,013,197</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.		
<b>9 OTHER CURRENT LIABILITIES</b>		
Current Maturity of long term Borrowings (refer note no.4)	34,634,044	235,813,205
Interest accrued but not due on borrowings	207,937	1,003,098
Advance from customers	2,068,899	2,795,874
Other payables (including Govt. dues, taxes, employee benefits and other misc. items)	46,062,521	59,103,731
	<u>82,973,401</u>	<u>298,715,908</u>
<b>10 SHORT TERM PROVISIONS</b>		
Provision for Income tax	30,500,000	-
Provision for wealth tax	700,000	700,000
	<u>31,200,000</u>	<u>700,000</u>

# MAJESTIC AUTO LIMITED

## Notes on Financial Statements for the Year ended 31st March, 2014

### 11 FIXED ASSETS

Description (Own Assets)	Gross Block				Depreciation / Amortisation				Net Block		
	As at 1-Apr-13	Additions	Disposal/ Adjustments	Borrowing Cost	As at 31-Mar-14	As at 1-Apr-13	For the Year	Disposals/ Adjustments	Upto 31-Mar-14	As at 31-Mar-14	As at 31-Mar-13
<b>(A) TANGIBLE ASSETS :</b>											
Leasehold Land	324,574,589	-	-	-	324,574,589	9,041,075	3,616,430	-	12,657,505	311,917,084	315,533,514
Freehold Land	44,297,910	-	-	-	44,297,910	-	-	-	-	44,297,910	44,297,910
Buildings	429,958,653	43,572,063	-	-	473,530,716	65,420,065	13,760,219	-	79,180,284	394,350,432	364,538,588
Plant & Equipment	1,555,379,115	51,457,503	(978,712)	-	1,605,857,906	674,012,225	128,762,569	-	802,774,794	803,083,112	881,366,890
Furniture & Fixtures	9,772,460	246,030	-	-	10,018,490	6,682,525	465,643	-	7,148,168	2,870,322	3,089,935
Vehicles	24,600,631	-	-	-	24,600,631	9,230,288	1,867,259	-	11,097,547	13,503,084	15,370,343
Office Equipment	24,029,015	746,653	-	-	24,775,668	10,499,812	1,130,852	-	11,630,664	13,145,004	13,529,203
<b>Total (A)</b>	<b>2,412,612,373</b>	<b>96,022,249</b>	<b>(978,712)</b>	<b>-</b>	<b>2,507,655,910</b>	<b>774,885,990</b>	<b>149,602,972</b>	<b>-</b>	<b>924,488,962</b>	<b>1,583,166,948</b>	<b>1,637,726,383</b>
Previous Year	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
<b>(B) INTANGIBLE ASSETS :</b>											
Computer Software	4,324,174	39,800	-	-	4,363,974	1,174,779	703,637	-	1,878,416	2,485,558	3,149,395
<b>Total (B)</b>	<b>4,324,174</b>	<b>39,800</b>	<b>-</b>	<b>-</b>	<b>4,363,974</b>	<b>1,174,779</b>	<b>703,637</b>	<b>-</b>	<b>1,878,416</b>	<b>2,485,558</b>	<b>3,149,395</b>
Previous Year	2,745,424	1,578,750	-	-	4,324,174	666,643	508,136	-	1,174,779	3,149,395	2,078,781
<b>Total (A + B)</b>	<b>2,416,936,547</b>	<b>96,062,049</b>	<b>(978,712)</b>	<b>-</b>	<b>2,512,019,884</b>	<b>776,060,769</b>	<b>150,306,609</b>	<b>-</b>	<b>926,367,378</b>	<b>1,585,652,506</b>	<b>1,640,875,778</b>
Previous Year	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
<b>Capital Work-in-Progress</b>										<b>83,616,885</b>	<b>75,004,047</b>
<b>Intangible Assets under Development</b>										-	<b>173,400</b>

PARTICULARS	(Rs.)	Year Ended 31.03.2014 (Rs.)	Year Ended 31.03.2013 (Rs.)
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### 12 NON-CURRENT INVESTMENTS

#### NON-TRADE INVESTMENTS (AT COST)

##### Quoted Equity Instruments

Hero Moto Corp Limited.

1,208,681 (Previous Year 1,577,686)

Equity shares of Rs.2/- each fully paid up

966,946

1,262,151

##### Unquoted Equity Instruments

##### Investment in Subsidiaries

##### Majestic IT Services Limited

14,500,000 (Previous Year 10,000,000)

Equity shares of Rs. 10/- each fully paid up

145,000,000

100,000,000

Share Application Money\*

4,470,000

-

##### Other Investments

Investment in Capital of Association of Persons (AOP)

M/s Brij Mohan Lall & Associates

Total Investment in AOP

-

7,998,270

Less:-Current Account shown as current

Investment (Refer Note No.15)

-

6,798,270

1,200,000

150,436,946

102,462,151

Aggregate amount of quoted investments

966,946

1,262,151

Market value of quoted investments

2,747,150,611

2,432,634,043

Aggregate amount of unquoted investments

149,470,000

101,200,000

The Company was a member of M/s Brij Mohan Lall & Associates (AOP), whose constitution as at 31.03.2013 is as under. The said AOP status dissolved as of 01.07.2013

##### 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 31.03.2014 is Rs. Nil (Fixed Rs.Nil & Fluctuating Rs.Nil) Previous year Rs.7,998,270(Fixed Rs. 1,200,000 & Fluctuating Rs.6,798,270)

\*Equity Share were allotted on 27.05.2014

# MAJESTIC AUTO LIMITED

## Notes on Financial Statements for the Year ended 31st March, 2014

PARTICULARS	(Rs.)	Year Ended 31.03.2014 (Rs.)	Year Ended 31.03.2013 (Rs.)
<b>13 DEFERRED TAX ASSETS/(LIABILITIES) (Net)</b>			
<b>Deferred Tax Assets</b>			
Expenses booked but allowable for tax purposes in subsequent years		254,827,467	131,359,797
<b>Deferred Tax Liabilities</b>			
Related to Fixed Assets		94,521,232	95,546,543
Net Deferred Tax Assets/(Liabilities)		<u>160,306,235</u>	<u>35,813,254</u>
<b>14 LONG TERM LOANS AND ADVANCES</b>			
(Unsecured, considered good)			
Capital Advances		7,516,139	12,771,351
Security Deposits		8,078,647	7,782,947
MAT Credit Entitlement		100,300,000	20,800,000
Advance Income Tax (Net of provisions)		3,973,181	3,857,351
Others		-	594,090
		<u>119,867,967</u>	<u>45,805,739</u>
<b>15 CURRENT INVESTMENT</b>			
<b>Unquoted</b>			
ASSOCIATION OF PERSONS (NON TRADE)			
M/s Brijmohan lall & Associates (Current Account) (Refer Note No. 12)		-	6,798,270
		-	<u>6,798,270</u>
Aggregate amount of unquoted Investments		-	6,798,270
<b>16 INVENTORIES</b>			
(valued at lower of cost and net realisable value)			
Raw Materials & Components		22,924,430	26,243,963
Work-in-Progress (Refer Note a (i))		38,273,432	67,878,833
Finished Goods (Refer Note a (ii))		14,281,447	16,457,387
Stores and Spares		24,544,503	18,250,105
Loose Tools		2,663,215	10,542,838
Scrap		2,351,743	1,651,884
Goods-in-Transit		-	369,861
		<u>105,038,770</u>	<u>141,394,871</u>
(a) Details of Inventory			
(i) Work-in-progress			
Spokes with Nipples & Washers		520,742	516,647
Mufflers		7,680,374	17,333,974
Fine Blanking components		11,320,032	20,539,287
Electricals		14,711,863	12,688,541
Others		4,040,421	16,800,384
		<u>38,273,432</u>	<u>67,878,833</u>
(ii) Finished Goods			
Spokes with Nipples & Washers		282,091	253,624
Mufflers		1,807,223	11,430,653
Fine Blanking components		2,202,615	3,815,067
Electricals		9,657,598	624,966
Others		331,920	333,077
		<u>14,281,447</u>	<u>16,457,387</u>

# MAJESTIC AUTO LIMITED

## Notes on Financial Statements for the Year ended 31st March, 2014

PARTICULARS	Year Ended 31.03.2014 (Rs.)	Year Ended 31.03.2013 (Rs.)
<b>17 TRADE RECEIVABLES</b>		
(Unsecured)		
Outstanding for a period exceeding six months from the due date of payment		
Considered good	3,033,260	524,639
Considered doubtful	60,743,358	60,936,933
	<u>63,776,618</u>	<u>61,461,572</u>
Less: Provision for Doubtful debts	60,743,358	60,936,933
	<u>3,033,260</u>	<u>524,639</u>
Others Considered good	180,187,214	135,342,564
	<u>183,220,474</u>	<u>135,867,203</u>
<b>18 CASH AND BANK BALANCES</b>		
Cash and cash equivalents		
Cash on hand	187,436	132,162
Cheques/ Drafts in hand	-	1,580,295
Balances with Banks in Current Accounts	5,990,009	17,937,941
	<u>6,177,445</u>	<u>19,650,398</u>
<b>19 SHORT-TERM LOANS AND ADVANCES</b>		
(Unsecured considered good)		
Loan and advances to Related Parties		
Loan to Subsidiary Company*	-	24,520,000
Advances recoverable in cash or in kind or for value to be received	2,546,129	18,337,116
Balances with customs, excise, etc.	72,751,187	39,599,788
Advance paid to Suppliers	46,368,127	23,961,873
Prepaid Expenses	3,434,090	2,117,697
Advance Income Tax (Net of provisions)	27,487,457	46,200,972
	<u>152,586,990</u>	<u>154,737,446</u>
*Inter Corporate Deposit Receivable on Demand from subsidiary		
"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. Nil (Previous Year Rs. 24,520,000) 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.24,520,000 (Previous Year Rs. 57,801,888). 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."		
<b>20 OTHER CURRENT ASSETS</b>		
(Unsecured considered good)		
Margin Money Deposits*	282,106	282,106
Interest accrued on Above	42,082	17,767
	<u>324,188</u>	<u>299,873</u>
* Pledged as security for letters of credit / bank guarantees		
<b>21 CONTINGENT LIABILITIES AND COMMITMENTS</b>		
<b>(I) Contingent Liabilities</b>		
(a) Claims against the company not acknowledged as debts		
Sales Tax matters under Punjab Value Added Tax Act, 2005	-	42,700
Sales Tax matters under U.P. Trade Tax Act	198,108	198,108
(b) Guarantees		
Bank Guarantees	18,996,800	24,996,800
(c) Letter of Credit	10,639,934	9,503,520
(i) Excise duty /Sale Tax paid under protest amounting to Rs. 191,636 (Previous Year Rs.234,336) 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.		



