

## NOTICE

Notice is hereby given that the 15th Annual General Meeting of **MINDA INDUSTRIES LIMITED** will be held on Wednesday, July 25, 2007 at 11.30 A.M. at PHD House, Opp. Asian Games Village, New Delhi-110016, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2007, and Profit & Loss Account for the year ended March 31, 2007 alongwith the Reports of Auditors and Directors thereon.
2. To declare dividend on 9 % Cumulative Redeemable Preference Shares.
3. To declare dividend on Equity Shares.
4. To appoint a Director in place of Mr. S.L. Minda, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Ashok Minda, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS:

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** M/s. Sancheti Thakkar & Associates, Chartered Accountants, Pune be and is hereby re-appointed as Branch Auditors for the audit of the accounts of Pune Branches of the Company and the Company hereby authorise the Board of Directors to fix the terms and conditions of their re-appointment including the remuneration payable to them."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310 and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and subject to the approval of Central Government, if required, Mr. Vivek Jindal be and is hereby appointed as a Whole-time Director of the Company w.e.f. August 1, 2007 for a period of 3 (three) years on the terms and conditions

mentioned below:

### A) PERIOD OF APPOINTMENT:

The appointment of Mr. Vivek Jindal as a Whole-time Director will commence with effect from August 1, 2007 to July 31, 2010.

### B) DETAILS OF REMUNERATION:

- a) i) Basic salary Rs. 80,000/- (Rupees Eighty Thousand) p.m. in the pay scale of Rs. 80,000-25,000-2,80,000.
- ii) Leave Travel Expenses: Leave Travel expenses for self and family once in a year incurred in accordance with the Company Policy.
- iii) Medical Reimbursement: Reimbursement of actual medical expenses. Insurance premium for medical and hospitalization for self and family, as per Company Policy.
- iv) House Rent Allowance not exceeding 60% of his basic salary.
- v) Personal Accident Insurance Premium as per the Company Policy.
- b) Apart from the above, the appointee shall also be entitled to the following:
  - i) Car with a driver for use of Company's business. Company shall also pay repair, maintenance & running expenses of the car.
  - ii) Driver salary for use of the car.
  - iii) Telephone facility at residence.
  - iv) Company's contribution to Provident Fund, Superannuation Fund, as per Company Policy.
  - v) Reimbursement of the entertainment, traveling and all other expenses incurred by him for the business of the Company.
  - vi) Gratuity payable at the rate not exceeding half-month's salary for each completed year of service in the Company.
  - vii) Encashment of leave at the end of each calendar year.
  - viii) Such other benefits / allowances as per Company Policy.
- c) i) During the period, the appointee functions as a Whole-time Director and he shall not be paid any sitting fees for attending the meetings of the Board of Directors or any committee thereof.
- ii) This appointment can be terminated at any time by either party by giving to the other three months notice in writing.

- d) In the event of loss or inadequacy of profit in any financial year during the tenure of the appointee, the remuneration as specified above shall be paid as minimum remuneration.
- e) The following perquisites shall not be included in the computation of ceiling of remuneration:-
  - i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
  - ii) Gratuity payable at the rate not exceeding half month's salary for each completed year of service.
  - iii) Encashment of leave.

By Order of the Board  
For **MINDA INDUSTRIES LIMITED**

**(H. C. DHAMIJA)**  
Vice President- Group-A/cs,  
Taxation & Company Secretary

**Place: Gurgaon, Haryana**

**Date : May 28, 2007**

**NOTES:**

- i) A member entitled to attend and vote at the meeting is entitled to appoint a proxy, to attend and vote on poll instead of himself/herself and proxy need not be a member of the Company. Proxy form, in order to be effective must be received by the Company not less than 48 hours before the meeting.
- ii) Explanatory statement pursuant to section 173(2) of the Companies Act, 1956, is annexed hereto.
- iii) The Register of Members and Share Transfer Books will remain closed from Wednesday, July 18, 2007 to Wednesday, July 25, 2007 (both days inclusive).
- iv) All documents and papers as referred to in this notice and as required by the Companies Act, 1956 shall be available for inspection between 11.00 A.M. to 1.00 P.M. on all working days at the Registered Office of the Company and shall also be so available during the meeting.
- v) The Directors recommend the payment of Dividend for the year 2006-07 of Rs. 2.50 per equity share, i.e. @ 25%, on the Paid-up Share Capital. If the Dividend on the shares is declared at the meeting, the dividend will be paid to the Registered Shareholders, whose name appears

on the Company's Register of members on July 25, 2007 (i.e. the date of Annual General Meeting). With respect to shares held in electronic form, the dividend will be payable to the beneficial owners of the shares as on the closing hours of the business on July 17, 2007 as per details provided by the depositories.

- vi) Pursuant to Section 205A(5) of the Companies Act, 1956, as amended, any money transferred to the Unpaid Dividend Account of the Company which remains Unpaid or Unclaimed for a period of 7 (Seven) years from the date of such transfer to the Unpaid Dividend Account shall be transferred by the Company to the Investor Education and Protection Fund established by the Central Government and the Shareholders shall not be able to claim any Unpaid Dividend from the said fund or from the Company thereafter. During the year 2006-07, the company has already transferred the unclaimed dividend on the Equity Shares for the year 1998-99 to the Investor Education and Protection Fund established by the Central Government.

Members who have not claimed the dividend for the year 1999-00 and any subsequent Dividend payment(s) are requested to make their claims to the Company.

- vii) Members are requested:
  - a) to bring their copies of Annual Report, Notice and Attendance slip at the time of the Meeting.
  - b) to quote their Folio No. in all correspondence.
  - c) to notify the change in the address, if any, on or before Tuesday, July 17, 2007 so that dividend warrant can be delivered to new address.
- viii) Members desiring any information/clarification on the Accounts are requested to write to the Company in advance at least 7(seven) days before the meeting so as to keep the information ready at the time of Annual General Meeting.
- ix) The Registrar & Share Transfer Agent for physical and dematerialisation of shares are M/s. Intime Spectrum Registry Limited, A-31, 3rd Floor, Near PVR Cinema, Naraina Industrial Area, Phase-I, New Delhi-110028. Interested members may send request for physical share transfer as well as dematerialisation of shares through depository participant to M/s. Intime Spectrum Registry Limited at its given address.

**INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT.  
DETAILS OF DIRECTORS RETIRING BY ROTATION AND SEEKING REAPPOINTMENT**

(Pursuant to clause 49 of the Listing Agreement)

Name of Director	Mr. S.L. Minda	Mr. Ashok Minda
Date of Birth	08.03.1930	29.06.1961
Date of Appointment	16.09.1992	12.12.1996
Qualifications	Self-educated	Graduate
Experience in special functional area	Industrialist with rich business experience. He is founder promoter Director of the Minda Industries Ltd.	Industrialist with rich business experience in auto components sector.
Chairman/ Director of other companies	1. Minda Finance Ltd.	1. Minda Corporation Ltd. 2. Minda Locking Systems Pvt. Ltd. 3. Mindarika Pvt. Ltd. 4. Minda Sai Ltd. 5. Minda Management Services Ltd. 6. Minda Huf Europe B.V. 7. Minda Stoneridge Instruments Ltd. 8. Minda S.M. Technocast Ltd. 9. Dorset Kaba Pvt. Ltd. 10. Minda Engineering Services Ltd.
Chairman/member of Committees of Board of Companies of which he is a director	Chairman of Share holders/Investor Grievance Committee of the Company	Member of: 1. Audit Committee 2. Share Transfer Committee 3. Remuneration Committee of Minda Corporation Ltd.
No. of shares held in the Company	NIL	NIL

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

**ITEM NO. 7**

It is proposed to re-appoint M/s. Sancheti Thakkar & Associates, Pune to conduct the audit of the Accounts of Pune Branches of the Company. The Branch Auditors will prepare a report on the accounts of the said branches examined by them and forward the same to the Company's statutory auditors.

Pursuant to section 228 (3) of the Companies Act, 1956, approval of members is sought vide item No. 7 of the Notice of this Annual General Meeting.

None of the Directors of the Company shall be deemed to be concerned or interested in this resolution except and to the extent they are members of the Company.

**ITEM NO. 8**

The Remuneration Committee of the Company in its meeting held on May 16, 2007 and Board of Directors of the Company in their meeting held on May 28, 2007 have approved the terms and conditions of appointment of Mr. Vivek Jindal as a Whole-time Director of the Company.

In terms of section 198, 269, 309, 310 read with provisions of Schedule XIII of the Companies Act, 1956, your Directors recommend the appointment of Mr. Vivek Jindal as a Whole-time Director of the Company for a period of three years.

None of the Directors of the Company except Mr. S.L. Minda and Mr. Nirmal K. Minda shall be deemed to be concerned or interested in this resolution except and to the extent they are members of the Company.

Information under Schedule-XIII to the Companies Act, 1956 as required by Notification No. G.S.R. 36 (E) , Dated January 16, 2002 is given below: -

## I) General Information

- 1) Nature of industry:** Automobile Industry. Minda Industries Ltd. is engaged in the manufacturing of auto electrical parts such as switches, lamps etc.
- 2) Date of Commencement of commercial production:** The company had started its commercial production in the month of November 1992 by taking over the running business of Minda Industries, partnership firm.
- 3) Financial Performance of the Company:**

	(Rs. in Lacs)
Turnover/Net Sales	38660.70
Other Income	725.82
Total Expenditure	37251.00
Profit before tax	2135.52

- 4) Export Performance and net foreign exchange earned:** During the year 2006-07 the total export of the company has been at Rs. 1624 Lacs (previous year Rs. 2031 Lacs) and the royalty earning at Rs. 83 Lacs (previous year Rs. Nil).
- 5) Foreign Collaborators:** Foreign collaborators of the company are Valeo Group, France and M/s. TYC Brothers Industrial Co. Ltd., Taiwan for manufacturing automotive parts.

## II) Information about Mr. Vivek Jindal, Appointee:

Name	Mr. Vivek Jindal
Father's Name	Mr. Madan Jindal
Age	31 years
Qualification	B.E. (IIT), MBA
Past Experience	Rich experience in auto components industry of around 5 years.
Other Directorships	Is Director on Board of the following companies: <ul style="list-style-type: none"><li>• Sarvpriya Industries Ltd.</li><li>• Jindal Paddings Pvt. Ltd.</li><li>• Jindal Builtec Pvt. Ltd.</li><li>• Jindal Mectec Pvt. Ltd.</li></ul>

- 1) Job profile and his suitability:** Mr. Vivek Jindal will be responsible for overall day-to-day management of the Company and shall be vested with substantial powers of management of the Company affairs under the supervision and control of the Board of Directors of the company. The Company has undergone rapid expansion and modernization projects, which require review of operations and decision-making on day-to-day basis and the Company would be benefited by his expert advice.
- 2) Remuneration Proposed:** Keeping in view his responsibilities and role in the development of the Company, it is proposed to provide him basic salary of Rs. 80,000 (Rupees Eighty Thousand) plus other allowances and perquisites as mentioned in the text of proposed resolution at item No. 8 of this notice of Annual General Meeting.
- 3) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:** The proposed remuneration would be commensurate with the size of the company and nature of the industry. The salary structure of the managerial personnel has undergone a major change in the industry in the recent past. Keeping in view the type of the industry, size of the Company, the responsibilities and capabilities of Mr. Vivek Jindal, the proposed remuneration is competitive with the remuneration paid by other companies to such similar positions.
- 4) Pecuniary relationship with the company or relationship with the managerial personnel, if any:** Mr. Vivek Jindal, being son-in-law of Mr. Nirmal K. Minda, Managing Director of the Company and being son's daughter's husband of Mr. S.L. Minda, Director of the Company, is relative as per Schedule 1-A prescribed under Section 6 of the Companies Act, 1956 and except this, is not having any pecuniary relationship with the company.

By Order of the Board  
For **MINDA INDUSTRIES LIMITED**

(H. C. DHAMIJA)

Vice President- Group-A/cs,  
Taxation & Company Secretary

# Financial Highlights

(Rs. in Lacs)

PARTICULARS	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00
<b>Operating Results</b>								
Sales (Net of Excise)	38,661	26,805	19,826	15,384	12,060	9,524	7,881	6,243
Gross Profit Before Interest & Depreciation	3,998	3,567	2,972	2,429	2,175	1,350	924	708
Financial Cost	510	427	499	572	530	322	307	289
Profit before Depreciation & Tax	3,488	3,140	2,473	1,857	1,645	1,028	617	419
Depreciation/Preliminary/Share issue expenses	1,352	1,051	920	806	783	438	212	157
Income Tax Provision/FBT/Def. Tax (Net)	782	793	530	309	343	99	53	37
Profit After Tax	1,354	1,296	1,023	742	519	491	352	225
Depreciation of earlier years	-	-	-	-	-	482	-	-
Dividend (incl. Corporate Dividend Tax)								
-- Preference Shares	32	31	31	30				
-- Equity Shares	307	299	299	237	105	63	69	70
	As At	As At	As At	As At	As At	As At	As At	As At
<b>Assets and Liabilities</b>	31.03.2007	31.03.2006	31.03.2005	31.03.2004	31.03.2003	31.03.2002	31.03.2001	31.03.2000
<b>Fixed Assets :</b>								
- Gross Block	14,605	11,963	10,637	8,565	6,994	4,179	3,029	2,307
- Net Block	8,568	7,236	6,929	5,560	4,758	2,694	2,389	1,848
- Capital W.I.P.	3,175	59	3	73	85	357	468	63
- Project Exps. Pending capitalisation	470	11						
- Technical know-how fees	124							
Current & Other Assets	9,874	7,933	6,279	4,499	3,846	3,224	2,574	2,117
Investments	600	362	143	126	366	285	285	285
<b>Total Assets</b>	<b>22,811</b>	<b>15,601</b>	<b>13,354</b>	<b>10,258</b>	<b>9,055</b>	<b>6,560</b>	<b>5,716</b>	<b>4,313</b>
<b>Represented by :</b>								
Share Capital	1,351	1,351	1,351	1,351	825	525	525	525
9% Cumulative Redeemable Preference	-	-	-	-	-	300	-	-
Share Application Money								
Reserves & Surplus	3,946	2,873	1,862	1,148	1,196	795	1,155	870
Shareholders' Fund	5,296	4,224	3,213	2,498	2,021	1,620	1,681	1,395
<b>Borrowings</b>								
- Working Capital Loans	3,741	2,409	2,360	819	861	769	679	503
- Other Loans	7,643	4,507	4,511	4,337	3,926	2,410	2,183	1,400
Deferred Tax Liability	674	757	680	600	475	307	-	-
Current Liabilities & Provisions	5,457	3,704	2,590	2,004	1,772	1,454	1,173	1,015
<b>Total Liabilities</b>	<b>22,811</b>	<b>15,601</b>	<b>13,354</b>	<b>10,258</b>	<b>9,055</b>	<b>6,560</b>	<b>5,716</b>	<b>4,313</b>
<b>Ratios :-</b>								
Earnings per Share (Rs.)	12.58	12.04	9.43	6.78	9.87	9.34	6.69	4.29
Book Value per Share (Rs.)	47.56	37.35	27.73	20.92	25.13	25.13	32.00	26.57

# DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their 15th Annual Report alongwith the Audited Accounts for the year ended on March 31, 2007.

## FINANCIAL RESULTS

(Rs. in Lacs)

PARTICULARS	For the Year Ended on March 31, 2007	For the Year Ended on March 31, 2006
Sales (Gross)	44412.77	30658.24
Cash Operating Profit	3487.61	3139.95
<b>Profit Before Tax</b>	<b>2135.52</b>	2088.49
Provision for Taxation (Including Fringe Benefit Tax)	865.00	716.00
Deferred Tax Liability/(Asset)	(83.00)	77.00
Short Provision of Income Tax	-	0.01
<b>Profit after Tax</b>	<b>1353.52</b>	1295.48
Brought Forward Profit from Previous Year	1858.45	1293.22
Profits Available for appropriation	3211.97	2588.70
<b>APPROPRIATION:</b>		
- General Reserve	400.00	400.00
- Proposed Dividend on 9% Cumulative Redeemable Preference Shares	27.00	27.00
- Proposed Dividend on Equity Shares	262.63	262.63
- Corporate Tax on Dividend	49.22	40.62
- Balance of Profit carried forward	2473.12	1858.45

## PERFORMANCE

During the year 2006-07 your company has performed with the pace of industry growth. The Sales for the Financial Year under review were Rs. 44412.77 Lacs as against Rs. 30658.24 Lacs for the previous year, registering an increase of 44.86 %.

During the year under review, there was an abnormal increase in raw material price, resulting in a marginal increase of profit by 4.48% over last year.

## DIVIDEND & APPROPRIATIONS

### Appropriations

During the year 2006-07 an amount of Rs.400 Lacs has been appropriated to General Reserve (last year Rs.400 Lacs).

### Dividend

Your directors recommend 9% (previous year 9%) dividend on 30 Lacs Cumulative Redeemable Preference Share for the year 2006-07.

Your directors are also pleased to recommend dividend for the year 2006-07 at the rate of Rs. 2.50 per Equity share (Previous Year Rs. 2.50 per Equity share) on 10,505,064 Equity Shares. Dividend will be paid to those shareholders whose names will appear in the Register of Members on July 25, 2007

and to those whose names as beneficial owners will be furnished by National Securities Depository Limited and Central Depository Services (India) Limited.

## JOINT VENTURE

The Company on January 11, 2007 had executed a Joint Venture Agreement (JVA) with Valeo Group, France for the manufacture of alternators and starter motors for passenger cars, commercial vehicles and other two or three wheeler vehicles and / or industrial applications. The JVA will be operated through proposed Joint Venture Company (JVC) namely Valeo Minda Electrical Systems India Pvt. Ltd., whose name has been approved by Registrar of Companies, NCT of Delhi & Haryana and the incorporation activities of JVC are in process.

## UNIT/ PROJECTS

Your company has set-up manufacturing unit(s) at Pant Nagar, Uttaranchal for Automotive Switches, Lightings and Batteries. It will enable your company to give timely supply to its customers. The switch unit has started its commercial production in the month of April 2007. For Battery, the commercial production is expected to start by July, 2007.

Your company has also set up manufacturing unit at MIDC, Chakan, Pune for manufacturing of lightings for automobiles. The commercial production for Lighting unit will take place during 2007-08. This unit is in addition to the existing switch manufacturing unit at MIDC, Chakan, Pune.

### **REPRESENTATIVE OFFICES ABROAD**

Your company has opened three representative offices abroad, the details of which are given hereunder:

**(1) Japan:** Japan Representative Office has been set up with the objective of effective product development co-ordination, collaborative designing with customers/ OEMs in Japan for product design & development for India, ASEAN, Japan and Rest of World, exploration of new technologies, development processes etc.

**(2) Italy:** The Company has opened a Representative Office in Turin, Italy. The office has been registered with the Chamber of Commerce, Italy in the month of December, 2006. The representative office will identify new business opportunities and support new programs of sourcing to potential OEMs and to increase market share.

**(3) China:** The Company has established a representative office in China with an objective of sourcing of Components and raw materials, tools & moulds, establishing good supplies quality from Chinese sources and component development etc. This office has been registered with Director-General of State Administration for Industry and Commerce of the Peoples Republic of China in the month of September, 2006.

### **LISTING AT NSE**

During the year, the equity shares of your company have been listed at National Stock Exchange of India Ltd. (NSE) with effect from January 31, 2007 and trading was commenced from February 02, 2007. The listing of equity shares at NSE will not only increase the image of company among the automotive sector but also faith and confidence of the investors of the Company and shareholders' value.

The equity shares of the company are listed on Delhi Stock Exchange Association Ltd., Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.

### **FIXED DEPOSITS**

During the year under review, the Company has accepted the deposits from Public and Shareholders of the Company under Section 58A and 58AA of the Companies Act, 1956. As on March 31, 2007, there were no overdue deposits of the Company.

### **HUMAN RESOURCE**

Your company provides regular training to its employees at all levels to upgrade their skills and knowledge. It is necessary to make employees more effective and capable to meet global challenges. Employees at different levels were sent abroad for technical training at the collaborator's plant. Your company is already having a policy in place for the administration and welfare of the employees of the Company.

The HRM department in the company, based on annual performance appraisal of employees gives increments and promotions and releases advance-training schedule for employees at different levels in the company on need basis. Your company also organises the seminars and sports meets to maintain the fitness of the employees and to satisfy their social and cultural needs from time to time.

### **DIRECTORS**

In accordance with the provisions of the Articles of Association of the Company and of the Companies Act, 1956, Mr. S.L. Minda and Mr. Ashok Minda, directors of the company are liable to retire by rotation on the date of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Information about the directors proposed to be re-appointed such as their experience etc. as required under Clause 49 of the Listing Agreement is given in the Notice to the shareholders for the forthcoming Annual General Meeting of the Company, which is forming a part of this Annual Report.

### **AUDITORS AND AUDITORS' REPORT**

M/s. R.N. Saraf & Co., Chartered Accountants, the Statutory Auditors of the Company are proposed to be re-appointed to hold office until the conclusion of the next Annual General Meeting of the Company. The Company has received a letter from them to the effect that their appointment, if approved, would be within the prescribed limit under section 224(1B) of the Companies Act, 1956. There being no reservation, qualification or adverse remark in the Auditors' Report, no further explanations is required.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors Responsibility Statement, it is hereby confirmed:

1. That in the preparation of the accounts for the financial year ended 31st March, 2007, the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any;

2. That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;

3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding assets of the Company and for preventing and detecting fraud and other irregularities;

4. That the Directors had prepared the annual accounts on a 'going concern' basis.

### **PERSONNEL**

The details of the employees whose particulars are required to be disclosed in this report under Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 are annexed at **Appendix - I** to this report and forms part of the Directors' Report.

### **RESEARCH & DEVELOPMENT**

The Company continues to place significant importance on research and development as the primary means for continuously advancing its product technology. Your company is having independent in-house R&D Centers. Your company is taking all necessary steps for enhancing the capabilities of our engineering resources.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.**

Information required under section 217 (1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo is annexed to this report at **Appendix-II** and forms part of Directors' Report.

### **CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement with stock exchanges, a separate section titled Report on Corporate Governance has been included in this Annual Report, which is annexed to this report as **Appendix-III**. Your directors are pleased to report that your company is fully compliant as on March 31, 2007 with the SEBI Guidelines on Corporate Governance. A certificate from M/s. R.N. Saraf & Co., Chartered Accountants confirming the compliance with the conditions of corporate governance as stipulated under clause 49 of the

listing agreement is annexed as **Appendix- IV**.

### **MANAGEMENT ANALYSIS AND DISCUSSION REPORT**

Management discussion and analysis report as required under Clause 49 of the Listing Agreement with stock exchanges forms part of the Annual Report and is annexed as **Appendix-V**.

### **ACKNOWLEDGEMENT**

Your Directors would like to express their grateful appreciation for the support and co-operation of all the shareholders. In particular, the Directors wish to place on record their deep sense of appreciation for the commitment and enthusiasm of all the employees and the support of the Company's customers, suppliers, bankers and other business associates.

For and on behalf of the Board of  
**MINDA INDUSTRIES LIMITED**

Place: Gurgaon, Haryana.  
Date: May 28, 2007

(S.L. Minda)  
Chairman

**Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.**

**A. CONSERVATION OF ENERGY**

a) Energy conservation measures taken.

The Company has taken the following measures towards the conservation of energy:

- i) Put Solenoid Valves in Air line at Press Shop and moulding to make less use of compressors.
  - ii) Installation of pressure regulator at moulding so that the compressor maintains equal transmission of power.
  - iii) Use of air free moisture drains to avoid rust formation on jigs and fixtures.
  - iv) Ensure switching off servo stabilizer on off days at CNC machines.
  - v) Automatic switching off monitors in idle mode.
  - vi) Installation of Voltage Frequency Device (VFD) on air washers.
  - vii) Use of Trans vector nozzles which has resulted into life enhancement of compressors.
  - viii) Installation of capacitors across major inductive loads.
  - ix) Replacement of 450W metal handle lamps with 130 W CFL tubelights on handle bar assembly, which has resulted in savings of energy.
  - x) Providing cyclic timer in circuit of street lighting.
- b) Additional Investments and proposal if any, being implemented for reduction of consumption of energy.
- i) To install lighting energy saver at light load Distribution Board (DB).
  - ii) To install Voltage Variable Drive (VVD) for Hydraulic Pumps of Moulding Machines.
  - iii) MS blade to be replaced with FRP plastic blades in cooling towers.
  - iv) Convert Electrical Oven into IR Oven in Pad Printing & Epoxy M/C.
- c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of goods.

The adoption of energy conservation measures indicated above have resulted in the saving of electricity consumption and also brought awareness among employees.

d) Total Energy consumption and energy consumption

per unit of production as per Form – A of Annexure in respect of Industries specified in schedule thereto.

- Form - A is not applicable, as the Company does not fall under the list of industries specified in the schedule.

**B. TECHNOLOGY ABSORPTION**

e) Efforts made in technology absorption as per Form-B of Annexure.

**i) Research and Development (R&D)**

1. Specific area in which R&D is carried out by the Company.
  - a) The new designed non-contact handle bar switch operates through Hall effect IC sensors and magnets as compared to the conventional electro-mechanical contacts resulting to less heat dissipation. The sensors in PCB prevent the switches from the effect of water and dust by completely sealing it with Epoxy. Hence, the life cycle of Non-contact switches increases over conventional electro-mechanical switch.
  - b) Self cancellation blinker mechanism developed for motorcycles. This feature has enhanced the safety of the rider.
  - c) For the first time, for exterior environment in-two wheelers control switches an In-mould Decoration Technology has been used for inserting symbol.
  - d) Illuminated switch symbols have been introduced in two wheelers.
2. Benefits derived as a result of above R & D.
  - a) Less heat dissipation due to very low voltage drop across terminals.
  - b) Minimal chances of oxidation.
  - c) Operates at very low amperage current.
  - d) Auto cancellation switch is intelligent enough to detect 1sec. zigzag driving i.e. no cancellation within zigzag steering of one second.
3. Future Plan of Action.
  - a) The Company shall be introducing Pro-Mechanica to enhance the design capabilities.
  - b) Illumination feature could be added on existing and other handle bar switches supplied to various customers.
  - c) To achieve cost optimization by use of latest technology.

4. Expenditure on R&D

	(Rs. In Lacs)	
	Year ended on March 31, 2007	Year ended on March 31, 2006
a) Capital	147.25	411.14
b) Recurring	1503.11	1153.45
c) Total	1650.36	1564.59
d) Total R&D expenditure as percentage of total turnover	4.27%	5.84%

**ii) Technology, Absorption, Adaptation and Innovation**

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:
  - a) Installation of Accelerated Corrosion Environment (ACE) Test facility to reduce cycle time.
  - b) Water Shower Test at actual mounting position.
  - c) Application of Programmable Logical Control (PLC) Based universal Test Rig for Switches with Touch Screen.
2. Benefits derived as a result of the above efforts.
  - a) Assured Quality.
  - b) Lower testing time so reduction in development cycle time.
  - c) Simulation of field test conditions.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of financial year), following information may be furnished.
  - a) Technology Imported : Technical Royalty Agreement with M/s. TYC Brother Industrial Co. Ltd., Taiwan for manufacturing of various types of automotive lightings.
  - b) Year of Imports : 2003-04
  - c) Has Technology been full absorbed? : No, being absorbed.
  - d) If not fully absorbed, area where has not taken place, reason thereof and future plan of action. : The technology is being absorbed in phased manner with mutual co-operation of each party.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

- f) Activities relating to exports, development of new export market for products and services. and export plan. : Exports during the year 2006-07 were of **Rs. 1623.90 Lacs** (Previous year Rs. 2031.24 Lacs). Efforts are being made to increase the exports.
- g) Total Foreign Exchange used.