# MAJESTIC AUTO LIMITED

## Notes on Financial Statements for the Year ended 31st March, 2014

PARTICULARS	(Rs.)	Year Ended 31.03.2014 (Rs.)	Year Ended 31.03.2013 (Rs.)
<b>(II) Commitments</b>			
Estimated value of contracts in capital accounts remaining to be executed and not provided for (net of advance)		3,115,411	23,016,600
<b>22 REVENUE FROM OPERATIONS (GROSS)</b>			
Sale of Products		867,730,545	1,340,901,751
Sale of Services		132,279,874	175,089,117
Other Operating Revenues		168,657,732	244,948,504
		<u>1,168,668,151</u>	<u>1,760,939,372</u>
<b>(a) Details of products sold</b>			
<b>(i) Finished goods</b>			
Spokes with Nipples & Washers		22,783,448	68,134,394
Mufflers		152,617,675	992,196,948
Fine Blanking components		170,273,839	184,052,555
Electricals		479,020,992	13,128,629
Others		35,174,167	35,619,418
		<u>859,870,121</u>	<u>1,293,131,944</u>
<b>(ii) Traded goods</b>			
Electricals		7,860,424	47,769,807
		<u>7,860,424</u>	<u>47,769,807</u>
		<u>867,730,545</u>	<u>1,340,901,751</u>
<b>(b) Details of sale of services</b>			
Job Charges		132,279,874	175,089,117
		<u>132,279,874</u>	<u>175,089,117</u>
<b>(c) Details of other operating revenues</b>			
Sale of scrap		162,155,961	192,263,652
Others		6,501,771	52,684,852
		<u>168,657,732</u>	<u>244,948,504</u>
<b>23 OTHER INCOME</b>			
Interest on			
- Bank Deposits		58,028	279,843
- Others		2,711,170	1,755,095
Dividend income from Long Term investments		94,061,160	70,995,870
Share of Profit from AOP		-	30,721
Rent received		144,180	149,388
Provisions/Liabilities no longer required written back		193,575	619,079
Profit on sale of Fixed Assets		-	123,291
Other non-operating income		5,445,000	8,865,593
Total		<u>102,613,113</u>	<u>82,818,880</u>
<b>24 COST OF MATERIALS CONSUMED (Derived)</b>			
Opening inventories		26,243,963	32,809,031
Add: Purchases		615,773,133	954,188,003
Less: Closing inventories		22,924,430	26,613,824
Cost of material consumed		<u>619,092,666</u>	<u>960,383,210</u>

# MAJESTIC AUTO LIMITED

## Notes on Financial Statements for the Year ended 31st March, 2014

PARTICULARS		Year Ended 31.03.2014 (Rs.)	Year Ended 31.03.2013 (Rs.)
<b>Details of Imported and Indigenous Raw Materials Consumed:</b>			
	% of Consumption		% of Consumption
Imported	0.33	2,027,278	0.87 8,359,112
Indigenous	99.67	617,065,388	99.13 952,024,098
Total	100.00	619,092,666	100.00 960,383,210
<b>Details of Raw Material Consumed Particulars</b>			
Steel Wire		16,099,855	48,661,624
Raw Materials & Components		587,797,773	829,231,195
Paints and Chemicals		10,718,716	56,808,401
Plating Material		4,476,322	25,681,990
Total		619,092,666	960,383,210
<b>25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>			
<b>Closing inventories</b>			
- Finished goods		14,281,447	16,457,387
- Work-in-process		38,273,432	67,878,833
- Scrap		2,351,743	1,651,884
		54,906,622	85,988,104
<b>Opening inventories</b>			
- Finished goods		16,457,387	9,217,832
- Work-in-process		67,878,833	41,978,997
- Scrap		1,651,884	847,107
		85,988,104	52,043,936
(Increase) / Decrease in Inventories		31,081,482	(33,944,168)
<b>26 EMPLOYEE BENEFIT EXPENSES</b>			
Salaries, wages, bonus etc.		210,486,917	191,861,350
Contribution to Provident and other funds		17,556,391	20,049,186
Staff welfare expenses		2,667,670	2,224,198
		230,710,978	214,134,734
<b>(a) Defined benefit Plans</b>			
<b>GRATUITY PLANS :</b> 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:-			
<b>Net Employee Benefit Expense recognized in the Statement of Profit and Loss</b>			
Current service cost		1,644,279	2,585,256
Add : Interest cost on present value of defined benefit obligation as at the beginning of the year		4,120,802	3,922,088
Expected return on plan assets		(1,037,383)	(1,585,509)
Add: Net actuarial( gain) / loss recognized in the year		(1,178,149)	(608,906)
Add: Past service cost		90,877	-
Net Gratuity Cost		3,640,426	4,312,929

# MAJESTIC AUTO LIMITED

## Notes on Financial Statements for the Year ended 31st March, 2014

PARTICULARS	(Rs.)	Year Ended 31.03.2014 (Rs.)	Year Ended 31.03.2013 (Rs.)
<b>Details of Provision for gratuity recognized in the Balance Sheet</b>			
Present value of defined benefit obligation at the end of year		36,810,825	51,510,024
Less: Unrecognised past service cost		-	-
Less: Fair value of plan assets at the end of year		1,262,885	18,411,633
Funded Status-Net Liability/(Asset)		<u>35,547,940</u>	<u>33,098,391</u>
<b>Changes in the present value of the defined benefit obligation are as follows:</b>			
Opening defined benefit obligation		51,510,024	49,026,104
Add: Interest cost		4,120,802	3,922,088
Add: Current service cost		1,644,279	2,585,256
Benefits paid		(19,286,131)	(3,295,737)
Add: Actuarial (gains) / losses on obligation		(1,178,149)	(727,687)
Closing defined benefit obligation		<u>36,810,825</u>	<u>51,510,024</u>
<b>Changes in the fair value of plan assets are as follows:</b>			
Opening fair value of plan assets		18,411,633	17,140,642
Add: Expected return on plan assets		1,037,383	1,585,509
Add: Contributions by employer		1,100,000	3,100,000
Benefits paid		(19,286,131)	(3,295,737)
Add: Actuarial gains / (losses)		-	(118,781)
Closing fair value of plan assets		<u>1,262,885</u>	<u>18,411,633</u>
<b>Actual Return on Plan Assets</b>			
Expected Return on Plan Assets		1,037,383	1,585,509
Add: Actuarial gain/(loss) on Plan Assets		-	88,803
Actual Return on Plan Assets		<u>1,037,383</u>	<u>1,674,312</u>

Define Benefits plan for 5 years	31.03.2014	31.03.2013	31.03.2012	31.03.2011	31.03.2010
<b>GRATUITY</b>					
Net (Asset)/Liability recognised in the Balance Sheet					
(a) Present Value of Obligation as at the close of the year	36,810,825	51,510,024	49,026,104	47,274,571	42,482,700
(b) Fair value of plan asset as at the close of the year	1,262,885	18,411,633	17,140,642	16,479,010	15,080,224
(c) (Asset)/Liability recognised in the Balance Sheet	35,547,940	33,098,391	31,885,462	30,795,561	27,402,476
<b>Change in Defined Benefit Obligation (DBO) during the year ended</b>					
Actuarial (Gain)/Loss	(1,178,149)	(727,687)	1,104,032	1,081,555	(1,241,885)
<b>Changes in the fair value of Plan Assets</b>					
Actuarial Gain/(Loss)	-	(118,781)	(46,665)	(37,478)	(96,453)

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.