	(Rs. In Lacs)	
	Current Year 31.03.2007	Previous Year 31.03.2006
1) CIF value of Imports		
- Raw Material	1812.51	378.19
- Capital Goods	964.63	69.94
- Stores and Spares	24.00	13.70
- Others	-	18.05
2) Expenditure in Foreign currency	516.77	141.58
h) Total Foreign Exchange earned	1706.39	2031.24

For and on Behalf of the Board of  
**MINDA INDUSTRIES LTD.**

# CORPORATE GOVERNANCE REPORT

## 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your company strives to adopt the highest standards of excellence in corporate governance with its commitment towards its shareholders and society at large in which it operates.

Corporate Governance rests upon the four pillars of transparency, full disclosure, independent monitoring and fairness to all especially to minority shareholders. We believe that the essence of Corporate Governance lies in the phrase "Your Company". It is Your Company because it belongs to you - the shareholders and the objective is to maximize your long term value. Your company is committed to benchmark itself to the latest standards of Corporate Governance, not only in form but also in spirit.

### Nature and Role of the Board of Directors and Senior Level Management of the Company

It is of major importance to the corporate world and their leaders to create a "tone at the top" and a corporate culture that promotes ethical conducts on the part of those corporations and their employees. The single most important factor in creating such a culture is the quality of corporate leadership. The Company's Board and Senior Level Management comprise of individuals with rich experience and expertise across a range of disciplines including the automobile industry.

## 2. BOARD COMPOSITION AND PARTICULARS OF DIRECTORS

- i) The Board consists of 7 (seven) directors out of which 4 (four) directors are independent directors. The composition of the Board, category and particulars of attendance is given below:

Name of the Director	Category of Directorship	Attendance Record		Number of other Directorships	Other Committee Memberships/ Chairmanship	
		Board Meeting during 2006-07 (total meetings held = 5)	Last AGM dated 26.07.2006		Member	Chairman
Mr. S.L. Minda	Non-Executive Chairman	5	Yes	1	-	1
Mr. Nirmal K. Minda	Executive Managing Director	5	Yes	12	2	4
Mr. Ashok Minda	Non-Executive Director	2	No	10	3	-
Mr. B.R. Agarwal	Non-Executive & Independent Director	5	Yes	3	2	2
Mr. Raja Ram Gupta	Non-Executive & Independent Director	5	Yes	-	3	-
Mr. Subhash Lakhotia	Non-Executive & Independent Director	3	Yes	1	2	-
Mr. S.K. Arya	Non-Executive & Independent Director	3	Yes	23	6	1

Leave of absence was granted to the Directors for the Board meetings which they did not attend and sought the leave of absence from the Board meeting.

ii) Number of Board Meetings held and the dates on which held:

Number of Board Meetings held	5 (Five)
Dates on which held	May 24, 2006
	June 03, 2006
	July 26, 2006
	October 27, 2006
	January 29, 2007

iii) Terms of reference to the Board of Directors:

Apart from placing the statutory required information before the Board Members, it is the policy of the company to regularly place the information / matter involving major decisions like Annual Budget, Technology Collaboration, Investments, Quarterly Results, Minutes of meeting of Audit Committee and other committee of the board and other material information. All the information, relevant to the company as required under Clause 49 of the listing agreement are also made available to the Board.

iv) Code of Conduct and ethics for directors and senior level management:

The Board of Directors at its meeting held on January 27, 2005 implemented a Code of Conduct applicable to all directors and senior level management of the Company.

### 3. BOARD LEVEL COMMITTEE

#### a) Audit Committee

i) Terms of Reference:

The Audit Committee of the Company was constituted on January 25, 2001 and has been mandated with the same terms of reference as specified in Clause 49 II of the Listing Agreements with the Stock Exchanges. The present terms of reference also fully conform to the requirement of Section 292A of the Companies Act, 1956.

The Audit Committee reviews with the management and also with the statutory and internal auditors, all aspects of the financial results, effectiveness of internal audit/processes, taxation matters and other key areas. The Audit Committee also recommends the appointment and remuneration of the Internal Auditors and Statutory Auditors to the Board, considering their independence and effectiveness.

ii) Composition, Category and Attendance record during the year:

Name of the Member	Category	Attendance (No. of meetings held = 6)	Date of Audit Committee Meetings
Mr. B.R. Agarwal	Chairman	6	May 15, 2006
Mr. Raja Ram Gupta	Member	6	June 03, 2006
Mr. Subhash Lakhotia	Member	5	July 17, 2006 September 28, 2006 October 18, 2006 January 18, 2007

Mr. H.C. Dhamija, Vice President- Group-A/cs, Taxation & Company Secretary, acts as a Secretary to the Committee.

Mr. B.R. Agarwal, the Chairman of the Audit Committee was present in the last Annual General Meeting of the company held on July 26, 2006.

## b) Remuneration Committee

### i) Composition and terms of reference:

The company has a duly constituted "Remuneration Committee". The committee consists of 3 (three) non-executive independent directors namely Mr. B.R. Agarwal, Mr. Raja Ram Gupta and Mr. Subhash Lakhota. All matters relating to finalisation of remuneration to Executive Directors being taken in the meeting of Remuneration Committee for their consideration and approval. During the year 2006-07, no meeting of the Remuneration Committee was held as no appointment of any Executive Director was made throughout the year.

### ii) Remuneration Policy:

Non-Executive Directors of the company are not paid any remuneration/sitting fees for attending the meetings of the Board and / or committees thereof.

The payment of remuneration to Executive Managing Director - Mr. Nirmal K. Minda is governed by the respective resolutions passed at the Board / Shareholder's Meetings. The remuneration structure comprises Salary, Allowances, Perquisites and Contribution to Provident Fund etc. Salary details of Mr. Nirmal K. Minda is given in this report at Para-IV under the heading "Disclosures".

## c) Power Delegation Committee

### i) Composition, Category and Attendance record during the year:

Name of the Member	Category	Attendance (Number of Meetings held = 1)
Mr. Nirmal K. Minda	Chairman	1
Mr. B. R. Agarwal	Member	1
Mr. Raja Ram Gupta	Member	1

### ii) Terms of reference

The Board of Directors formed the Power Delegation Committee on October 29, 2003 with a view to take quick decisions relating to the delegation of various powers relating to the various operations of the Company. The Delegation Committee consists of three directors, namely Mr. Nirmal K. Minda, Managing Director, Mr. B.R. Agarwal, Director and Mr. Raja Ram Gupta, Director of the Company.

## d) Shareholders' / Investors' Grievance Committee

The Board of Directors formed the Shareholders/Investors Grievance Committee on January 25, 2001.

### a) Terms of reference:

In order to give the appropriate level of focus to shareholder and investor related matters a Shareholders' / Investors' Grievance Committee was formed on January 25, 2001. The committee focuses primarily on strengthening investor relations and ensuring the rapid resolution of any shareholder or investor concerns including the following: -

- Approval and registration of transfer & transmission of shares and issue of duplicate share certificates;
- Redressal of investors' grievances and complaints like non-receipt of dividend warrants, share certificates, annual reports etc.

### b) Composition, Category and Attendance record during the year:

Name of the Member	Category	Attendance (Number of Meetings held = 16)
Mr. S. L. Minda	Chairman	16
Mr. Nirmal K. Minda	Member	16
Mr. B. R. Agarwal	Member	10

Mr. H. C. Dhamija, Vice President- Group-A/cs, Taxation & Company Secretary acts as Secretary to the Committee.

c) Share Transfer System:

All the Share Transfers, received are being approved by Shareholders / Investors Grievance Committee, which normally meets twice in a month.

Your Company has 1817 shareholders. During the year Company has processed 29 share transfer requests comprising 53,804 equity shares. The Company and share transfer agent has received 57 complaints during the year, all of which have been attended to within a period of 15 days from the receipt of the same. As on date no complaint is pending to be resolved.

#### 4. GENERAL BODY MEETING

- Venue and Time of last three Annual General Meetings

Financial Year	Date of Meeting	Time	Venue	Number of Resolutions passed
2003-04 12th AGM	July 14, 2004	11:00 a.m.	PHD House, Opposite Asian Games Village, New Delhi.	* SR-2 (Two) **OR-9 (Nine)
2004-05 13th AGM	July 28, 2005	11:00 a.m.	PHD House, Opposite Asian Games Village, New Delhi.	* SR-1(One) **OR-7 (Seven)
2005-06 14th AGM	July 26, 2006	11:30 a.m.	PHD House, Opposite Asian Games Village, New Delhi.	* SR-1(One) **OR-3 (Three)

\* "SR" means Special Resolution

\*\* "OR" means Ordinary Resolution

No special resolution was passed through postal ballot during the year under review. Further the Company has no proposal to conduct any special resolution through postal ballot. The procedure for postal ballot is given here as under:

1. The Company appoints the Practising Company Secretary as the Scrutinizer.
2. Dispatch of Postal Ballot forms along with postage prepaid business reply envelopes to its members whose names appear on the Register of Members/ list of beneficiaries.
3. Entry of the particulars of the Postal Ballot forms received from the members in the register maintained separately for this purpose.
4. Keeping of the Postal Ballot forms under the safe custody of the Scrutinizer in sealed and tamper proof boxes before commencing the scrutiny of such Postal Ballot forms.
5. All Postal Ballot forms received up to the close of working hours on the last date and time fixed by the Company for the receipt of forms shall be considered for scrutiny.
6. Envelopes contain Postal Ballot forms received after the close of business hours of the last date shall not be considered for scrutiny.
7. The results of the Postal Ballot as per the Scrutinizer's Report shall be put at the registered office of the Company. The said results shall also be intimated to the stock exchange(s) and displayed on the Company's website.

#### 5. HOLDING/SUBSIDIARY COMPANIES

The company does not have any holding or subsidiary company.

#### 6. DISCLOSURES

- i) Related party Transactions:

There have been no materially significant related party transactions with the Company's promoters,

directors, management or their relatives, which may have a potential conflict with the interest of the Company. Members may refer to the notes to the accounts for details of other related party transactions.

However, a statement in summary form of transactions with related parties in the ordinary course of business is placed before the Audit Committee.

ii) Disclosure of Accounting Treatment:

The Company has followed the accounting standards, laid down by the Institute of Chartered Accountants of India.

iii) Risk Management:

The Management of the Company regularly reviews the risk management strategy of the Company to ensure the effectiveness of risk management policies and procedures.

iv) Remuneration of Directors:

• Disclosure of Director's Interest in Transactions with the Company.

None of the non-executive directors had any pecuniary relationship or transaction with the company. However some commercial transactions have taken place where Company's directors also hold directorship. Such transactions have taken place on a wholly arms length basis and have been disclosed to the Board of Directors in accordance with the provisions of the Companies Act, 1956 and have been entered in the register of contracts and approved by the Board in accordance with the Section 301 of the Companies Act, 1956.

• Remuneration paid to the Executive Managing Director during the year 2006-07:

Name of the Executive Managing Director	Salary & Allowances (Rs.)	Medical, Lease Rent & Other Expenses (Rs.)	Contribution to Provident Fund etc. (Rs.)	Total (Rs.)
Mr. Nirmal K Minda	36,00,000/-	25,49,400/-	4,32,000/-	65,81,400/-

• Remuneration policy for Non-Executive Directors

The Company is not paying any sitting fee or any other benefits to the non-executive directors of the Company.

v) Details of non-compliances by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI, or any other statutory authority on any matter related to capital markets, during the last three years:

There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence no penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI, or any other statutory authority.

vi) Insider Trading:

In compliance with the SEBI regulation on prevention of insider trading, the Company has instituted a comprehensive code of conduct of its management, staff and 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.

vii) The details in respect of Directors seeking re-appointment are provided as part of the notice convening the forthcoming Annual General Meeting.

## 7. CEO/CFO CERTIFICATION

Mr. Nirmal K. Minda, Managing Director & CEO and Mr. Sudhir Jain, Corp. Business Head (CFO) in terms of Clause 49(V) of the listing agreement, have furnished the requisite certificate to the Board of Directors. The copy of the same is annexed as **Appendix-VI**.

## 8. MEANS OF COMMUNICATION

The Company's financial results and official news releases are published in widely circulating national and local daily newspapers such as Economic Times, Navbharat Times, Financial Express and Jansatta and are being posted on the Company's website at [www.mindagroup.com](http://www.mindagroup.com)

As per requirement of clause 51 of the listing agreement all the data related to quarterly financial results, shareholding pattern etc. is provided on the SEBI EDIFAR website [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in)

## 9. GENERAL SHAREHOLDERS INFORMATION

i) 15th Annual General Meeting : AGM (Date, Time, Venue)

Date: : Wednesday, July 25, 2007

Time : 11.30 A.M.