# MAJESTIC AUTO LIMITED

## Notes on Financial Statements for the Year ended 31st March, 2014

PARTICULARS	Year Ended 31.03.2014 (Rs.)	Year Ended 31.03.2013 (Rs.)
<b>The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:</b>		
	%	%
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
The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.		
<b>SUPERANNUATION BENEFIT</b>		
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.		
<b>27 FINANCE COSTS</b>		
Interest Expenses	133,283,895	106,120,020
Other borrowing costs	3,890,719	10,455,515
Applicable (gain)/loss on foreign currency transactions and translation	10,885,712	9,475,975
	<u>148,060,326</u>	<u>126,051,510</u>
<b>28 OTHER EXPENSES</b>		
Consumption of stores and spares*	34,940,988	50,318,578
Consumption of packing materials	10,789,795	8,272,356
Power and fuel	71,945,255	76,197,195
Fabrication expenses	7,865,632	25,044,562
Freight , cartage and octroi	7,076,945	13,341,417
Rent (refer note no.37)	948,142	920,140
Rates and taxes	1,619,437	1,722,994
Insurance	5,422,520	4,782,814
Research & development expenses	667	6,900
Repairs to plant & machinery	25,887,098	21,911,856
Repairs to buildings	1,542,074	2,222,009
Machinery rent	118,186	306,325
Repairs others	4,752,995	9,257,646

# MAJESTIC AUTO LIMITED

## Notes on Financial Statements for the Year ended 31st March, 2014

PARTICULARS	(Rs.)	Year Ended 31.03.2014 (Rs.)	(Rs.)	Year Ended 31.03.2013 (Rs.)
Directors' sitting fees		262,500		277,500
Auditor's remuneration and expenses				
- Audit fee		250,000		250,000
- Tax audit fee		50,000		50,000
- Taxation matters		75,000		75,000
Legal and professional expenses		3,954,596		1,591,776
(Decrease) / Increase of excise duty on inventories		(128,466)		421,640
Freight and forwarding charges		31,432,191		36,605,009
Selling expenses		3,172,091		1,716,170
Donations and contribution to charitable institutions		-		500
Loss on sale / write off of assets		-		308,005
Prior period Items		28,033,733		52,865
Loss From AOP		3,051		
Miscellaneous expenses		27,928,503		15,769,405
		<u>267,942,933</u>		<u>271,422,662</u>

\*Including loose tools consumed

Stores and Spare Consumed:	% of Consumption		% of Consumption	
Imported	22.45	7,845,095	25.30	12,732,982
Indigenous	77.55	27,095,893	74.70	37,585,596
	<u>100.00</u>	<u>34,940,988</u>	<u>100.00</u>	<u>50,318,578</u>

### 29 EARNING PER SHARE (EPS)

Net profit as per profit and loss account	598,084,600	(58,466,070)
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.)	57.52	(5.62)
Diluted Earnings Per Share (In Rs.)	57.52	(5.62)
Nominal Value of Equity Shares (In Rs.)	10.00	10.00

### 30. Foreign currency exposures recognized by the Company that have not been hedged by a derivative instrument or otherwise as at 31st March, 2014 are as under:

S.No.	Particulars	USD		EURO		CHF		JPY	
		As on 31.03.2014	As on 31.03.2013	As on 31.03.2014	As on 31.03.2013	As on 31.03.2014	As on 31.03.2013	As on 31.03.2014	As on 31.03.2013
i)	Debtors	15,568.30	9,225	-	-	-	5,211	22,51,605	-
ii)	Creditors	-	8,330	-	7,523	78,624	96,533	-	14,20,000
iii)	Loans	576,667	1,551,225	-	-	-	-	-	41,454,000

# MAJESTIC AUTO LIMITED

## Notes on Financial Statements for the Year ended 31st March, 2014

PARTICULARS	Year Ended 31.03.2014 (Rs.)	Year Ended 31.03.2013 (Rs.)
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### 31. Details of dues to Micro Enterprises and Small Enterprises.

Sl. No.	Particulars	As on 31.03.2014 (Amount in Rs.)		As on 31.03.2013 (Amount in 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.	49,810,738	-	96,744,132	-
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. Nil (previous year Rs. 9,860,154) 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.

PARTICULARS	Year Ended 31.03.2014 (Rs.)	Year Ended 31.03.2013 (Rs.)
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### 34. Value of imports calculated on C.I.F. basis in respect of -

Raw Material	2,027,278	5,989,715
Components & Spare Parts	7,845,095	15,029,885
Capital Goods	18,653,401	62,392,098
Total	<u>28,525,774</u>	<u>83,411,698</u>

### 35. Expenditure in Foreign Currency

Interest	1,626,437	2,487,668
Others	-	493,443
Total	<u>1,626,437</u>	<u>2,981,111</u>

### 36. Foreign Currency Earnings

Export of Goods on FOB basis	-	-
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# MAJESTIC AUTO LIMITED

## Notes on Financial Statements for the Year ended 31st March, 2014

PARTICULARS	(Rs.)	Year Ended 31.03.2014 (Rs.)	Year Ended 31.03.2013 (Rs.)
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### 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 31.3.2014 (Rs.)	Year ended 31.3.2013 (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
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, 2014 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 (Dissolved in June-2013)                                     |
| d) | Key Management Personnel   | : | Mr. Mahesh Munjal (Managing Director)  |
| e) | Relatives of Key Management personnel  | : | Mr. Aayush 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.  |
| g) | Employee welfare trust where there is control  | : | i) Majestic Auto Ltd. - Employee Gratuity Fund<br>ii) Majestic Auto Ltd. - Superannuation Fund |

# MAJESTIC AUTO LIMITED

## Notes on Financial Statements for the Year ended 31st March, 2014

### Transactions with related parties during the year ended 31.03.2014

(Amount in Rs.)

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
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
<b><u>Sale of Goods</u></b>												
M/s Munjal Showa Ltd.	-	-	-	-	-	-	-	-	4093602	2440357	-	-
<b><u>Purchase of Goods</u></b>												
M/s Munjal Showa Ltd.	-	-	-	-	-	-	-	-	583274	92996	-	-
<b><u>Reimbursement of Expenses</u></b>												
	-	691795	-	-	-	-	-	-	-	-	-	-
<b><u>Interest Paid</u></b>												
	-	-	-	-	22819941	16516354	-	-	-	-	-	-
<b><u>Loan Paid</u></b>												
Share Application Money	4470000	-	-	-	-	-	-	-	-	-	-	-
<b><u>Loan Received</u></b>												
	-	-	-	-	119050000	12750000	-	-	-	-	-	-
<b><u>Loan Outstanding</u></b>												
	-	24520000	-	-	263300000	144250000	-	-	-	-	-	-
Profit from BM Lall & Asso.	-	-	-3051	30721	-	-	-	-	-	-	-	-
Balance with BM Lall & Associates	-	-	-	7998270	-	-	-	-	-	-	-	-
<b><u>Remuneration Paid</u></b>												
Mahesh Munjal	-	-	-	-	5419290*	5783065*	-	-	-	-	-	-
Aayush Munjal	-	-	-	-	-	-	1941476	1327825	-	-	-	-
M/s Majestic Auto Ltd. Superannuation Fund	-	-	-	-	-	-	-	-	-	-	973645	300000
<b><u>Gratuity</u></b>												
M/s Majestic Auto Ltd. Employee Gratuity Fund	-	-	-	-	-	-	-	-	-	-	4026869	3100000
<b><u>Investment</u></b>												
Majestic IT Services Ltd.	145000000	100000000	-	-	-	-	-	-	-	-	-	-
<b><u>Receivable</u></b>												
Munjal Showa Ltd.	-	-	-	-	-	-	-	-	364922	364922	-	-
<b><u>Payable</u></b>												
Munjal Showa Ltd.	-	-	-	-	-	-	-	-	92996	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, 2014

### 39. SEGMENT DISCLOSURE

#### Business Segment

(Amount in Rs.)

	Fine Blanking Components	Mufflers	Electricals	Spokes	Other Operations	Eliminations	Consolidated	Fine Blanking Components	Mufflers	Electricals	Spokes	Other Operations	Eliminations	Consolidated
1 SEGMENT REVENUE														
Net Sales / Income from operations	184,215,154	134,581,162	666,055,817	22,783,448	38,680,387	-	1,046,215,968	207,870,997	881,627,513	337,874,476	68,134,394	38,781,254	-	1,534,288,634
Less: Inter segment Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET SALES/ INCOME FROM OPERATIONS	184,215,154	134,581,162	666,055,817	22,783,448	38,680,387	-	1,046,215,968	207,870,997	881,627,513	337,874,476	68,134,394	38,781,254	-	1,534,288,634
2 SEGMENT RESULTS														
Profit before Tax, Interest & Other Income	(804,225)	(126,084,633)	(83,390,402)	(5,502,444)	(925,641)	-	(216,707,345)	4,542,340	(34,226,952)	-34,709,289	(643,248)	1,245,785	-	-63,791,364
Total	(804,225)	(126,084,633)	(83,390,402)	(5,502,444)	(925,641)	-	(216,707,345)	4,542,340	(34,226,952)	-34,709,289	(643,248)	1,245,785	-	-63,791,364
Less: i) Finance Cost							148,060,326							126,051,510
ii) Other un-allocable expenditure, Net of un-allocable income							(60,294,560)							(80,905,410)
Total Profit before tax/extra ordinary/exceptional items							(304,473,111)							(108,937,464)
Profit on Sale on Long Term Investments							777,991,992							-
Provision for Taxation							(124,565,719)							(50,471,394)
Profit after tax							598,084,600							(58,466,070)
3 OTHER INFORMATION														
Segment Assets-Fixed / Current Assets/Investments	325,247,498	119,121,128	1,497,302,788	82,786,896	147,572,649	-	2,172,030,959	353,275,887	265,883,930	1,427,719,919	36,208,905	48,796,561	-	2,131,885,202
Unallocated Corporate Asset							375,197,447							226,997,228
TOTAL ASSETS	325,247,498	119,121,128	1,497,302,788	82,786,896	147,572,649	-	2,547,228,406	353,275,887	265,883,930	1,427,719,919	36,208,905	48,796,561	-	2,358,882,430
Segment Liabilities-Term/ Current Liabilities	213,175,719	87,930,402	858,907,133	29,315,284	19,615,986	-	1,208,944,524	180,572,131	338,114,430	1,041,366,308	33,997,380	24,632,899	-	1,618,683,148
Unallocated Corporate Liabilities							700,000							700,000
TOTAL LIABILITIES	213,175,719	87,930,402	858,907,133	29,315,284	19,615,986	-	1,209,644,524	180,572,131	338,114,430	1,041,366,308	33,997,380	24,632,899	-	1,619,383,148
4 Capital Expenditure for the year	207,854	208,961	101,658,867	-	2,425,807	-	104,501,489	51,180,082	2,976,136	246,846,415	-	30,716,720	-	331,719,353
5 Depreciation for the year	32,255,089	4,493,970	97,530,008	19,258	10,818,415	-	145,116,740	34,250,825	7,151,696	86,148,345	19,258	19,650,571	-	147,220,695
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, 2014 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**

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## **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'2014, 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, 2014;
- 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  
Firm Regn. No. 000621N

Place : Ludhiana  
Date : 30.05.2014

**(Anil Gupta)**  
Partner  
M.NO.089988

# MAJESTIC AUTO LIMITED

## CONSOLIDATED BALANCE SHEET AS AT 31.03.2014

PARTICULARS	Note No.	As at 31.03.2014 (Rs.)	As at 31.03.2013 (Rs.)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	105,982,280	103,982,280
Reserve and Surplus	3	1,141,173,812	581,630,629
		<u>1,247,156,092</u>	<u>685,612,909</u>
<b>Non-current liabilities</b>			
Long-term borrowings	4	836,084,765	955,336,907
Other Long-term liabilities	5	7,936,228	37,464,928
Long-term provisions	6	36,184,216	33,574,865
		<u>880,205,209</u>	<u>1,026,376,700</u>
<b>Current liabilities</b>			
Short-term borrowings	7	66,094,662	109,333,817
Trade payables	8	155,915,867	190,679,400
Other current liabilities	9	88,619,205	306,232,542
Short-term provisions	10	32,075,692	1,539,594
		<u>342,705,426</u>	<u>607,785,353</u>
<b>TOTAL</b>		<u>2,470,066,727</u>	<u>2,319,774,962</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	11	1,583,932,268	1,638,594,685
Intangible assets		64,363,250	77,384,750
Capital work-in-progress		83,616,885	75,004,047
Intangible assets under development		-	173,400
		<u>1,731,912,403</u>	<u>1,791,156,882</u>
Non-current investments	12	966,946	2,462,151
Deferred tax assets (Net)	13	160,306,235	35,813,254
Long-term loans and advances	14	123,304,369	51,350,068
		<u>284,577,551</u>	<u>89,625,473</u>
		<u>2,016,489,954</u>	<u>1,880,782,355</u>
<b>Current assets</b>			
Current investments	15	-	6,798,270
Inventories	16	105,038,770	141,394,871
Trade receivables	17	184,441,977	136,961,065
Cash and Bank balances	18	7,090,491	19,893,103
Short-term loans and advances	19	156,681,346	133,645,425
Other current assets	20	324,188	299,873
		<u>453,576,773</u>	<u>438,992,607</u>
<b>TOTAL</b>		<u>2,470,066,727</u>	<u>2,319,774,962</u>
<b>Significant accounting policies</b>	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 : 30.05.2014

Rajesh Saini  
AGM (Company Secretary)

Prakash Chandra Patro  
CFO

Mahesh Munjal  
CMD

S.S.Khosla  
Director

(Anil Gupta)  
Partner  
M.NO.089988

# MAJESTIC AUTO LIMITED

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2014

PARTICULARS	Note No.	As at 31.03.2014 (Rs.)	As at 31.03.2013 (Rs.)
<b>Income:</b>			
Revenue from Operations (Gross)	22	1,183,574,914	1,772,053,476
Less: Excise Duty		122,452,183	226,650,738
<b>Revenue from Operations (Net)</b>		<b>1,061,122,732</b>	<b>1,545,402,738</b>
Other Income	23	102,613,496	82,818,880
<b>Total Revenue</b>		<b>1,163,736,228</b>	<b>1,628,221,618</b>
<b>Expenses:</b>			
Cost of materials consumed	24	619,092,666	960,383,210
Purchases of Stock-in-Trade		6,107,199	40,776,335
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	25	31,081,482	(33,944,168)
Employee benefits expense	26	251,284,124	221,902,370
Finance costs	27	148,212,300	126,128,345
Depreciation and amortisation expense	11	162,826,581	149,410,092
Other expenses	28	288,146,404	285,167,441
<b>Total expenses</b>		<b>1,506,750,756</b>	<b>1,749,823,625</b>
Profit before tax/extra ordinary/exceptional items		(343,014,528)	(121,602,007)
Profit on sale of long terms investments		777,991,992	-
<b>Profit before tax</b>		<b>434,977,464</b>	<b>(121,602,007)</b>
<b>Less: Tax expenses:</b>			
Current Tax	79,500,000	-	-
Less: MAT Credit Entitlement	79,500,000	-	-
Deferred tax		(124,492,982)	(50,999,670)
Tax with respect to earlier years		(72,737)	528,276
<b>Profit / (Loss) for the year</b>		<b>559,543,183</b>	<b>(71,130,613)</b>
<b>Earnings per Share (in Rs.)</b>	29		
<b>(Face value of Rs. 10/- each)</b>			
- Basic		53.82	(6.84)
- Diluted		53.82	(6.84)
<b>Significant accounting policies</b>	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 : 30.05.2014

Rajesh Saini  
AGM (Company Secretary)

Prakash Chandra Patro  
CFO

Mahesh Munjal  
CMD

S.S.Khosla  
Director

(Anil Gupta)  
Partner  
M.NO.089988



# MAJESTIC AUTO LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

PARTICULARS	(Rs.)	Year Ended 31.03.2014 (Rs.)	Year Ended 31.03.2013 (Rs.)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit before tax and Extraordinary items		434,977,464	(121,602,007)
Adjustment for:			
Add:			
a) Depreciation & Amortization Expenses	162,826,581		149,410,093
b) Exchange Difference	10,885,712		9,475,975
c) Loss on fixed Assets sold/discarded	-		308,005
d) Interest -other and financial charges	137,174,614		116,652,370
e) Increase in Provision for Gratuity (Net of payment)	2,449,549		1,212,929
f) Prior period expense	28,033,733		652,865
g) Provision for doubtful debts written off/(written back)	(193,575)	341,176,614	(371,100)
Less:			
a) Interest received on Loans, Deposits	2,769,198		2,034,938
b) Dividend income on			
From Long term Investments (Non Trade)	94,061,160		70,995,870
c) Profit from investment in AOP (Non Trade)	(3,051)		30,721
d) Profit on sale of Fixed Assets	-		123,291
e) Profit on sale if Investments	777,991,992	874,819,299	-
<b>Operating Profit before working Capital Changes</b>		(98,665,221)	82,554,310
Adjustment for:			
a) Increase/(decrease) in Trade Payable	(34,935,669)		802,444
b) Increase/(decrease) in other liabilities	(65,644,840)		46,919,284
c) (Increase)/decrease in inventories	36,356,101		(34,776,910)
d) (Increase)/decrease in Loan and advance & other current assets	(32,112,224)		18,788,442
e) (Increase)/decrease in Trade and other receivable	(47,287,337)	(143,623,969)	48,004,435
<b>Cash Generated from Operations</b>		(242,289,190)	162,292,005
Less:			
a) Direct Taxes Paid	30,402,314		5,112,629
b) Exchange Difference	10,885,712		9,475,975
c) Net prior period expenses/ Tax adjustments	27,960,996	69,249,022	1,181,141
<b>Net Cash Flow operating activities</b>		(311,538,212)	146,522,260
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
a) Sale of Fixed Assets	-		541,201
c) Interest received on Loan deposit	2,769,198		2,034,938
d) Dividend received	94,061,160		70,995,870
e) Purchase of Fixed Assets	(103,582,102)		(342,488,900)
f) Share in AOP profit	(3,051)		30,721
g) Sale of Investments	786,285,467		-
<b>Net cash from (used in) Investments activities</b>		779,530,672	(268,886,170)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
a) Repayment of borrowing	(363,670,458)		(133,313,205)
b) Interest -other and Financial charges	(137,174,614)		(126,512,524)
c) Proceed from borrowings	20,050,000		381,692,499
d) Less Dividend paid	-		68,228
<b>Cash Generated(used in) from Financing Activities</b>		(480,795,072)	121,798,542
<b>D. NET INCREASE(+)/DECREASE(-) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		(12,802,612)	(565,368)
cash and cash equivalents as at the beginning of the year		19,893,103	20,458,471
cash and cash equivalents as at the end of the year		7,090,491	19,893,103

### NOTE TO THE CASH FLOW STATEMENT

- Cash and cash equivalents include cash and bank balance shown in Note No. 18 of the Balance sheet
- 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 : 30.05.2014

Rajesh Saini  
AGM (Company Secretary)

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CFO

Mahesh Munjal  
CMD

S.S.Khosla  
Director

(Anil Gupta)  
Partner  
M.NO.089988

# MAJESTIC AUTO LIMITED

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## Notes on Consolidated Financial Statements for the Year ended 31st March, 2014

### 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 and presented under the historical cost convention on the accrual basis of accounting, unless stated otherwise and comply with the mandatory Accounting Standards ('AS') prescribed under the Companies Act, 1956 read with the General Circular 08/2014 dated April 04, 2014 issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India. The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year.

#### D. 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 softwares/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.

# MAJESTIC AUTO LIMITED

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## Notes on Consolidated Financial Statements for the Year ended 31st March, 2014

### G. 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 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.

### 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 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.

### 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

# MAJESTIC AUTO LIMITED

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## Notes on Consolidated Financial Statements for the Year ended 31st March, 2014

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.

### **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 charged to the statement of profit & loss in the year in which an assets is identified as impaired.

### **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 expensed on a straight line basis with reference to lease terms and other considerations.