Venue : PHD House, Opposite Asian Games Village,  
New Delhi-110016

ii) Financial Year April 1st to March 31st

For the year ended on 31.03.2007, the results were announced on:

For quarter ending	Date
June 30, 2006	July 28, 2006
September 30, 2006	October 30, 2006
December 31, 2007	January 31, 2007
March 31, 2007 (Audited)	May 30, 2007

For the year ended on 31.03.2008, the results will be announced on following tentative dates

For quarter ending	On or before
June 30, 2007	July 31, 2007
September 30, 2007	October 31, 2007
December 31, 2007	January 31, 2008
March 31, 2008 (Audited)	June 30, 2008

iii) Date of Book Closure: July 18, 2007 to July 25, 2007 (both days inclusive).

iv) Dividend payment date: Expected on or after August 1, 2007.

v) Listing on Stock Exchanges

The company's shares are listed at the Bombay Stock Exchange (BSE), National Stock Exchange of India Ltd. (NSE) and The Delhi Stock Exchange Association Ltd.

vi) Stock Code

Bombay Stock Exchange (BSE) : 532539

National Stock Exchange of India Ltd. : MINDAIND

Delhi Stock Exchange Association Ltd. : 013315

vii & viii) Stock Prices during 2006-07

The performance of the Company's scrip on BSE and NSE as compared to the SENSEX and NIFTY during the year 2006-07 are as under:

	SENSEX		MIL Share on BSE	
	High	Low	High (Amount in Rs.)	Low (Amount in Rs.)
April 06	12102.00	11008.43	209.50	178.00
May 06	12671.11	9826.91	190.00	151.00
June 06	10626.84	8799.01	189.75	125.35
July 06	10940.45	9875.35	164.50	145.30
Aug.06	11794.43	10645.99	180.00	150.40
Sept.06	12485.17	11444.18	185.00	153.00
Oct.06	13075.85	12178.83	166.90	151.00
Nov.06	13799.08	12937.30	167.00	137.05
Dec.06	14035.30	12801.65	177.40	145.00
Jan.07	14325.92	13303.22	177.40	153.00
Feb.07	14723.88	12800.91	197.00	140.00
March 07	13386.95	12316.10	175.00	129.00

	NIFTY		MIL Share on NSE	
	High	Low	High (Amount in Rs.)	Low (Amount in Rs.)
Feb.07	4198.70	4132.95	198.00	141.05
March 07	3842.05	3711.05	168.00	137.00

The equity shares of the Company have been listed at NSE w.e.f. January 31, 2007 and trading was commenced from February 2, 2007, therefore data with respect to earlier period is not available.

ix) Registrar and Share Transfer Agents

For both Physical Share Transfer and Electronic Mode (Dematerialized form)

M/s Intime Spectrum Registry Limited  
A-31, 3rd Floor, Near PVR Cinema,  
Nariana Industrial Area, Phase-I,  
New Delhi – 110 028

ISIN No. for Dematerialisation of shares

: INE405E01015

x) Share Transfer System

As per clause 3(d)(c) of this report.

xi) Distribution Schedule and Shareholding Pattern as on 31st March, 2007:

<b>DISTRIBUTION SCHEDULE</b>				
<b>Category</b>	<b>No. of Shareholders</b>	<b>%</b>	<b>No. of Shares</b>	<b>%</b>
Upto 2500	1057	58.17	76488	0.73
2501 - 5000	337	18.54	135737	1.29
5001 - 10000	224	12.32	182689	1.74
10001 - 20000	108	5.94	187368	1.78
20001 - 30000	29	1.60	74276	0.71
30001 - 40000	13	0.72	464150	0.44
40001 - 50000	3	0.17	13792	0.13
50001 - 100000	13	0.72	94274	0.90
100001 and above	33	1.82	9694025	92.28
<b>TOTAL</b>	<b>1817</b>	<b>100.00</b>	<b>10505064</b>	<b>100.00</b>

<b>SHAREHOLDING PATTERN</b>		
<b>Category</b>	<b>No. of Shares</b>	<b>% of Total Paid-up Capital</b>
Promoters and Promoters Group	7427669	70.71%
Mutual Funds / UTI	-	-
Banks, Financial Institutions, Insurance Companies	-	-
Foreign Institutional Investors	-	-
Private Bodies corporate	2018798	19.21%
Indian Public	1040156	9.91%
Non-resident Individuals / Overseas Corporate Bodies	1302	0.01%
Others	17139	0.16%
<b>TOTAL</b>	<b>10505064</b>	<b>100.00%</b>

xii) Dematerialization of Shares and Liquidity as on March 31, 2007:  
96.56 % of shares of the Company are in Dematerialised form.

xiii) Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date or likely impact on equity : NIL

xiv) Plant Locations

- 34-35 Km, G.T. Karnal Road, Village Rasoi, Sonapat, Haryana
- Village Naharpur Kasan, P.O. Nakhrola, Distt. Gurgaon, Haryana
- Village Nawada Fatehpur, P.O. Sikanderpur Badda, Distt. Gurgaon (Haryana)
- B-6, Chakan Industrial Area, Village-Mahalunge, Taluka-khed, Distt. Pune, Maharashtra
- B-1/5, Chakan Industrial Area, Village-Mahalunge, Taluka-khed, Distt. Pune, Maharashtra
- 20A, SIPCOT Industrial Area, Phase-II, Hosur, Tamil Nadu - 635109
- B-63, Industrial Estate, Habbal, Mysore - 570016
- Plot No. 5, Sector-10, IIE, Pant Nagar, Udham Singh Nagar, Uttaranchal- 263153

xv) Non-mandatory Requirements

The Company has not adopted the non-mandatory requirements as specified in Annexure 1D of the Listing Agreement to the extent applicable except clauses relating to Remuneration Committee and Whistle Blower Policy.

xvi) Address for Correspondence: Minda Industries Limited  
Regd. Off.:B-73, Wazirpur Industrial Area,  
Delhi - 110 052.  
(Tel) – 011-27374882, 27372887  
(Fax) – 011-27372620  
E-mail: hcdhamija@mindagroup.com  
investor@mindagroup.com

## **AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To The Members of Minda Industries Limited

We have examined the compliance of conditions of Corporate Governance by Minda Industries Limited for the year ended March 31, 2007 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of condition of Corporate Governance is the responsibility of the management. Our examination 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 further 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 **R.N. SARAF & CO.**  
Chartered Accountants

Place : New Delhi  
Date 28.05.2007

**R.N. SARAF, F.C.A.**  
Membership No. 12439

# MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

## Industry Structure and Development

Continuous economic liberalization over the years by the Government of India has resulted in making India as one of the prime business destinations for many global automotive players. Almost all the global majors have set up their facilities in India.

On the canvas of the Indian Economy, auto industry occupies a prominent place. Due to its deep forward and backward linkages with several key segments of the economy, automotive industry has a strong multiplier effect and is capable of being the driver of economic growth. A sound transportation system plays a pivotal role in the country's rapid economic and industrial development. The automotive sector is one of the core industries of the Indian economy, whose prospect is reflective of the economic resilience of the country. The well-developed Indian automotive industry ably fulfils this catalytic role by producing a wide variety of vehicles: passenger cars, light, medium and heavy commercial vehicles, multi-utility vehicles such as jeeps, scooters, motorcycles, mopeds, three wheelers, tractors etc.

Indian automotive industry is quite comprehensive with around 500 firms in the organized sector and 10000 in small unorganized sector.

The growth of auto component industry is directly linked with the growth of the auto industry. As the Indian automobile industry has grown with the presence of worldwide renowned automakers, the Indian auto component industry has also grown tremendously.

During the year 2006-07 the auto industry has shown continuously encouraging results. The domestic market has registered a growth over 13.50% in numbers and export sale has also registered a tremendous growth of over 25.43%. Your company has also performed well with the pace of the overall industry growth and achieved a growth of 44.86 % in sales, over last year.

## Opportunities and Threats

The Government of India is drawing up an Automotive Mission Plan 2016 (AMP 2016) that aims to make India a global automotive hub. To maintain the high rate of growth of the automotive industry and to retain the attractiveness of Indian market and further enhancing the competitiveness of Indian companies. India holds huge potential in the automobile sector including the

automobile component sector owing to its technological, cost and manpower advantage. Further, India has a well-developed, globally competitive Auto Ancillary Industry and established automobile testing and R&D centers. The Indian automobile industry today boasts of being the Second largest two wheeler manufacturers in the world, Worlds largest motorcycle manufacturer is in India, second largest tractor manufacturer in the world, fifth largest commercial vehicle manufacturer in the world and fourth largest car market in Asia.

The cost pressure on global auto makers and suppliers would drive them to outsource from low cost countries like India.

Further, automobile prices are expected to remain flat for the next 2-3 years despite addition of new features and need to comply for higher environmental and safety standards, which implies the need to find innovative ways to reduce total cost.

Global auto majors are introducing new models and also upgrading their existing ones to expand their market in days to come is also one of the opportunities to the Indian auto industry and in turn to auto ancillaries.

Reputation of India as a brand is being built across sectors. This has a positive rub-off on the auto component sector as well.

The industry has the opportunity to buy sick plants in Europe/North America and other parts of the world and operate them in a cost-effective manner.

The Company is also in the process of reaping the benefits of above stated opportunities and has opened various representative offices abroad in the countries of Japan, China and Italy to have access / co-ordination with new / existing overseas customers, procurement of cost-effective raw material and components including effective product design & development.

The Company has set up new plants at Pant Nagar to manufacture switches, lamps and batteries. The commercial production for switches has been started in the month of April, 2007 and for batteries, the commercial production is expected to start in the month of July, 2007. The company will be able to supply just in time its product to all major OEM's including Bajaj Auto Ltd. Further to state that the Company has got quality accreditation certificate OHSAS 18001:1999, ISO/TS 16949:2002 for its global standard and environmental safety.

## Threats/Challenges

New technologies like fuel cells or hydrogen powered vehicles can alter the complexion of the automobile industry and this will have its impact on the auto component industry as well. The higher demand due to global requirement may lead to rationing of domestic supply and hence, put pressure on input prices.

The Indian auto component suppliers have not invested in R&D as compared to their foreign counterparts. Underlying processes and systems/applications (especially with unorganized sectors) are not flexible and responsive enough to meet global requirements. Inadequate strategies to build up competencies in marketing, manufacturing engineering, and organizational capabilities, Structural disadvantages like higher power cost, transaction costs, and indirect taxes, relatively poor infrastructure like roads, ports, and railways, which impact logistics efficiency and costs, comparatively higher cost of capital are some threats/challenges with the Indian auto components manufacturers.

However, the Company is continuously and successfully maintaining and operating efficiencies and is striven to improve quality by benchmarking its products and is constantly improving its financial performance by the use and implementation of BEST (Business Excellence through Simple Techniques), Quality Circles, Kaizen, 5S, TEI 100 (100 PPM level through Total Employee Involvement.)

### Segment-wise performance

Your company is engaged in the manufacturing of automotive parts such as electrical switches and lightings. All products carry similar risks and returns. Hence, there is no separate reportable segment. The domestic sale of the Company was encouraging during 2006-07. This upward swing is due to increase in demand from domestic customers as a result of the introduction of new models, improvement in existing models of two wheelers (except scooters). The export sales of the Company during the year 2006-07 was Rs. 1623.90 Lacs.

The Company's ongoing efforts on cost reduction, productivity and efficiency improvements in all areas of operations, that should help the Company stay in good stead to continue growing at a healthy rate in the years to come.

## Outlook

The economy is widely expected to continue showing strong performance during the year, which may open new vistas for the Company. In the case of car, the low car penetration and low percentage of first time buyer demonstrates that there is an opportunity for growth in the automobile sector.

Your company will put more emphasis on timely deliveries of products to new models as well as variants of existing models so as to cater the requirements of its valued customers.

Your company will continue to improve efficiencies at shop level and also work closely with suppliers to reduce cost and improve quality.

M/s. Hero Honda Motors Limited has proudly acknowledged the switch unit of your company as one of the "Direct On Line Supplier". Management of the Company and team at Minda Industries Limited is committed to make the Company a World-Class Company.

### Risk and Concerns

The Company operates in the economic environment, where any slowdown in the economy would have its impact on the new business opportunities for the Company and consequently on its growth. The growing competition could further squeeze margins in the future.

The Company's growth plans are likely to be hampered by any major changes in external environment that could adversely impact the auto industry, like government policies, change in duty/tax structure, reduction in disposable income of the middle class segment of the population in India etc. Continuing initiatives in cost containment and observance of sound financial discipline would retain the Company's preparedness to combat such risks/concerns and minimize/soften their impact.

### Internal Control Systems and its adequacy

The Company has a proper and adequate system of internal controls for financial reporting of various transactions, efficiency of operations and compliance with relevant laws and regulations. In order to ensure that all checks and balances are in place and all internal control systems are in order, transactions are authorized as per the accounts manual, recorded and reported promptly and correctly.

The Audit Committee of the Company reviews the internal controls including the internal audit reports, financial results of the Company at least once in every four 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 systems. Actual performance is reviewed with reference to budget by the management review committee on an ongoing basis.

### **Financial performance with respect to operational performance**

The turnover of the Company during the year was Rs. 44413 Lacs as against Rs. 30658 Lacs during the previous year registering a growth of 44.86 %.

The profit after tax of the Company for the year 2006-07 was Rs. 1353.52 Lacs (previous year Rs. 1295.48 Lacs). These results have been achieved by a good teamwork of all the employees of the Company at different levels and a tremendous support and guidance of the members of the Audit Committee and the Board of Directors of the Company.

### **Human Resources Management System/IR front**

We believe that our employees/associates are an integral part of our company and their involvement and participation is the key to our success. To carry this spirit forward, we have further strengthened the Quality Circle Movement. Contributions of our associates/employees are regularly appreciated at our in-house conventions and have also been appreciated by the Quality Circle Forum of India.

Besides this, employees are given opportunities to work on projects which will enable them to hone their project management skills, help them learn many new things and also help them work within deadlines. Every year we commission the Employee Engagement Survey to know the feedback of employees and to make improvements in the way we work.