### **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 recognized 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 recognized 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, 2014

		Year Ended 31.03.2014 (Rs.)	Year Ended 31.03.2013 (Rs.)	
PARTICULARS	(Rs.)	(Rs.)	(Rs.)	
<b>2 SHARE CAPITAL</b>				
<b>AUTHORISED SHARE CAPITAL</b>				
15,000,000 (Previous Year 15,000,000) Equity Shares of Rs.10/- each		150,000,000	150,000,000	
25,500,000 (Previous Year 25,500,000) Preference Shares of Rs.10/- each		255,000,000	250,000,000	
		<u>405,000,000</u>	<u>400,000,000</u>	
<b>ISSUED SHARE CAPITAL</b>				
10,398,978 (Previous Year 10,398,978) Equity Shares of Rs.10/- each		103,989,780	103,989,780	
200,000 (Previous Year Nil) Preference Shares of Rs.10/- each		2,000,000	-	
		<u>105,989,780</u>	<u>103,989,780</u>	
<b>SUBSCRIBED AND PAID UP SHARE CAPITAL</b>				
10,397,478 (Previous Year 10,397,478) Equity Shares of Rs.10/- each fully paid up		103,974,780	103,974,780	
Add: Shares forfeited (Amount paid up)		7,500	7,500	
200,000 (Previous Year Nil) Preference Shares of Rs.10/- each		2,000,000	-	
		<u>105,982,280</u>	<u>103,982,280</u>	
<b>a) Reconciliation of Equity &amp; Preference shares outstanding at the beginning and at the end of the reporting period.</b>				
<b>Particulars</b>	<b>31-Mar-14</b>		<b>31-Mar-13</b>	
	<b>Number</b>	<b>Amount(Rs)</b>	<b>Number</b>	<b>Amount(Rs)</b>
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	200,000	2,000,000	-	-
Shares outstanding at the end of the year	10,597,478	105,982,280	10,397,478	103,982,280
<b>b) Rights, preference and restrictions attached to Equity/Preference shares</b>				
<b>Equity/Preference shares:</b> 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 if any 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. Preference shares shall be given preference over equity shares in respect of payment of dividend and capital distribution at the time of winding up of the company.				
<b>c) Shares held by holding company</b>				
<b>Particulars</b>	<b>31-Mar-14</b>		<b>31-Mar-13</b>	
	<b>Number</b>	<b>Amount(Rs)</b>	<b>Number</b>	<b>Amount(Rs)</b>
M/s Anadi Investments (P) Ltd.	7,757,687	77,576,870	7,757,687	77,576,870
<b>d) The details of Shareholders holding more than 5% shares :</b>				
<b>Particulars</b>	<b>31-Mar-14</b>		<b>31-Mar-13</b>	
	<b>No. of Shares</b>	<b>% holding</b>	<b>No. of Shares</b>	<b>% holding</b>
M/s Anadi Investments (P) Ltd.	7,757,687	74.61	7,757,687	74.61
<b>3 RESERVES AND SURPLUS</b>				
<b>CAPITAL RESERVE</b>				
As per last Balance Sheet		3,000,000		3,000,000
<b>SECURITIES PREMIUM RESERVE</b>				
As per last Balance Sheet		12,952,386		12,952,386
<b>GENERAL RESERVE</b>				
As per last Balance Sheet		50,000,000		50,000,000
<b>SURPLUS</b>				
As per last Balance Sheet	515,678,243		586,808,856	
Add: Profit / (Loss) for the year	559,543,183		(71,130,613)	
		<u>1,075,221,426</u>		<u>515,678,243</u>
		<u>1,141,173,812</u>		<u>581,630,629</u>

# MAJESTIC AUTO LIMITED

## Notes on Consolidated Financial Statements for the Year ended 31st March, 2014

PARTICULARS	(Rs.)	Year Ended 31.03.2014 (Rs.)	(Rs.)	Year Ended 31.03.2013 (Rs.)
<b>4 LONG-TERM BORROWINGS</b>	<b>Non-Current</b>	<b>Current</b>	<b>Non-Current</b>	<b>Current</b>
<b>FROM BANKS</b>				
<b>Secured:</b>				
Rupee Term loans	342,784,765	-	617,880,382	72,184,000
Foreign Currency Term Loans	-	34,634,044	-	48,372,230
<b>Unsecured:</b>				
Foreign Currency Term Loans	-	-	46,956,525	12,756,975
<b>FROM OTHERS</b>				
<b>Secured:</b>				
Bajaj Finance Limited	230,000,000	-	125,000,000	-
<b>Unsecured:</b>				
Deposits (Refer Note 4 (b))	263,300,000	-	165,500,000	102,500,000
	<b>836,084,765</b>	<b>34,634,044</b>	<b>955,336,907</b>	<b>235,813,205</b>
<b>Less : Current maturities shown under other current liability (refer note no. 9)</b>		<b>34,634,044</b>		<b>235,813,205</b>
	<b>836,084,765</b>	<b>-</b>	<b>955,336,907</b>	<b>-</b>

a) Terms of repayment of secured borrowings

Type of loan	Amount (including current maturities) as on 31.03.2014 (Rs.)	Terms of repayment and Maturity	Nature of Security	Rate of Interest
<b>Rupee term loans</b>				
(i) Term loan- IDBI Bank	67,800,000	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.	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.	The rate of interest on the loans ranges from 12.00% to 12.10% per annum.
(ii) Term loan- Catholic Syrian Bank	94,984,765	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 Lakhs each.		
(iii) Term loan- HDFC Bank	180,000,000	Repayable after one year or rollover for further period.	Term Loans are secured primary by hypothecate by way of Subservient charges on all movable plant & machinery, fixed assets both present & future of the Company and Secondary-Pledge of equity shares of Hero Motocorp Limited.	10.25% per annum
<b>Foreign currency term loans</b>				
(iv) Buyer's Credit Standard Chartered Bank, UK (LOU issuing Bank "Yes Bank Ltd")	34,634,044	Principal including interest will be repaid during the year (360 days from disbursement date)	Loan is secured by Subservient charge on all the Current Assets and Movable Fixed Assets of the Borrower (both present and future) of the Company. These Loans are further secured by personal guarantee of Managing Director of the	Yearly LIBOR+62 to 67BPS
<b>Others</b>				
v) Bajaj Finance Ltd	230,000,000	Principal including interest will be repayable within two year.	Loan is secured by pledge of equity shares of Hero MotoCorp Limited.	Rate of interest -10.60%



# MAJESTIC AUTO LIMITED

## Notes on Consolidated Financial Statements for the Year ended 31st March, 2014

PARTICULARS	Year Ended 31.03.2014 (Rs.)	Year Ended 31.03.2013 (Rs.)
<b>b) Terms of Repayment for unsecured deposits.</b>		
Deposits from Director	263,300,000	144,250,000
Inter Corporate Deposits	-	21,250,000
	<b>263,300,000</b>	<b>165,500,000</b>
Repayable as per the terms of individual deposit ranging from 24 months to 36 months from the date of acceptance of deposits		
<b>5 OTHER LONG-TERM LIABILITIES</b>		
Trade Deposits & Trade Payables	7,936,228	37,464,928
	<b>7,936,228</b>	<b>37,464,928</b>
<b>6 LONG-TERM PROVISIONS</b>		
Provision for employees benefit		
Provision for Gratuity	36,184,216	33,574,865
	<b>36,184,216</b>	<b>33,574,865</b>
<b>7 SHORT TERM BORROWINGS</b>		
<b>Secured :</b>		
i) Working Capital Loans repayable on demand from banks	34,713,636	84,424,817
ii) Working Capital Loans repayable on demand from banks	31,381,026	-
<b>Unsecured :</b>		
Working Capital Loans repayable on demand from banks	-	24,909,000
	<b>66,094,662</b>	<b>109,333,817</b>
<b>Nature of Security</b>		
a) i) 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.		
ii) The Secured working capital Loans from Yes Bank Ltd. are secured by Subservient charge on all the Current Assets and Movable Fixed Assets of the Borrower (both present and 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 Directors of the Company.		
<b>8 TRADE PAYABLES</b>		
Micro, Small and Medium Enterprises #	49,810,738	96,744,132
Others	106,105,129	93,935,268
	<b>155,915,867</b>	<b>190,679,400</b>
# 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.		
<b>9 OTHER CURRENT LIABILITIES</b>		
Current Maturity of long term Borrowings (refer note no.4)	34,634,044	235,813,205
Interest accrued but not due on borrowings	207,937	1,003,098
Income Received in Advance	1,465,196	2,815,878
Advance from customers	2,068,899	2,795,874
Other payables (including Govt. dues, taxes, employee benefits and other misc. items)	50,243,129	63,804,487
	<b>88,619,205</b>	<b>306,232,542</b>
<b>10 SHORT TERM PROVISIONS</b>		
<b>Provision for employees benefits</b>		
Gratuity	6,942	4,643
Leave Encashment	868,750	834,951
<b>Others</b>		
Provision for Income tax	30,500,000	-
Provision for wealth tax	700,000	700,000
	<b>32,075,692</b>	<b>1,539,594</b>