Further the improvement activities through Kaizens, Quality Circles, Total Productivity Management (TPM), Total Quality Management (TQM), 5S etc. are being done throughout the Company to enhance the productivity and efficiency of the employees.

Your company continues to take feedback from its employees on regular basis through open houses and other meetings to improve the work environment in the Company.

For effective communication among employees across the group companies, your company issues an in-house journal titled "Jagriti" once in every four months to cover all events and achievements across the group. Jagriti enables the employees to have a global idea about the events and achievements in the group companies and is an effective tool of communication.

An HR policy covering all aspect of welfare, benefits and administration of the employees is already in place.

The Company has maintained excellent relationship with the employees during the year.

### **Cautionary statement**

The above statement describing the Company's objective, projections, estimates, expectations or predictions may be forward looking statement within the applicable laws and regulations. These are based on certain assumptions and expectations of future events. Actual results may differ materially from those expressed or implied, written since the Company's operations are influenced by external factors beyond the control of the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statement. Readers are cautioned that the risks outlined here are not exhaustive. Readers are requested to exercise their own judgment in assessing the risk associated with the Company.

## **CERTIFICATE BY THE CHIEF EXECUTIVE OFFICER AND THE CHIEF FINANCIAL OFFICER**

We hereby certify that we, the undersigned have reviewed the financial statements and the cash flow statement of Minda Industries Ltd. (the Company) for the year ended March 31, 2007 and that to the best of our knowledge and belief:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. 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;
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2006-07, which are fraudulent, illegal or violate the Company's code of conduct;
4. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.
5. We further certify that: -
  - (a) there have been no significant changes in internal control over financial reporting during this year.
  - (b) there have been no significant changes in accounting policies during this year.
  - (c) there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control system over financial reporting.
6. We further declare that all board members and senior management have affirmed compliance with the code of conduct for the year 2006-07.

**Sudhir Jain**  
Corp. Business Head (CFO)

**Nirmal K. Minda**  
Managing Director (CEO)

# AUDITORS' REPORT

To the members of Minda Industries Limited

We have audited the attached Balance Sheet of **Minda Industries Limited** as on March 31, 2007 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- (i) 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;
- (ii) In our opinion, proper books of account as required by the law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branch. The Branch Auditors report has been forwarded to us and has been appropriately dealt with;
- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited returns from the branch;

- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standard referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the Directors as on March 31, 2007 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2007 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanation given to us, the said accounts read together with schedule '1' to '15' and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) In the case of the Balance Sheet, of the state of affairs of the Company as on 31st March, 2007;
  - (b) In the case of Profit and Loss Account, 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.

**For R.N. SARAF & CO.**  
**Chartered Accountants**

**Place: New Delhi**  
**Date: 28.05.2007**

**R.N. SARAF, F.C.A.**  
**Membership No. 12439**

# Annexure referred to the Auditors' Report of even date to the Members of MINDA INDUSTRIES LIMITED on the accounts for the year ended March 31, 2007.

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we state that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and the situation of its fixed assets;
- (b) The fixed assets of the Company are physically verified by the management according to a phased programme designed to cover all the items over a period of three years. Pursuant to the programme, physical verification of certain assets was carried out during the year and no material discrepancies between physical inventories and book records were noticed.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The inventory have been physically verified by the management at reasonable intervals;
- (b) In our opinion, the procedures for 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) The Company has maintained proper records of inventory. The discrepancies between the physical stocks and the book stocks were not material and have been properly dealt with in the books of account;
- (iii) (a) During the year, the Company has taken unsecured loan from one company and two other parties covered in the register maintained under section 301 of the Companies Act, 1956. The transaction with these parties are:
- |                            | (Rs. In Lacs) |
|----------------------------|---------------|
| At the beginning :         | 238.13        |
| Addition during the year : | 112.04        |
| Paid during the year :     | 197.11        |
| At the end of the year :   | 153.06        |
- The Company has not granted any loan to companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956.

- (b) In our opinion, the rate of interest and other terms and conditions on which the loans have been taken from a company and other related parties covered in the register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.
- (c) The Company is regular in repaying the principal amount and interest.
- (iv) In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for sale of goods and services. We have not observed any continuing failure to correct major weaknesses in internal controls during the course of audit.
- (v) (a) In our opinion, the particulars of the contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees Five Lacs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time except in respect of certain items, which are of special nature and suitable alternate sources do not exist for obtaining comparative quotations.
- (vi) In our opinion and according to the information and explanations given to us, the directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA of the Companies Act, 1956 or any other related provisions of the Act and Companies (Acceptance of Deposits) Rules, 1975 with regard to deposit accepted from the public, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board or National Company Law Tribunal, Reserve Bank of India or any other court or other tribunal.
- (vii) An outside agency has carried out internal audit during the year. In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
- (viii) The Central Government of India has prescribed the maintenance of cost records by the Company under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956. On the basis of the

records produced, we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of such accounts and records.

- (ix) (a) According to the records, information and explanations provided to us, the Company is generally regular in depositing with appropriate authorities undisputed amount of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable to it and no undisputed amounts payable were outstanding as at 31st March, 2007 for a period of more than six months from the date they became payable;
- (b) There is no amount in respect of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.
- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and 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 any financial institution or bank.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities;
- (xiii) The Company is not a chit fund/nidhi/mutual benefit fund/society, therefore, clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended ) is not applicable.
- (xiv) The Company is not dealing in or trading in shares, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003, as amended is not applicable.
- (xv) The Company has given guarantee for loan taken by others, from banks. The terms and conditions whereof in our opinion are not prima facie prejudicial to the interest of the Company.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they 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 investment.
- (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 did not have any outstanding debentures during the year, therefore, clause 4 (xix) of Companies (Auditor's Report) Order, 2003 (as amended) is not applicable.
- (xx) The Company has not raised any money by public issues during the year, therefore clause 4 (xx) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable.
- (xxi) Based on the audit procedures performed and information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For R.N. SARAF & CO.  
Chartered Accountants**

**Place: New Delhi  
Date: 28.05.2007**

**R.N. SARAF, F.C.A.  
Membership No. 12439**

**MINDA INDUSTRIES LIMITED**  
**BALANCE SHEET AS AT 31st MARCH 2007**

		AS AT 31.03.2007 (Rupees)	AS AT 31.03.2006 (Rupees)
<b>SOURCES OF FUNDS</b>			
Shareholders' Funds			
a) Share Capital	1	135,050,640	135,050,640
b) Reserves and Surplus	2	394,634,972	287,462,599
Loan Funds			
a) Secured Loans	3	799,024,936	372,142,906
b) Unsecured Loans	4	339,317,173	319,427,133
<u>TOTAL</u>		<u>1,668,027,721</u>	<u>1,114,083,278</u>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets	5		
a) Gross Block		1,460,478,069	1,196,277,760
b) Less: Depreciation		603,702,355	472,712,725
c) Net Block		856,775,714	723,565,035
d) Capital Work in Progress		376,864,306	7,003,164
		<u>1,233,640,020</u>	<u>730,568,199</u>
Investments	6	60,039,608	36,189,608
Current Assets, Loans and Advances	7		
a) Inventories		244,763,994	157,125,194
b) Sundry Debtors		557,072,573	451,845,756
c) Cash and Bank Balances		25,969,331	11,339,013
d) Loans and Advances		159,544,909	172,944,472
		<u>987,350,807</u>	<u>793,254,435</u>
Less: Current Liabilities and Provisions	8		
a) Current Liabilities		495,013,907	323,944,858
b) Provisions		50,657,413	46,461,517
		<u>545,671,320</u>	<u>370,406,375</u>
Net Current Assets		<u>441,679,487</u>	<u>422,848,060</u>
Deferred Tax Liability		(67,382,000)	(75,682,000)
Miscellaneous Expenditure	9	50,606	159,411
<u>TOTAL</u>		<u>1,668,027,721</u>	<u>1,114,083,278</u>
Accounting Policies and Notes on Accounts	15		

As per our report of even date  
For **R. N. SARAF & CO.**  
CHARTERED ACCOUNTANTS

**R.N. SARAF, F.C.A**  
Membership No. 12439

**S.L. MINDA**  
Chairman

**NIRMAL K. MINDA**  
Managing Director

2659/2, Gurdwara Road,  
Karol Bagh, New Delhi - 110 005

Place : New Delhi  
Dated : 28.05.2007

**H.C. DHAMIJA**  
Vice President- Group A/cs,  
Taxation & Co. Secretary

**SUDHIR JAIN**  
Corp. Business Head

**MINDA INDUSTRIES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31ST MARCH 2007**

		YEAR ENDED 31.03.2007 (Rupees)	YEAR ENDED 31.03.2006 (Rupees)
<b>INCOME</b>	<b>SCHEDULE</b>		
Sale		4,441,276,840	3,065,823,818
Less: Excise Duty		<u>575,206,882</u>	<u>385,308,322</u>
		<b>3,866,069,958</b>	<b>2,680,515,496</b>
Other Income	10	<b>72,582,117</b>	53,574,359
		<u><b>3,938,652,075</b></u>	<u><b>2,734,089,855</b></u>
<b>EXPENDITURE</b>			
Material and Manufacturing	11	<b>3,007,430,245</b>	1,896,561,313
Personnel	12	<b>301,606,586</b>	265,058,096
Administrative and Selling	13	<b>229,864,932</b>	215,759,121
Financial	14	<b>50,989,142</b>	42,716,778
		<u><b>3,589,890,904</b></u>	<u><b>2,420,095,308</b></u>
<b>Cash Operating Profit</b>		<b>348,761,171</b>	313,994,547
Less:			
Depreciation		<b>135,100,782</b>	104,694,086
Preliminary Expenses		<b>108,805</b>	139,005
Share Issue Expenses		-	312,451
		<u><b>213,551,584</b></u>	<u><b>208,849,005</b></u>
<b>Profit before Tax</b>		<b>213,551,584</b>	208,849,005
Less : Provision - Income Tax		<b>79,000,000</b>	65,000,000
: Provision - Fringe Benefit Tax		<b>7,500,000</b>	6,600,000
: Deferred Tax Liability/(Assets)		<b>(8,300,000)</b>	7,700,000
: Short Provision of Income Tax / Wealth Tax		-	764
<b>Profit after Tax</b>		<u><b>135,351,584</b></u>	<u><b>129,548,241</b></u>
Add : Balance brought forward from last year		<u><b>185,845,133</b></u>	<u><b>129,321,565</b></u>
<b>Amount available for appropriation</b>		<b>321,196,717</b>	258,869,806
Less : Appropriation :			
- General Reserve		<b>40,000,000</b>	40,000,000
- Proposed Dividend			
On Preference Shares		<b>2,700,000</b>	2,700,000
On Equity Shares		<b>26,262,660</b>	26,262,660
- Corporate Dividend Tax		<b>4,922,204</b>	4,062,013
<b>Balance being Surplus carried to Balance Sheet</b>		<u><b>247,311,853</b></u>	<u><b>185,845,133</b></u>
Earning Per Share (Equity Shares, nominal value Rs. 10 each)			
Basic / Diluted ( Refer Schedule 15 B ( 8 ) )		<b>12.58</b>	12.04
Accounting Policies and Notes On Accounts	15		

As per our report of even date  
For **R. N. SARAF & CO.**  
CHARTERED ACCOUNTANTS

**R.N. SARAF, F.C.A**  
Membership No. 12439

2659/2, Gurdwara Road,  
Karol Bagh, New Delhi - 110 005

**Place : New Delhi**  
**Dated : 28.05.2007**

**S.L. MINDA**  
Chairman

**NIRMAL K. MINDA**  
Managing Director

**H.C. DHAMIJA**  
Vice President- Group A/cs,  
Taxation & Co. Secretary

**SUDHIR JAIN**  
Corp. Business Head

**MINDA INDUSTRIES LIMITED**  
**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET**  
**AS AT 31ST MARCH, 2007 AND PROFIT AND LOSS ACCOUNT FOR THE**  
**YEAR ENDED ON THAT DATE**

	<b>AS AT</b> <b>31.03.2007</b> <b>(Rupees)</b>	<b>AS AT</b> <b>31.03.2006</b> <b>(Rupees)</b>
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED:</b>		
15,000,000 Equity Shares of Rs.10 each.	<b>150,000,000</b>	150,000,000
3,000,000 Cumulative Redeemable Preference Shares of Rs 10 each	<b>30,000,000</b>	30,000,000
	<u><b>180,000,000</b></u>	<u>180,000,000</u>
<b>ISSUED AND SUBSCRIBED:</b>		
10,505,064 Equity Shares of Rs. 10 each fully paid up @	<b>105,050,640</b>	105,050,640
3,000,000, 9% Cumulative Redeemable Preference Shares of Rs.10 each fully paid up @@	<b>30,000,000</b>	30,000,000
	<u><b>135,050,640</b></u>	<u>135,050,640</u>
<p>@ Equity Shares Include</p> <p>(a) 1,233,330 Equity Shares of Rs. 10 each issued during the year 1994-95 pursuant to scheme of amalgamation without payment received in cash.</p> <p>(b) 392,832 Equity Shares of Rs 10 each as Bonus Shares allotted on 15.12.1995 by capitalisation of General Reserve and 5252532 equity shares of Rs.10/- each as bonus shares allotted on 31.03.2004 by capitalisation of Share Premium Account and General Reserve.</p> <p>(c) Reissue of forfeited 31,800 Equity Shares of Rs. 10 each on 27.10.1998.</p> <p>@@ 9% Preference Shares are redeemable in equal instalments in the year 2011, 2012 and 2013.</p>		
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>REVALUATION RESERVE:</b>		
As per last Balance Sheet	<b>6,026,922</b>	6,391,673
Less : Depreciation on revalued fixed assets.	<b>(364,751)</b>	(364,751)
	<u><b>5,662,171</b></u>	<u>6,026,922</u>
<b>CAPITAL RESERVE:</b>		
a) Capital profit on reissue of Equity Shares forfeited		
As per last Balance Sheet	<b>193,500</b>	193,500
b) Capital sales tax subsidy from Government of Haryana		
As per last Balance Sheet	<b>6,441,684</b>	1,997,673
Additions during the year	<b>6,070,404</b>	4,444,011
	<u><b>12,512,088</b></u>	<u>6,441,684</u>
	<u><b>12,705,588</b></u>	<u>6,635,184</u>
<b>GENERAL RESERVE:</b>		
As per last Balance Sheet	<b>88,955,360</b>	48,955,360
Add: Transferred from Profit and Loss Account	<b>40,000,000</b>	40,000,000
	<u><b>128,955,360</b></u>	<u>88,955,360</u>
<b>PROFIT AND LOSS ACCOUNT:</b>		
Surplus as per Profit and Loss Account	<b>247,311,853</b>	185,845,133
	<u><b>247,311,853</b></u>	<u>185,845,133</u>
	<u><b>394,634,972</b></u>	<u>287,462,599</u>