# MAJESTIC AUTO LIMITED

## Notes on Consolidated Financial Statements for the Year ended 31st March, 2014

	Year Ended 31.03.2014 (Rs.)				Year Ended 31.03.2013 (Rs.)							
PARTICULARS												
11 FIXED ASSETS												
Description (Own Assets)	Gross Block				Depreciation / Amortisation				Net Block			
	As at 1-Apr-13	Additions	Disposal/ Adjustments	Borrowing Cost	As at 31-Mar-14	As at 1-Apr-13	For the Year Adjustments	Upto 31-Mar-14	As at 31-Mar-14	As at 31-Mar-13		
(A) TANGIBLE ASSETS :												
Leasehold Land	324,574,589	-	-	-	324,574,589	9,041,075	3,616,430	-	12,657,505	311,917,084	315,533,514	
Freehold Land	44,297,910	-	-	-	44,297,910	-	-	-	-	44,297,910	44,297,910	
Buildings	429,958,653	43,572,063	-	-	473,530,716	65,420,065	13,760,219	-	79,180,284	394,350,432	364,538,588	
Plant & Equipment	1,556,202,800	51,457,503	(978,712)	-	1,606,681,591	674,336,319	128,762,569	-	803,098,888	803,582,703	881,866,481	
Furniture & Fixtures	9,889,205	246,030	-	-	10,135,235	6,750,242	473,033	-	7,223,275	2,911,960	3,138,963	
Vehicles	24,600,631	-	-	-	24,600,631	9,230,288	1,867,259	-	11,097,547	13,503,084	15,370,343	
Office Equipment	24,412,297	805,980	-	-	25,218,277	10,563,411	1,285,771	-	11,849,182	13,369,095	13,848,886	
Total (A)	2,413,936,085	96,081,576	(978,712)	-	2,509,038,949	775,341,400	149,765,281	-	925,106,681	1,583,932,268	1,638,594,685	
Previous Year	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	
(B) INTANGIBLE ASSETS :												
Computer Software	4,337,674	39,800	-	-	4,377,474	1,181,553	705,825	-	1,887,378	2,490,096	3,156,121	
Intangible Assets	76,198,178	-	-	-	76,198,178	1,996,580	12,351,725	-	14,348,305	61,849,873	74,201,598	
Trade Mark & Licences	37,500	-	-	-	37,500	10,469	3,750	-	14,219	23,281	27,031	
Total (B)	80,573,352	39,800	-	-	80,613,152	3,188,602	13,061,300	-	16,249,902	64,363,250	77,384,750	
Previous Year	2,796,424	77,776,928	-	-	80,573,352	677,948	2,510,654	-	3,188,602	77,384,750	2,118,476	
Total (A + B)	2,494,509,437	96,121,376	(978,712)	-	2,589,652,101	778,530,002	162,826,581	-	941,356,583	1,648,295,518	1,715,979,435	
Previous Year	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	
Capital Work-in-Progress									83,616,885			75,004,472
Intangible Assets under Development									-			173,401

## 12 NON-CURRENT INVESTMENTS

### NON-TRADE INVESTMENTS (AT COST)

#### Quoted Equity Instruments

Hero Moto Corp Limited.

1,208,681 (Previous Year 1,577,686)

Equity shares of Rs.2/- each fully paid up

966,946

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

Less:-Current Account shown as current

Investment (Refer Note No.15)

-

6,798,270

-

1,200,000

966,946

2,462,151

Aggregate amount of quoted investments

966,946

1,262,151

Market value of quoted investments

2,747,150,611

2,432,634,043

The Company was a member of M/s Brij Mohan Lall & Associates (AOP), whose constitution as at 01.04.2013 is as under.

AOP status dissolved as of 01.07.2013

#### 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 31.03.2014 is Rs. Nil (Fixed Rs.Nil & Fluctuating Rs.Nil) Previous year Rs.7,998,270(Fixed Rs. 1,200,000 & Fluctuating Rs.6,798,270)

# MAJESTIC AUTO LIMITED

## Notes on Consolidated Financial Statements for the Year ended 31st March, 2014

PARTICULARS	(Rs.)	Year Ended 31.03.2014 (Rs.)	Year Ended 31.03.2013 (Rs.)
<b>13 DEFERRED TAX ASSETS/(LIABILITIES) (Net)</b>			
<b>Deferred Tax Assets</b>			
Expenses booked but allowable for tax purposes in subsequent years		254,827,467	131,359,797
<b>Deferred Tax Liabilities</b>			
Related to Fixed Assets		94,521,232	95,546,543
Net Deferred Tax Assets/(Liabilities)		<u>160,306,235</u>	<u>35,813,254</u>
<b>14 LONG TERM LOANS AND ADVANCES</b>			
(Unsecured, considered good)			
Capital Advances		7,516,139	12,771,351
Security Deposits		10,249,658	9,984,996
MAT Credit Entitlement		100,300,000	20,800,000
Advance Income Tax (Net of provisions)		3,973,181	3,857,351
Others		1,265,391	3,936,370
		<u>123,304,369</u>	<u>51,350,068</u>
<b>15 CURRENT INVESTMENT</b>			
<b>Unquoted</b>			
ASSOCIATION OF PERSONS (NON TRADE)			
M/s Brijmohan lall & Associates (Current Account) (Refer Note No. 12)		-	6,798,270
		-	6,798,270
Aggregate amount of unquoted Investments		-	6,798,270
<b>16 INVENTORIES</b>			
(valued at lower of cost and net realisable value)			
Raw Materials & Components		22,924,430	26,243,963
Work-in-Progress (Refer Note a (i))		38,273,432	67,878,833
Finished Goods (Refer Note a (ii))		14,281,447	16,457,387
Stores and Spares		24,544,503	18,250,105
Loose Tools		2,663,215	10,542,838
Scrap		2,351,743	1,651,884
Goods-in-Transit		-	369,861
		<u>105,038,770</u>	<u>141,394,871</u>
(a) Details of Inventory			
(i) Work-in-progress			
Spokes with Nipples & Washers		520,742	516,647
Mufflers		7,680,374	17,333,974
Fine Blanking components		11,320,032	20,539,287
Electricals		14,711,863	12,688,541
Others		4,040,421	16,800,384
		<u>38,273,432</u>	<u>67,878,833</u>
(ii) Finished Goods			
Spokes with Nipples & Washers		282,091	253,624
Mufflers		1,807,223	11,430,653
Fine Blanking components		2,202,615	3,815,067
Electricals		9,657,598	624,966
Others		331,920	333,077
		<u>14,281,447</u>	<u>16,457,387</u>

# MAJESTIC AUTO LIMITED

## Notes on Consolidated Financial Statements for the Year ended 31st March, 2014

PARTICULARS	Year Ended 31.03.2014 (Rs.)	Year Ended 31.03.2013 (Rs.)
<b>17 TRADE RECEIVABLES</b>		
(Unsecured)		
Outstanding for a period exceeding six months from the due date of payment		
Considered good	3,033,260	524,639
Considered doubtful	60,743,358	60,936,933
	<u>63,776,618</u>	<u>61,461,572</u>
Less: Provision for Doubtful debts	60,743,358	60,936,933
	<u>3,033,260</u>	<u>524,639</u>
Others Considered good	181,408,717	136,436,426
	<u>184,441,977</u>	<u>136,961,065</u>
<b>18 CASH AND BANK BALANCES</b>		
Cash and cash equivalents		
Cash on hand	274,434	228,211
Cheques/ Drafts in hand	-	1,580,295
Balances with Banks in Current Accounts	6,816,057	18,084,597
	<u>7,090,491</u>	<u>19,893,103</u>
	<u>7,090,491</u>	<u>19,893,103</u>
<b>19 SHORT-TERM LOANS AND ADVANCES</b>		
(Unsecured considered good)		
Advances recoverable in cash or in kind or for value to be received	4,077,070	19,876,099
Balances with customs, excise, etc.	75,223,187	41,453,788
Advance paid to Suppliers	46,368,127	23,961,873
Prepaid Expenses	3,434,090	2,117,697
Advance Income Tax (Net of provisions)	27,578,872	46,235,968
	<u>156,681,346</u>	<u>133,645,425</u>
<b>20 OTHER CURRENT ASSETS</b>		
(Unsecured considered good)		
Margin Money Deposits*	282,106	282,106
Interest accrued on Above	42,082	17,767
	<u>324,188</u>	<u>299,873</u>
* Pledged as security for letters of credit / bank guarantees		
<b>21 CONTINGENT LIABILITIES AND COMMITMENTS</b>		
(I) <b>Contingent Liabilities</b>		
(a) Claims against the company not acknowledged as debts		
Sales Tax matters under Punjab Value Added Tax Act, 2005	-	42,700
Sales Tax matters under U.P. Trade Tax Act	198,108	198,108
(b) Guarantees		
Bank Guarantees	18,796,800	24,996,800
(c) Letter of Credit	1,525,406	9,503,520
(i) Excise duty /Sale Tax paid under protest amounting to Rs.191,636 (Previous Year Rs.234,336) 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.		