# MINDA INDUSTRIES LIMITED

	AS AT 31.03.2007 (Rupees)	AS AT 31.03.2006 (Rupees)
<b>SCHEDULE 3</b>		
<b>SECURED LOANS</b>		
From Banks		
Working Capital Loans	374,067,825	240,895,433
Term Loans	410,408,817	120,435,215
Vehicle Loans	14,548,294	10,812,258
	<b>799,024,936</b>	<b>372,142,906</b>

## NOTES:

1. a) Working Capital Loans from Canara Bank, Citi Bank N.A. and State Bank of India are secured by hypothecation of stock of raw materials, finished goods, semi finished goods, bills discounted with the bank and book debts on pari-passu basis.
- b) The Working Capital loans from Canara Bank, Citi Bank N.A. and State Bank of India are further secured by :-  
- Second charge on fixed assets of the Company on pari-passu basis with Small Industries Development Bank of India.  
- The Working Capital loans from Canara Bank and Citi Bank N.A. are further secured by personal guarantee of Mr. Nirmal K. Minda, Managing Director.
2. a) Term Loan from ICICI Bank Ltd is secured by way of first mortgage / charge, on pari-passu basis on Company's all assets including immovable properties (except land and building at B-73, Wazirpur Industrial area, Delhi and land and building at Gurgaon ) and movable properties both present and future.
- b) Term Loan from Canara Bank is secured by way of first mortgage / charge on pari-passu basis on company's all assets including immovable properties (except land and building at B-73, Wazirpur Industrial area, Delhi) and movable properties both present and future. This facility is further secured by second charge by hypothecation of current assets.
- c) Term Loan from State Bank of India is secured by way of first pari-passu charge on all present and future fixed assets (except land and building at B-73, Wazirpur Industrial Area, Delhi). Term loan from State Bank of India is further secured by hypothecation of all the goods, book debts and other movable assets of the Company on pari-passu basis.
- d) Term Loan from ICICI Bank Ltd. and Canara Bank are also personally guaranteed by Mr. Nirmal K. Minda, Managing Director.
3. Vehicle Loans from banks are secured by hypothecation of assets financed by them.
4. Term Loans/Vehicle Loans payable within one year
 

Term Loans	100,000,000	43,333,333
Vehicle Loans	2,621,674	4,426,655

## SCHEDULE 4

<b>UNSECURED LOANS</b>		
From other than banks		
- Directors		6,001,181
- Companies	42,733,228	42,974,681
- Customers / Trade Deposits	136,007,045	102,075,682
- Others	-	3,500,689
Interest Free Sales Tax Deferred Liability @	142,724,900	142,724,900
Fixed Deposits		
- from Director(s)	2,500,000	5,000,000
- from Others	15,352,000	17,150,000
	<b>339,317,173</b>	<b>319,427,133</b>
Fixed Deposits repayable with in one year @ Repayment will start from the year 2011	<b>12,279,000</b>	<b>12,160,000</b>

# MINDA INDUSTRIES LIMITED

## SCHEDULE 5

### FIXED ASSETS

(Amount in Rupees)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 31.03.2006	ADDITIONS/ TRANSFER	SALES/ TRANSFER	AS AT 31-03-2007	UP TO 31.03.2006	FOR THE YEAR	ON SALE/ WRITE OFF	UP TO 31-03-2007	AS AT 31-03-2007	AS AT 31-03-2006
<b>TANGIBLE ASSETS</b>										
LAND										
-LEASEHOLD	41,129,144	37,140,444		<b>78,269,588 @</b>		1,348,835 @@@@		<b>1,348,835</b>	<b>76,920,753</b>	41,129,144
-FREEHOLD	15,173,139			<b>15,173,139 @</b>					<b>15,173,139</b>	15,173,139
BUILDING	195,169,023	5,713,855		<b>200,882,878 @</b>	30,575,938	7,054,734 @@		<b>37,630,672 @@@</b>	<b>163,252,206</b>	164,593,085
PLANT AND MACHINERY	684,533,087	206,542,947	3,477,097	<b>887,598,937</b>	341,909,913	100,804,676	2,499,109	<b>440,215,481</b>	<b>447,383,456</b>	342,623,174
ELECTRIC FITTING	41,488,239	432,217		<b>41,920,456</b>	6,869,401	1,974,132		<b>8,843,533</b>	<b>33,076,923</b>	34,618,838
FURNITURE AND FITTINGS	15,147,994	735,314		<b>15,883,308</b>	7,685,686	942,314		<b>8,628,000</b>	<b>7,255,308</b>	7,462,308
OFFICE EQUIPMENT	63,389,518	6,074,679	82,200	<b>69,381,997</b>	32,070,839	6,749,005	14,754	<b>38,805,090</b>	<b>30,576,907</b>	31,318,679
VEHICLES	50,762,564	17,360,257	7,252,805	<b>60,870,016</b>	8,779,749	5,633,930	1,962,040	<b>12,451,639</b>	<b>48,418,377</b>	41,982,815
<b>INTANGIBLE ASSETS</b>										
TRADE MARKS	187,268			<b>187,268</b>				-	<b>187,268</b>	187,268
COMPUTER SOFTWARE	89,297,784	1,012,698		<b>90,310,482</b>	44,821,198	10,957,907		<b>55,779,105</b>	<b>34,531,377</b>	44,476,586
<b>SUB TOTAL</b>	<b>1,196,277,760</b>	<b>275,012,411</b>	<b>10,812,102</b>	<b>1,460,478,069</b>	<b>472,712,725</b>	<b>135,465,533 @@</b>	<b>4,475,903</b>	<b>603,702,355 @@@</b>	<b>856,775,714</b>	<b>723,565,035</b>
<b>CAPITAL WORK-IN-PROGRESS</b>										
-- BUILDING/ELECTRIC FITTINGS		187,807,418		<b>187,807,418</b>	-	-		-	<b>187,807,418</b>	
-- PLANT AND MACHINERY	5,886,046	118,781,096	5,886,046	<b>118,781,096</b>	-	-		-	<b>118,781,096</b>	5,886,046
-- FURNITURE & FITTINGS		4,190,481		<b>4,190,481</b>		14,057		<b>14,057</b>	<b>4,176,424</b>	
-- OFFICE EQUIPMENTS		4,376,702		<b>4,376,702</b>		316,859		<b>316,859</b>	<b>4,059,843</b>	
-- VEHICLES		2,731,337		<b>2,731,337</b>		79,376		<b>79,376</b>	<b>2,651,961</b>	
-- TECHNICAL KNOW HOW		12,421,164		<b>12,421,164</b>		-		-	<b>12,421,164</b>	
-- PROJECT EXPENSES PENDING CAPITALISATION / ALLOCATION (Annexure 5 A)	1,117,118	45,872,350	23,068	<b>46,966,400</b>	-	-		-	<b>46,966,400</b>	1,117,118
<b>SUB TOTAL</b>	<b>7,003,164</b>	<b>376,180,548</b>	<b>5,909,114</b>	<b>377,274,598</b>		<b>410,292 @@@@</b>		<b>410,292</b>	<b>376,864,306</b>	<b>7,003,164</b>
<b>GRAND TOTAL</b>	<b>1,203,280,924</b>	<b>651,192,959</b>	<b>16,721,216</b>	<b>1,837,752,667</b>	<b>472,712,725</b>	<b>135,875,825 @@</b>	<b>4,475,903</b>	<b>604,112,647 @@@</b>	<b>1,233,640,020</b>	<b>730,568,199</b>
PREVIOUS YEAR FIGURES	1,063,967,713	144,814,090	5,500,879	1,203,280,924	370,779,282	105,058,837 @@	3,125,394	472,712,725 @@@	730,568,199	693,188,431

@ Includes Rs. 9638075/- for land and Rs. 10920709/- for building on account of revaluation.

@@ Includes Rs. 364751/- (last year Rs.364751/-) in respect of depreciation on revalued Fixed Assets.

@@@ Includes Rs. 4741766/- (last year Rs.4377015/-) in respect of accumulated Depreciation on revalued Fixed Assets.

@@@@ Includes Rs.1130105/- towards amortisation in respect of leasehold land ,relating to earlier years.

@@@@@ Depreciation on project assets has been capitalised.

# MINDA INDUSTRIES LIMITED

## ANNEXURE 5A

	AS AT 31.03.2007 (Rupees)	AS AT 31.03.2006 (Rupees)
<b>PROJECT EXPENSES PENDING CAPITALISATION / ALLOCATION</b>		
<b>PERSONNEL</b>		
Salaries, Wages and Bonus	9,140,714	141,640
Contribution to Provident and other funds	762,176	23,533
Recruitment	304,695	-
Welfare	<u>1,293,848</u>	<u>-</u>
	<b>11,501,433</b>	<b>165,173</b>
<b>ADMINISTRATIVE AND SELLING</b>		
Rates and Taxes	13,772	720
Printing and Stationery	164,644	-
Travelling and Conveyance	10,340,748	382,037
Lease Rent	554,293	-
Communication Expenses	660,969	5,262
Legal and Professional	3,725,438	457,560
Insurance	256,871	2,310
General Charges	2,082,315	104,056
Testing Expenses	45,982	-
Books and Periodicals	128,092	-
Repairs to:		
Others	47,199	-
Pollution Control Expenses	260,000	-
Sales Promotion/Advertisement	65,787	-
Freight and Forwarding	5,663	-
Software Charges	<u>6,300</u>	<u>-</u>
	<b>18,358,073</b>	<b>951,945</b>
<b>FINANCIAL</b>		
Banks and Financial Institutions		
Interest on		
- Term Loans	14,497,719	-
Financial Charges	<u>1,104,833</u>	<u>-</u>
	<b>15,602,552</b>	<b>-</b>
<b>DEPRECIATION</b>		
	<u>410,292</u>	<u>-</u>
	<b>45,872,350</b>	<b>1,117,118</b>
Add: Expenses brought forward from previous year	<b>1,117,118</b>	<b>-</b>
Less: Allocation during the year	<b>(23,068)</b>	<b>-</b>
Balance pending Capitalisation/Allocation	<u><b>46,966,400</b></u>	<u><b>1,117,118</b></u>

# MINDA INDUSTRIES LIMITED

	AS AT 31.03.2007 (Rupees)	AS AT 31.03.2006 (Rupees)
<b>SCHEDULE 6</b>		
<b>INVESTMENTS</b>		
(at cost - unquoted-other than trade - long term)		
23,85,000 Equity Shares of Fiamm Minda Automotive Ltd @ Rs. 10/- each*	23,850,000	-
1430,492 Equity Shares of Minda Autogas Ltd. (Formerly known as Minda Impco Ltd), @ Rs 10/- each fully paid-up.*	14,304,920	14,304,920
1300000 Equity Shares of Minda Fiamm Acoustics Ltd. @ Rs 10/- each fully paid-up.*	13,000,000	13,000,000
20250 Equity Shares of P.T. Minda Asean Automotive (Indonesia) @ US\$ 10/- each fully paid-up.	8,884,688	8,884,688
	<b>60,039,608</b>	<b>36,189,608</b>

\* Companies under the same management.

## SCHEDULE 7

### CURRENT ASSETS, LOANS AND ADVANCES

#### a) Inventories

(As taken, valued and certified by the Management)

Loose Tools	165,000	165,000
Raw Materials	144,675,407	73,646,965
Finished Goods @	18,150,476	19,923,709
Work in Progress	31,440,025	34,591,723
Stores and Spares	15,230,009	3,200,831
Material in Transit	35,103,077	25,596,966
	<b>244,763,994</b>	<b>157,125,194</b>

@ includes in Transit

#### b) Sundry Debtors (Unsecured)

- Outstanding for a period exceeding  
six months :

- Considered Good	4,571,409	12,488,589
- Considered Doubtful	1,899,193	942,640
- Other Debts		
- Considered Good	552,501,164	439,357,167
	<b>558,971,766</b>	<b>452,788,396</b>

Less : Provision for Doubtful Debts

(1,899,193)	(942,640)
<b>557,072,573</b>	<b>451,845,756</b>

#### c) Cash and Bank Balances

Cash in hand/imprest	2,153,069	1,888,756
Cheques/drafts in hand	3,512,652	11,106
Silver coins @	83,228	75,698
With Scheduled Banks		
-In current accounts @@	9,937,446	2,491,921
-In deposit accounts @@@	10,282,936	6,871,532
	<b>25,969,331</b>	<b>11,339,013</b>

@ Coins in numbers

@@ Includes unclaimed dividend account

@@@ Includes accrued interest

@@@ Includes Fixed Deposits:-

- Pledged with banks for issue of bank guarantee and margin money for issue of Letter of Credit etc.	7885192	4710500
- Pledged with Sales Tax Department as security	6,962	6,962

# MINDA INDUSTRIES LIMITED

**AS AT  
31.03.2007  
(Rupees)**

**AS AT  
31.03.2006  
(Rupees)**

**d) Loans and Advances**

(Unsecured, considered good unless otherwise stated)

Advances recoverable in cash or  
in kind or for value to be received:

- Considered Good	130400126	151037297
- Considered Doubtful	238900	22837
Less: Provision for Doubtful Advances	(238900)	(22837)
	130400126	151037297

Balance with Excise Authorities	16340922	12838211
Income Tax @	761753	-
Security Deposits with		
- Government Authorities	4883084	2521840
- others @@	7159024	6547124
	159544909	172944472

**Sundry Debtors and Loans & Advances**

Includes - Amount due from Companies  
under the same management

- Mindarika Pvt. Ltd	2602492	3857553
- Minda Autogas Ltd.	11822320	5971847
- Minda Fiamm Acoustic Ltd.	27507677	37639966
- Fiamm Minda Automotive Ltd.	10011978	14922460

Maximum Balance outstanding during the year

- Mindarika Pvt. Ltd.	6164707	8202824
- Minda Autogas Ltd.	42925214	6740750
- Minda Fiamm Acoustic Ltd.	39213335	50991330
- Fiamm Minda Automotive Ltd.	15121270	43098736

@ Net of Provision

@@ Includes - the amount towards security deposit with  
Minda Industries Firm in which Mr. S.L.Minda, Chairman and  
Mr. Nirmal K. Minda, Managing Director are partners.

60000

60000

**SCHEDULE 8**

**CURRENT LIABILITIES AND PROVISIONS**

**Current Liabilities**

Acceptances	35047856	22325280
Sundry Creditors @	417877878	274982484
Customers at Credit	385188	19290
Unclaimed Dividend	594527	460585

# MINDA INDUSTRIES LIMITED

## SCHEDULE 8 CONTD.

	AS AT 31.03.2007 (Rupees)	AS AT 31.03.2006 (Rupees)
Interest Accrued but not due on		
-Term Loan from Bank	214363	227986
- Fixed Deposits	1514935	2024309
Other Liabilities	39379160	23904924
	<b>495013907</b>	<b>323944858</b>
<b>Provisions</b>		
Gratuity Opening Balance	1068242	1697944
Additions	16267254	3391402
Payments	11895038	4021104
	<b>5440458</b>	<b>1068242</b>
Leave Encashment		
Opening Balance	5165869	4746566
Additions	9958247	2820389
Payments	5328544	2401086
	<b>9795572</b>	<b>5165869</b>
Wealth Tax (Net of Payment)	370519	431680
Income Tax (Net of Payment)	-	6667453
Fringe Benefit Tax (Net of Payment)	1166000	103600
Proposed Dividend		
- On Preference Shares	2700000	2700000
- On Equity Shares	26262660	26262660
Corporate Dividend Tax	4922204	4062013
	<b>50657413</b>	<b>46461517</b>
	<b>545671320</b>	<b>370406375</b>
@ Includes due to small scale industrial undertakings.	<b>55662067</b>	<b>68392836</b>

-The names of the small scale industrial undertakings where the balance outstanding for more than 30 days are:

Aditi Polymers Pvt. Ltd., Affy India Pvt. Ltd., Anmol Udyog, Air Transmission Control, Authentic Engineers, Accurate Engineering Works, Accumeasure Tools, Atharva Associates, Accura Enterprises, Ashok Plastic Industries, Anant Enterprises, Belcon Engineers P. Ltd., Bhat Metal Research Pvt. Ltd., Bright Engineers, Box Print, Bkg Automotive Pvt. Ltd., Century NF Casting, Diksha Udyog, Deusch Mediquip Pvt. Ltd., Dynamic Engineers, Essar Enterprises, Essar Tools, Everest Agencies, Elektronika Sales Corporation, Ganesh Industries, Grace Enterprises, G.M. Die Casting Pvt. Ltd., GI Auto Pvt. Ltd., Gee Vee Fab, Glowlite Industries, JMC Automotive Components Pvt. Ltd., Jyoti Rubber Industries, JBJ Machinery Tec P.Ltd., Jyoti Rubber Industries, Jaycee Industries, Karnataka Plascom Eng. Pvt. Ltd., Kuber Enterprises, Kanta Enterprises, Kumar Elastomech Pvt. Ltd., Khanna Traders, Monee Automats, Motherson Tools, Micro Screw Mfg. Co. Pvt. Ltd., Metalman Auto Pvt. Ltd., MKL Enterprises, Mohindera Products, Naini Exports, Neeral Industries, Nobel Circuits, Narayan Industries, Omkar Udyog, Om Engineers, Premier Sealing Products, Premier Pin ind., Paradise Metals. Pune Industrial Distributors Pvt. Ltd., Pavitra Advertising Agencies, Plast Alloys India Ltd., PSA Polymers Ltd., Riya Electrodes Pvt. Ltd., Rajdeep Automation Pvt.Ltd., Sree Visalam Industries, Sam Mfg. Pvt. Ltd., SBR Auto Components Pvt. Ltd., Soni Industries, Suman Auto Parts Pvt. Ltd., Suntex Universal, Shankar Moulding Pvt. Ltd., S.N. Casting Pvt. Ltd., Sumitron Exports Pvt. Ltd., Sanil Enterprises, Shiv Shakti Automates, Saileen Technocrats, Solar Die Casting, S&T Engineers, Sai Tech Controls, Surya Marketing Corporation, Sealex Enterprises, Siddharth Plasto Swastic Industries, Technocrat Connectivity Systems Pvt. Ltd., TKW Fastners, Toshee Industries, Triple a Wirelinks, Tej Plastics, Trimurti Plast Comp Pvt. Ltd., Trade Syndicate, Technomech Engineering Sales and Services, Twin Engineers Pvt. Ltd., V.K. Plastic, Veko Enterprises, Vidhya Engineering Works, Vedant Engineering, Yash Enterprises.

- These amounts are not due for payment as per the terms and conditions of Purchase Order/Contract.

-The above information regarding small scale industrial undertakings have been determined to the extent such parties have been identified on the basis of information available with the Company.

# MINDA INDUSTRIES LIMITED

AS AT  
31.03.2007  
(Rupees)

AS AT  
31.03.2006  
(Rupees)

## SCHEDULE 9

### MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Preliminary Expenses

50606

159411

50606

159411

## SCHEDULE 10

### OTHER INCOME

Interest

- from Banks

691128

364140

- from Others

286722

264652

Rental

12375444

7008000

Gain on Sale of Fixed Assets

109988

397105

Export Benefits

4749301

24446678

Service Income

14936547

19946731

Royalty

37866112

424255

Miscellaneous

1566875

722798

72582117

53574359

### Tax Deducted at Source :

Interest

196259

125118

Rent

2692800

1572595

Service Income

3138579

1145979

Royalty

2637245

-

## SCHEDULE 11

### MATERIAL AND MANUFACTURING

Raw Material Consumed

2845299087

1686386368

Stores and Spares

78655731

154128506

Power and Fuel

79058965

78860901

3003013783

1919375775

**Add (Less) Decrease (Increase) in  
Finished Goods and Work in Progress**

### Stock at beginning

- Finished Goods

19923709

13873233

- Work in Progress

34591723

17455177

54515432

31328410

- Less: Excise Duty

2829149

2456589

Net Opening Stock

51686283

28871821

### Stock at Close

- Finished Goods

18150476

19923709

- Work in Progress

31440025

34591723

49590501

54515432

- Less: Excise Duty

2320680

2829149

Net Closing Stock

47269821

51686283

**Decrease (Increase)**

4416462

(22814462)

3007430245

1896561313

# MINDA INDUSTRIES LIMITED

AS AT  
31.03.2007  
(Rupees)

AS AT  
31.03.2006  
(Rupees)

## SCHEDULE 12

### PERSONNEL

Salaries, Wages and Bonus @	231622806	210757934
Contribution to Provident and other Funds	22776953	18988122
Gratuity	6942226	173733
Recruitment	1525730	2450016
Welfare	38738871	32688291
	<b>301606586</b>	<b>265058096</b>

@ Net of Recovery

## SCHEDULE 13

### ADMINISTRATIVE AND SELLING

Rent	17807449	15837608
Rates and Taxes	276108	950693
Printing and Stationery	9611678	12795685
Travelling and Conveyance @	61330189	58326207
Lease Rent	1668454	2049098
Communication Expenses @	10046712	10393719
Legal and Professional	13579804	10316285
Insurance	5738805	5199715
General Charges @@	12040388	10020295
Debts/Amount Written off	762985	170344
Provision for Doubtful Debts/Amounts	1172616	46752
Testing Expenses	3802044	3942078
Books and Periodicals	2580198	1902099
Repairs to:		
Building	3962967	4836427
Plant and Machinery	16845677	15959893
Others	10638426	12524262
Pollution Control Expenses	731337	409469
Research and Development	4761428	5596566
Sales Promotion/Advertisement	7472389	11892598
Royalty	3801626	1876687
Discount and Commission	40550	44717
Freight and Forwarding	30246208	25143655
Donation	1077588	1205551
Wealth Tax	350000	300000
Sales Tax/Turnover Tax	6196398	2903963
Loss on sale of Fixed Assets	3322908	1114755
	<b>229864932</b>	<b>215759121</b>

@ Net of Recovery

@@ Includes Penalty

Includes for Earlier Year

**67770**

**229243**

112740

535389

## SCHEDULE 14

### FINANCIAL

#### Banks and Financial Institutions

Interest on		
- Term Loans	18054764	11078439
- Working Capital Loans	19987772	18672602
Financial Charges	2524689	1542957

#### Other than Banks and Financial Institutions

Interest on		
- Working Capital Loans	988857	1486949
- Fixed Deposits	1816350	2326314
- Other Loans	7616710	7609517
	<b>50989142</b>	<b>42716778</b>

# MINDA INDUSTRIES LIMITED

AS AT  
31.03.2007  
(Rupees)

AS AT  
31.03.2006  
(Rupees)

## SCHEDULE 12

### PERSONNEL

Salaries, Wages and Bonus @	231622806	210757934
Contribution to Provident and other Funds	22776953	18988122
Gratuity	6942226	173733
Recruitment	1525730	2450016
Welfare	38738871	32688291
	301606586	265058096

@ Net of Recovery

## SCHEDULE 13

### ADMINISTRATIVE AND SELLING

Rent	17807449	15837608
Rates and Taxes	276108	950693
Printing and Stationery	9611678	12795685
Travelling and Conveyance @	61330189	58326207
Lease Rent	1668454	2049098
Communication Expenses @	10046712	10393719
Legal and Professional	13579804	10316285
Insurance	5738805	5199715
General Charges @@	12040388	10020295
Debts/Amount Written off	762985	170344
Provision for Doubtful Debts/Amounts	1172616	46752
Testing Expenses	3802044	3942078
Books and Periodicals	2580198	1902099
Repairs to:		
Building	3962967	4836427
Plant and Machinery	16845677	15959893
Others	10638426	12524262
Pollution Control Expenses	731337	409469
Research and Development	4761428	5596566
Sales Promotion/Advertisement	7472389	11892598
Royalty	3801626	1876687
Discount and Commission	40550	44717
Freight and Forwarding	30246208	25143655
Donation	1077588	1205551
Wealth Tax	350000	300000
Sales Tax/Turnover Tax	6196398	2903963
Loss on sale of Fixed Assets	3322908	1114755
	229864932	215759121
@ Net of Recovery		
@@ Includes Penalty	67770	112740
Includes for Earlier Year	229243	535389

## SCHEDULE 14

### FINANCIAL

#### Banks and Financial Institutions

Interest on		
- Term Loans	18054764	11078439
- Working Capital Loans	19987772	18672602
Financial Charges	2524689	1542957

#### Other than Banks and Financial Institutions

Interest on		
- Working Capital Loans	988857	1486949
- Fixed Deposits	1816350	2326314
- Other Loans	7616710	7609517
	50989142	42716778

# MINDA INDUSTRIES LIMITED

## SCHEDULE-15

### ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

#### A) ACCOUNTING POLICIES

##### 1. ACCRUAL SYSTEM OF ACCOUNTING

- a) The Company prepares its accounts on accrual basis, except otherwise stated, in accordance with normally accepted accounting principles.

##### 2. FIXED ASSETS

- a) Fixed Assets except revalued assets are stated at cost of acquisition inclusive of duties, taxes, incidental expenses, erection/ commissioning expenses, pre operative expenses etc. (net of Cenvat benefit availed of excise duty, cess, countervailing duty on imported capital goods, and vat/sales tax set off availed, wherever applicable) upto the date, the assets are put to use. Increase or decrease in long term liabilities on account of exchange rate fluctuations has been adjusted in the cost of fixed assets.

##### 3. DEPRECIATION

- a) Depreciation on fixed assets is provided
  - On Plant and Machinery on Written Down Value Method.
  - On other fixed assets on Straight Line Method at the rates and in the manner specified in Schedule XIV in the Companies Act, 1956.
  - On Computer Software on straight-line method at the rate of 16.21 percent.
  - Leasehold land and lease hold improvements are amortized over the period of lease.

During the year, except of items for which hundred percent depreciation rates are applicable, depreciation on assets added/disposed off during the year has been provided on pro rata basis with reference to the month of addition or disposal.

- b) Trade Mark is not being amortised.

##### 4. IMPAIRMENT OF ASSETS

An impairment loss is recognized whenever the carrying amount of an asset is in excess of its recoverable amount and same is recognized as an expense in the statement of profit and loss account of the assets is reduced to its recoverable amount.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that

the impairment losses recognized for the asset no longer exist or have decreased.