## MAJESTIC AUTO LIMITED

### Notes on Consolidated Financial Statements for the Year ended 31st March, 2014

PARTICULARS	(Rs.)	Year Ended 31.03.2014 (Rs.)	Year Ended 31.03.2013 (Rs.)
<b>(II) Commitments</b>			
Estimated value of contracts in capital accounts remaining to be executed and not provided for (net of advance)		3,115,411	23,016,600
<b>22 REVENUE FROM OPERATIONS (GROSS)</b>			
Sale of Products		867,730,545	1,340,901,751
Sale of Services		147,186,637	186,203,221
Other Operating Revenues		168,657,732	244,948,504
		<u>1,183,574,914</u>	<u>1,772,053,476</u>
<b>(a) Details of products sold</b>			
<b>(i) Finished goods</b>			
Spokes with Nipples & Washers		22,783,448	68,134,394
Mufflers		152,617,675	992,196,948
Fine Blanking components		170,273,839	184,052,555
Electricals		479,020,992	13,128,629
Others		35,174,167	35,619,418
		<u>859,870,121</u>	<u>1,293,131,944</u>
<b>(ii) Traded goods</b>			
Electricals		7,860,424	47,769,807
		<u>7,860,424</u>	<u>47,769,807</u>
		<u>867,730,545</u>	<u>1,340,901,751</u>
<b>(b) Details of sale of services</b>			
Job Charges		132,279,874	175,089,117
Others(IT projects)		14,906,763	11,114,104
		<u>147,186,637</u>	<u>186,203,221</u>
<b>(c) Details of other operating revenues</b>			
Sale of scrap		162,155,961	192,263,652
Others		6,501,771	52,684,852
		<u>168,657,732</u>	<u>244,948,504</u>
<b>23 OTHER INCOME</b>			
Interest on			
- Bank Deposits		58,028	279,843
- Others		2,711,170	1,755,095
Dividend income from Long Term investments		94,061,160	70,995,870
Share of Profit from AOP		-	30,721
Rent received		144,180	149,388
Provisions/Liabilities no longer required written back		193,575	619,079
Profit on sale of Fixed asset		-	123,291
Other non-operating income		5,445,383	8,865,593
Total		<u>102,613,496</u>	<u>82,818,880</u>

# MAJESTIC AUTO LIMITED

## Notes on Consolidated Financial Statements for the Year ended 31st March, 2014

PARTICULARS	Year Ended 31.03.2014 (Rs.)	Year Ended 31.03.2013 (Rs.)
<b>24 COST OF MATERIALS CONSUMED (Derived)</b>		
Opening inventories	26,243,963	32,809,031
Add: Purchases	615,773,133	954,188,003
Less: Closing inventories	22,924,430	26,613,824
Cost of material consumed	619,092,666	960,383,210
<b>Details of Imported and Indigenous Raw Materials Consumed:</b>	<b>% of</b>	<b>% of</b>
	<b>Consumption</b>	<b>Consumption</b>
Imported	0.33%	0.87
Indigenous	99.67%	99.13
Total	100.00%	100.00
	2,027,278	8,359,112
	617,065,388	952,024,098
	619,092,666	960,383,210
<b>Details of Raw Material Consumed</b>		
Steel Wire	16,099,855	48,661,624
Raw Materials & Components	587,797,773	829,231,195
Paints and Chemicals	10,718,716	25,681,990
Plating Material	4,476,322	56,808,401
Total	619,092,666	960,383,210
<b>25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
<b>Closing inventories</b>		
- Finished goods	14,281,447	16,457,387
- Work-in-process	38,273,432	67,878,833
- Scrap	2,351,743	1,651,884
	54,906,622	85,988,104
<b>Opening inventories</b>		
- Finished goods	16,457,387	9,217,832
- Work-in-process	67,878,833	41,978,997
- Scrap	1,651,884	847,107
	85,988,104	52,043,936
(Increase) / Decrease in Inventories	31,081,482	(33,944,168)
<b>26 EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, wages, bonus etc.	230,436,707	198,956,164
Contribution to Provident and other funds	17,817,783	20,328,993
Staff welfare expenses	3,029,634	2,617,213
	251,284,124	221,902,370
<b>(a) Defined benefit Plans</b>		
<b>GRATUITY PLANS :</b> 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:-		
<b>Net Employee Benefit Expense recognized in the Statement of Profit and Loss</b>		
Current service cost	1,867,703	2,805,731
Add : Interest cost on present value of defined benefit obligation as at the beginning of the year	4,159,291	3,950,657

# MAJESTIC AUTO LIMITED

## Notes on Consolidated Financial Statements for the Year ended 31st March, 2014

PARTICULARS	(Rs.)	Year Ended 31.03.2014 (Rs.)	Year Ended 31.03.2013 (Rs.)
Expected return on plan assets		(1,037,383)	(1,585,509)
Add: Net actuarial( gain) / loss recognized in the year		(1,277,961)	(733,951)
Add: Past service cost		90,877	-
Net Gratuity Cost		<u>3,802,527</u>	<u>4,436,928</u>
<b>Details of Provision for gratuity recognized in the Balance Sheet</b>			
Present value of defined benefit obligation at the end of year		37,454,043	51,991,141
Less: Unrecognised past service cost		-	-
Less: Fair value of plan assets at the end of year		1,262,885	18,411,633
Funded Status-Net Liability/(Asset)		<u>36,191,158</u>	<u>33,579,508</u>
<b>Changes in the present value of the defined benefit obligation are as follows:</b>			
Opening defined benefit obligation		51,991,141	49,383,222
Add: Interest cost		4,159,291	3,950,657
Add: Current service cost		1,867,703	2,805,731
Benefits paid		(19,286,131)	(3,295,737)
Add: Actuarial (gains) / losses on obligation		(1,277,961)	(852,732)
Closing defined benefit obligation		<u>37,454,043</u>	<u>51,991,141</u>
<b>Changes in the fair value of plan assets are as follows:</b>			
Opening fair value of plan assets		18,411,633	17,140,642
Add: Expected return on plan assets		1,037,383	1,585,509
Add: Contributions by employer		1,100,000	3,100,000
Benefits paid		(19,286,131)	(3,295,737)
Add: Actuarial gains / (losses)		-	(118,781)
Closing fair value of plan assets		<u>1,262,885</u>	<u>18,411,633</u>
<b>Actual Return on Plan Assets</b>			
Expected Return on Plan Assets		1,037,383	1,585,509
Add: Actuarial gain/(loss) on Plan Assets		-	88,803
Actual Return on Plan Assets		<u>1,037,383</u>	<u>1,674,312</u>

Define Benefits plan for 5 years	31.03.2014	31.03.2013	31.03.2012	31.03.2011	31.03.2010
<b>GRATUITY</b>					
Net (Asset)/Liability recognised in the Balance Sheet					
(a) Present Value of Obligation as at the close of the year	37,454,043	51,991,141	49,383,222	47,407,394	42,504,987
(b) Fair value of plan asset as at the close of the year	1,262,885	18,411,633	17,140,642	16,479,010	15,080,224
(c) (Asset)/Liability recognised in the Balance Sheet	36,191,158	33,579,508	32,242,580	30,928,384	27,424,763
<b>Change in Defined Benefit Obligation (DBO) during the year ended</b>					
Actuarial (Gain)/Loss	(1,277,961)	(852,732)	(1,356,822)	1,070,908	(1,241,885)
<b>Changes in the fair value of Plan Assets</b>					
Actuarial Gain/(Loss)	-	(118,781)	(46,665)	(37,478)	(96,453)

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.



# MAJESTIC AUTO LIMITED

## Notes on Consolidated Financial Statements for the Year ended 31st March, 2014

PARTICULARS	Year Ended 31.03.2014 (Rs.)	Year Ended 31.03.2013 (Rs.)
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
The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.		
<b>SUPERANNUATION BENEFIT</b>		
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.		
<b>27 FINANCE COSTS</b>		
Interest Expenses	133,283,895	106,120,020
Other borrowing costs	4,042,693	10,532,350
Applicable (gain)/loss on foreign currency transactions and translation	10,885,712	9,475,975
	<b>148,212,300</b>	<b>126,128,345</b>
<b>28 OTHER EXPENSES</b>		
Consumption of stores and spares*	34,940,988	50,318,578
Consumption of packing materials	10,789,795	8,272,356
Power and fuel	73,336,584	77,147,201
Fabrication expenses	7,865,632	25,044,562
Freight , cartage and octroi	7,076,945	13,341,417
Rent (refer note no.37)	5,055,826	4,874,306
Rates and taxes	1,619,437	1,722,994
Insurance	5,422,520	4,782,814
Research & development expenses	667	6,900
Repairs to plant & machinery	25,887,098	21,911,856
Repairs to buildings	1,542,074	2,222,009
Machinery rent	118,186	306,325
Repairs others	4,899,176	9,428,040

# MAJESTIC AUTO LIMITED

## Notes on Consolidated Financial Statements for the Year ended 31st March, 2014

PARTICULARS	(Rs.)	Year Ended 31.03.2014 (Rs.)	(Rs.)	Year Ended 31.03.2013 (Rs.)
Directors' sitting fees		262,500		277,500
Auditor's remuneration and expenses				
- Audit fee		287,500		302,000
- Tax audit fee		50,000		50,000
- Taxation matters		75,000		75,000
Legal and professional expenses		3,957,096		1,601,776
(Decrease) / Increase of excise duty on inventories		(128,466)		421,640
Freight and forwarding charges		31,432,191		36,605,009
Selling expenses		11,649,914		2,245,265
Donations and contribution to charitable institutions		-		500
Loss on sale / write off of assets		-		308,005
Prior period Items		28,033,733		652,865
Loss From AOP		3,051		-
Miscellaneous expenses		33,968,957		23,248,523
		<u>288,146,404</u>		<u>285,167,441</u>

\*Including loose tools consumed

### Stores and Spare Consumed:

	% of Consumption		% of Consumption	
Imported	22.45	7,845,095	25.30	12,732,982
Indigenous	77.55	27,095,893	74.70	37,585,596
	<u>100.00</u>	<u>34,940,988</u>	<u>100.00</u>	<u>50,318,578</u>

### 29 EARNING PER SHARE (EPS)

Net profit as per profit and loss account	559,543,183	(71,130,613)
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.)	53.82	(6.84)
Diluted Earnings Per Share (In Rs.)	53.82	(6.84)
Nominal Value of Equity Shares (In Rs.)	10.00	10.00

### 30. Foreign currency exposures recognized by the Company that have not been hedged by a derivative instrument or otherwise as at 31st March, 2014 are as under:

S.No.	Particulars	USD		EURO		CHF		JPY	
		As on 31.03.2014	As on 31.03.2013	As on 31.03.2014	As on 31.03.2013	As on 31.03.2014	As on 31.03.2013	As on 31.03.2014	As on 31.03.2013
i)	Debtors	15,568.30	9,225	-	-	-	5,211	22,51,605	-
ii)	Creditors	-	8,330	-	7,523	78,624	96,533	-	14,20,000
iii)	Loans	576,667	1,551,225	-	-	-	-	-	41,454,000

# MAJESTIC AUTO LIMITED

## Notes on Consolidated Financial Statements for the Year ended 31st March, 2014

PARTICULARS	Year Ended 31.03.2014 (Rs.)	Year Ended 31.03.2013 (Rs.)
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### 31. Details of dues to Micro Enterprises and Small Enterprises.

Sl. No.	Particulars	As on 31.03.2014 (Amount in Rs.)		As on 31.03.2013 (Amount in 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.	49,810,738	-	96,744,132	-
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. Nil (previous year Rs. 9,860,154) 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 -

Raw Material	2,027,278	5,989,715
Components & Spare Parts	7,845,095	15,029,885
Capital Goods	18,653,401	62,392,098
Total	<u>28,525,774</u>	<u>83,411,698</u>

### 35. Expenditure in Foreign Currency

Interest	1,626,437	2,487,668
Others	-	493,443
Total	<u>1,626,437</u>	<u>2,981,111</u>

### 36. Foreign Currency Earnings

Export of Goods on FOB basis	-	-
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# MAJESTIC AUTO LIMITED

## Notes on Consolidated Financial Statements for the Year ended 31st March, 2014

PARTICULARS	(Rs.)	Year Ended 31.03.2014 (Rs.)	Year Ended 31.03.2013 (Rs.)
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### 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: i) Not later than one year ii) Later than one year and not later than five year iii) Later than five year	Year ended 31.3.2014 (Rs.) <b>3724560</b> - -	Year ended 31.3.2013 (Rs.) 3720000 - -
b)	Lease payments recognized in the statement of profit and loss for the year with separate amounts for i) Minimum lease payments ii) Contingent rents	<b>3724560</b>	<b>4799890</b> -
c)	Sub lease payments received (or receivable) recognized in the Statement of profit and loss for the year	<b>N.A</b>	<b>N.A</b>

### 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, 2014 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 (Dissolved in June-2013)
d)	Key Management Personnel	:	Mr. Mahesh Munjal (Managing Director)
e)	Relatives of Key Management personnel	:	Mr. Aayush 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.
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, 2014

Transactions with related parties during the year ended 31.03.2014

(Amount in Rs.)

Particulars	Enterprise s in which the company significant influence.	Enterprise s in which the company significant influence.	Key manage ment personnel	Key manage ment personnel	Relative of Key manage ment personnel	Relative of Key manage ment personnel	Enterprises over which key manage ment & their relatives are able to exercise significant influences	Enterprises over which key manage ment & their relatives are able to exercise significant influences	Employees welfare trust where there is control	Employee s welfare trust where there is control
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
<b><u>Sale of Goods</u></b>										
M/s Munjal Showa Ltd.	-	-	-	-	-	-	4093602	2440357	-	-
<b><u>Purchase of Goods</u></b>										
M/s Munjal Showa Ltd.	-	-	-	-	-	-	583274	92996	-	-
<b><u>Reimbursement of Expenses</u></b>										
<b><u>Interest Paid</u></b>	-	-	22819941	16516354	-	-	-	-	-	-
<b><u>Loan Paid</u></b>	-	-	-	-	-	-	-	-	-	-
<b><u>Share Application Money</u></b>										
<b><u>Loan Received</u></b>	-	-	119050000	12750000	-	-	-	-	-	-
<b><u>Loan Outstanding</u></b>			263300000	144250000	-	-	-	-	-	-
Profit from BM Lall & Asso.	-3051	30721	-	-	-	-	-	-	-	-
Balance with BM Lall & Associates	-	7998270	-	-	-	-	-	-	-	-
<b><u>Remuneration Paid</u></b>										
Mahesh Munjal	-	-	5419290*	5783065*	-	-	-	-	-	-
Aashima Munjal	-	-	1800000*	1800000*	-	-	-	-	-	-
Aayush Munjal	-	-	-	-	1941476	1327825	-	-	-	-
M/s Majestic Auto Ltd.	-	-	-	-	-	-	-	-	973645	300000
Superannuation Fund	-	-	-	-	-	-	-	-	-	-
<b><u>Gratuity</u></b>										
M/s Majestic Auto Ltd.	-	-	-	-	-	-	-	-	4026869	3100000
Employee Gratuity Fund	-	-	-	-	-	-	-	-	-	-
<b><u>Investment</u></b>										
Majestic IT Services Ltd.	-	-	-	-	-	-	-	-	-	-
<b><u>Receivable</u></b>										
Munjal Showa Ltd.	-	-	-	-	-	-	364922	364922	-	-
<b><u>Payable</u></b>										
Munjal Showa Ltd.	-	-	-	-	-	-	92996	92996	-	-
Aashima Munjal	-	-	1054778	727634	-	-	-	-	-	-

\*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, 2014

### 39. SEGMENT DISCLOSURE

#### Business Segment

(Amount in Rs.)

	Fine Blanking	Mufflers	Electricals	Spokes	Other Operations	Eliminations	Consolidated	Fine Blanking	Mufflers	Electricals	Spokes	Other Operations	Eliminations	Consolidated
1 SEGMENT REVENUE														
Net Sales / Income from operations	184,215,154	134,581,162	666,055,817	22,783,448	53,487,150	-	1,061,122,731	207,870,997	881,627,513	337,874,476	68,134,394	48,895,358	-	1,545,402,738
Less: Inter segment Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET SALES/ INCOME FROM OPERATIONS	184,215,154	134,581,162	666,055,817	22,783,448	53,487,150	-	1,061,122,731	207,870,997	881,627,513	337,874,476	68,134,394	48,895,358	-	1,545,402,738
2 SEGMENT RESULTS														
Profit before Tax, Interest & Other Income	(804,225)	(126,084,633)	(83,390,402)	(5,502,444)	(39,315,083)	-	(255,096,787)	4,542,340	(34,226,952)	(34,709,289)	(643,248)	(11,341,923)	-	(76,379,072)
Total	(804,225)	(126,084,633)	(83,390,402)	(5,502,444)	(39,315,083)	-	(255,096,787)	4,542,340	(34,226,952)	(34,709,289)	(643,248)	(11,341,923)	-	(76,379,072)
Less: i) Finance Cost							148,212,300							126,128,345
ii) Other un-allocable expenditure Net of un-allocable income							(60,294,560)							(80,905,410)
Total Profit before tax/extra ordinary/exceptional items							(343,014,528)							(121,602,007)
Profit on Sale on Long Term Investments							777,991,992							-
Provision for Taxation							(124,565,719)							(50,471,394)
Profit after tax							559,543,183							(71,130,613)
3 OTHER INFORMATION														
Segment Assets-Fixed/Current Assets/Investments	325,247,498	119,121,128	1,497,302,788	82,786,896	219,880,975	-	2,244,339,285	353,275,887	265,883,930	1,427,719,919	36,208,905	134,209,093	-	2,217,297,734
Unallocated Corporate Asset	-	-	-	-	-	-	375,197,447	-	-	-	-	-	-	102,477,228
TOTAL ASSETS	325,247,498	119,121,128	1,497,302,788	82,786,896	219,880,975	-	2,619,536,732	353,275,887	265,883,930	1,427,719,919	36,208,905	134,293,093	-	2,319,774,962
Segment Liabilities-Term/Current Liabilities	213,175,719	87,930,402	858,907,133	29,315,284	34,882,097	-	1,224,210,635	180,572,131	338,114,430	1,041,366,308	33,997,380	39,411,804	-	1,633,462,053
Unallocated Corporate Liabilities	-	-	-	-	-	-	700,000	-	-	-	-	-	-	700,000
TOTAL LIABILITIES	213,175,719	87,930,402	858,907,133	29,315,284	34,882,097	-	1,224,910,635	180,572,131	338,114,430	1,041,366,308	33,997,380	39,411,804	-	1,634,162,053
4 Capital Expenditure for the year	207,854	208,961	101,658,867	-	2,485,134	-	104,560,816	51,180,082	2,976,136	246,846,415	-	50,620,506	-	351,623,139
5 Depreciation for the year	32,255,089	4,493,970	97,530,008	19,258	23,176,078	-	157,474,403	34,250,825	7,151,696	86,148,345	19,258	21,839,968	-	149,410,092
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, 2014 and accordingly has charged exchange difference related to the long term foreign currency monetary items to the statement of profit and loss.

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

Name of Subsidiary Company	Extent of holding	Capital	Reserves	Total Assets	Total Liabilities	Investment Details	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend
Majestic IT Services Limited	100%	1450	-925	723	177	0	149	-385	0	-385	0

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.

## 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 29th day of September, 2014 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.

### Form No. MGT-11

#### Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s):

Registered address:

E-mail Id:

Folio No/ Client Id: DP ID:

I/We, being the member(s) of ..... Shares of Majestic Auto Limited, hereby appoint:

1. Name : .....

2. Address : .....

3. E-mail Id : .....

4. Signature : ....., or failing him

1. Name : .....

2. Address : .....

3. E-mail Id : .....

4. Signature : .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 41<sup>st</sup> Annual general meeting of the company, to be held on the 29<sup>th</sup> day of Sep., 2014 At 11.00 a.m. at Mohini Resorts, Near Sector-32, Chandigarh Road, Ludhiana - 141010 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No:

1 ..... 4 ..... 7 .....  
2 ..... 5 ..... 8 .....  
3 ..... 6 ..... 9 .....

Signed this ..... day of ..... 2014

Signature of shareholder

Signature of Proxy holder(s)

Affix  
Revenue  
Stamp here

**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**

Cut here



**REGD. POST / COURIER**  
(PRINTED MATTER)



If undelivered please return to :  
**MAJESTIC AUTO LIMITED**  
Regd. Office : C-48, Focal Point,  
Ludhiana - 141 010.

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