##### 5. INVESTMENTS

- a) Long term investments are valued at cost. Current Investments are valued at cost or fair market value whichever is lower. Provision for permanent diminution in the value of Long Term Investments, if any, is based on perception of the management of the Company.

##### 6. INVENTORIES

- a) Raw material (including packing material), Finished Goods and Work-in-Progress are valued at lower of cost (FIFO basis) or net realizable value. Cost of work in Progress and Finished Goods include manufacturing overheads and Excise duty wherever applicable.
- b) "Stores and Spares" and "Material in Transit" is valued at cost.

##### 7. SALES

- a) Sales comprise amounts invoiced for goods sold inclusive of excise duty, cess, but net of sales tax /VAT and returns/rejections.
- b) Sales includes sale of own products, job work, scraps, tools, dies and moulds and consumable material.

##### 8. GOVERNMENT GRANTS

- a) Grants relating to fixed assets are shown as Deferred Government Grant and those of the nature of Capital Subsidy are credited to Capital Reserve.
- b) Other Government Grants are credited to Profit and Loss Account or deducted from the related expenses.

##### 9. BORROWING COST

- a) Borrowing costs directly attributable to the acquisition or construction of fixed assets are capitalized as part of the cost of the assets upto the date each asset is put to use. All other borrowing costs are charged to revenue.

##### 10. RESEARCH AND DEVELOPMENT

- a) Revenue expenditure incurred on research and development is charged to Profit and Loss Account in respective account heads.
- b) Capital expenditure incurred on research and development activity is included in fixed assets and depreciated at applicable rates.

##### 11. FOREIGN CURRENCY TRANSACTIONS

- a) Investments in foreign entities are recorded at the exchange rate prevailing on the date of making the investments.

# MINDA INDUSTRIES LIMITED

- b) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction.
- c) Foreign currency loans are covered by forward exchange contracts that are translated at the rate prevailing on the date of transaction as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transaction, such difference having been recognized over the life of the contract.
- d) In the case of liabilities incurred for the acquisition of fixed assets, the loss or gain on conversion (at the rate prevailing at the year end or at the forward rate where forward cover has been taken) is included in the carrying amount of the related fixed assets.
- e) Current Assets and Liabilities (other than those relating to fixed assets and investments) are restated at the rates prevailing at the year end or at the forward rate where forward cover has been taken. The difference between exchange rate at the year end and at the date of the transaction is recognized as income or expense under the respective heads of account in Profit and Loss Account. In respect of transactions covered by forward exchange contracts, the difference between the contract rate and the rate on the date of the transaction is recognized as income or expense under the respective heads of accounts in the Profit and Loss Account over the life of the contract.

## 12. REPRESENTATIVE OFFICES

In translating the financial statements of representative offices, the monetary assets and liabilities are translated at the rate prevailing in the Balance Sheet date; non-monetary assets and liabilities are translated at exchange rate prevailing at the date of transaction and income and expense items are converted at the respective monthly average rate.

## 13. CUSTOM AND EXCISE DUTY

- a) Custom duty on material and machinery lying in bond and in transit is accounted for at the time of clearance thereof.
- b) Excise Duty has been accounted on the basis of both payments made in respect of goods

cleared as also provision made for goods lying in bonded warehouse.

## 14. RETIREMENT BENEFITS

- a) The payment for present liability of future payment of gratuity is being made to approved gratuity fund, which fully covers the same under the policy of Life Insurance Corporation of India.
- b) Provision for Leave Encashment benefits have been made on the basis of actuarial valuation.
- c) Retirement benefits in the form of Provident Fund and Superannuation Schemes are charged to Profit and Loss Account for the year when the contributions to the respective funds are due.

## 15. PRELIMINARY EXPENSES/SHARE ISSUE EXPENSES

- a) Preliminary expenses/Share Issue are amortised over a period of 5 years.

## 16. LIABILITIES

- a) All liabilities are provided for in the accounts except liabilities of a contingent nature, which are disclosed in the notes on accounts.

## 17. TAXATION

- a) The provision for income tax for the year is based on the assessable profit as computed in accordance with the Income Tax Act, 1961/Income Tax Rules, 1962.
- b) The provision for fringe benefit tax is based on fringe benefits provided during the year computed in accordance with chapter XII-H of the Income Tax Act, 1961.
- c) Deferred tax is recognized subject to consideration, of prudence on timing differences, being the difference between Taxable income and accounting income that originate in one period and capable of reversal in one or more subsequent periods.

## 18. ACCOUNTING STANDARDS

- a) The accounts have been prepared in compliance with the applicable Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956.

# MINDA INDUSTRIES LIMITED

## B) NOTES ON ACCOUNTS

1. Contingent liabilities not provided for in the books of accounts are:  
Bank Guarantee Rs. 382.40 Lacs (Previous Year Rs. 153.10 Lacs); Central Excise Rs. 1.84 Lacs (Previous Year 24.40 Lacs); Income Tax Rs. Nil (Previous Year Rs. 4.39 Lacs); Bills Discounting Rs.1001.58 Lacs (Previous Year Rs. 846.54 Lacs) and Others Rs.15.15 Lacs (Previous Year Rs. 11.48 Lacs).
2. The estimated amount of contracts remaining to be executed as capital account not provided for Rs. 1569.92 Lacs (Previous year Rs. 422.71 Lacs).
3. a) The Director, Town and Country Planning, Chandigarh has issued a demand Notice of Rs. 37.93 Lacs towards revised CLU charges for the land situated at Village Nawada Fatehpur, P.O. Sikenderpur Badda, Gurgaon, Haryana. The Company has filed Special Leave Petition with Hon'ble Supreme Court of India, in which leave has been granted and the company has deposited Rs. 9.50 Lacs shown under the head "Loan and Advances".  
b) The export obligation pending till the end of the year was of Rs.4225.24 Lacs (Previous Year Rs. 845.40 Lacs) to be fulfilled in the subsequent years.  
c) Corporate Guarantee provided by the Company aggregate to Rs.2250 Lacs (Previous Year Rs. 2250 Lacs).
4. The Company has availed sales tax incentives for its unit at Gurgaon, Haryana, from the Government of Haryana as sales tax capital subsidy amounting to Rs.125.12 Lacs as at 31.03.2007 (Previous Year Rs. 64.42 Lacs). In accordance with Scheme of Government of Haryana for Development of Industries, the amount may be refundable to the Government, if specified conditions are not fulfilled, within the prescribed time.
5. Export benefits included the benefits on Export Sale of Company's products made by third party.
6. The Company is engaged in the business of manufacturing of automotive parts and accessories and there are no separate reportable segments as per Accounting Standard-17 "Segment Reporting" issued by the Institute of Chartered Accountants of India.

## 7. Related Party Disclosure:

Related party disclosures as required under Accounting Standard -18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given below: -

### a) Relationship:

#### i) Joint Ventures:

Fiamm Minda Automotive Ltd.

Mindarika Pvt. Ltd.

Minda TYC Automotive Ltd.

Minda Fiamm Acoustic Ltd.

#### ii) Key Management Personnel: Mr. Nirmal K. Minda, Managing Director:

##### Relatives of Key Management Personnel:

S.L. Minda (Father), Savitri Devi Minda (Mother), Suman Minda (Wife), Paridhi Minda Jindal (Daughter), Vivek Jindal (Daughter's Husband), Palak Minda (Daughter), Ashok Minda (Brother), Sarika Minda (Brother's wife), Rekha Bansal (Sister), Rajesh Bansal (Sister's Husband)

#### iii) Other Entities over which Key Management Personnel is able to exercise significant influence.

ASM Exim Pvt. Ltd., Minda Sai Ltd., Minda Corporation Ltd., Minda Stoneridge Instruments Ltd., Mars Industries Pvt. Ltd., Minda Investments Ltd., Minda Autogas Ltd., Minda Engineering Services Ltd., Minda Industries (Firm), Nirmal K. Minda (HUF), PT. Minda Asean Automotive., S.L. Minda and Sons (HUF), Shree Aumji Infrastructure & Projects Pvt. Ltd., Shree Aumji Developers Pvt. Ltd., Shree Aumji Real Estates Pvt. Ltd., Unitech Sai Pvt. Ltd.

# MINDA INDUSTRIES LIMITED

b) The following transactions were carried out with related parties in the ordinary course of business:

(Rs. in Lacs)

Particulars	Joint Venture Company		Entities over which Key Personnel is able to exercise significant influence		Key Management Personnel and Relatives	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
Sale of finished & other goods	178.77	153.76	848.78	2142.20	NIL	NIL
Purchase of raw materials, finished goods and spare parts	683.88	70.84	55.39	179.67	NIL	NIL
Purchase of Fixed Assets	0.13	NIL	15.82	NIL	NIL	NIL
Amount due from	401.22	623.92	NIL	NIL	NIL	NIL
Expenses recovered	90.13	119.33	94.10	NIL	NIL	NIL
Services rendered	114.37	208.98	NIL	83.29	NIL	NIL
Rent received	60.00	54.35	60.00	NIL	NIL	NIL
Rent paid	NIL	NIL	124.43	118.70	24.00	24.00
Interest paid	12.88	12.64	0.19	1.83	2.70	4.08
Guarantees given	NIL	250.00	NIL	NIL	NIL	NIL
Royalty paid	0.65	0.90	NIL	NIL	NIL	NIL
Security deposited	NIL	NIL	NIL	50.00	NIL	NIL
Dividend Paid on Equity Shares Capital	NIL	NIL	72.35	72.35	101.79	101.79
Dividend paid on 9% Cum. Redeemable Pref. Share Capital	NIL	NIL	2.84	2.84	7.38	7.38
Equity Share Application money paid	NIL	238.50	NIL	NIL	NIL	NIL
Investment in shares	238.50	130.00	NIL	NIL	NIL	NIL
Credit Balance outstanding at the end of the year:						
- Fixed Deposits	NIL	NIL	NIL	13.11	44.00	76.02
-Unsecured Loans	153.06	143.07	NIL	NIL	NIL	95.02

## Note(s)

- 1) The above amount of salary does not include the amount of remuneration paid to Mr. Nirmal K. Minda, Managing Director, which has been disclosed in the Notes to the Accounts.
- 2) Personal Guarantees furnished by Mr. Nirmal K. Minda, Managing Director, in respect of Loans availed by the Company from banks have been disclosed in the Schedule to the Accounts.

# MINDA INDUSTRIES LIMITED

8. Earnings Per Share (E.P.S.) computed in accordance with Accounting Standard 20, issued by the Institute of Chartered Accountants of India.

(Rs. in Lacs)

Particulars	As at 31.03.2007	As at 31.03.2006
Profit for the year after Taxation, as per Profit and Loss Account	1353.52	1295.48
Less: Dividend on 9% Cumulative Redeemable Preference Shares and Tax thereon	31.59	30.79
Profit after Preference Dividend	1321.93	1264.69
Weighted average number of Equity Shares (in Nos.)	10505064	10505064
Basic and Diluted Earnings per Share in Rupees (Face value Rs. 10 per share) (In Rupees)	12.58	12.04

9. The Company has recognized the cumulative net deferred tax liability in accordance with the provisions of Accounting Standard-22, issued by the Institute of Chartered Accountants of India.

Following are the major components of deferred tax assets/(liabilities):

(Rs. in Thousand)

S. No.	Particulars	As at 31.03.2007	As at 31.03.2006
i	Difference between book and tax depreciation	(48028)	(54171)
ii	Provision for gratuity and leave encashment	8218	5188
iii	Other deferred Tax Assets (liabilities)	(27572)	(26699)
iv	Total deferred Tax Assets (Liability)	(67382)	(75682)

### ADDITIONAL INFORMATION FOR THE YEAR 2006-07

PARTICULARS	THIS YEAR (Rupees)	LAST YEAR (Rupees)
10 Managerial Remuneration		
- Salary and allowances	5,760,000	5,760,000
- Contribution to Provident Fund and another Funds	432,000	432,000
- Medical and Other expenses	389,400	341,447
11 Provision and/or payment in respect of auditors' remuneration		
- For Audit	300,000	300,000
- For Tax Audit	50,000	50,000
- For Consultancy	60,000	60,000
- For Certification/Tax Assessment	50,000	50,000
- Out of Pocket Expenses	75,000	75,000
12 Information pursuant to paragraph 3 and 4 of Part II of Schedule VI of the Companies Act, 1956 (As far as applicable)		
A) MANUFACTURING OPERATION		
i) LICENCED CAPACITY	N.A.	N.A.
ii) INSTALLED CAPACITY (Nos. in lacs) @		
(On Single Shift basis)		
Switches	785	785
Head Lamps and Tail Lamps	125	95
@ Being technical matter, taken as certified by Management		

PARTICULARS	THIS YEAR		LAST YEAR	
	QUANTITY (in Nos.)	(Rupees)	QUANTITY (in Nos.)	(Rupees)
iii) Production				
Switches	37,394,475	-	37,378,562	-
Oil Pressure Switches	1,485	-	10,400	-
Head Lamps, Tail Lamps and Spares	9,284,888	-	6,487,797	-
Others	30,137,960	-	17,671,191	-

# MINDA INDUSTRIES LIMITED

PARTICULARS	THIS YEAR		LAST YEAR	
	QUANTITY	(Rupees)	QUANTITY	(Rupees)
<b>iv) OPENING STOCK</b>				
Switches	546,123	11,879,810	298,169	8,999,208
Oil Pressure Switches				
Head Lamps, Tail Lamps and Spares	86,023	6,769,437	56,724	4,267,914
Others	151,482	1,274,462	46,743	606,111
<b>v) CLOSING STOCK</b>				
Switches	985,973	9,219,659	546,123	11,879,810
Oil Pressure Switches				
Head Lamps, Tail Lamps and Spares	88,319	7,426,412	86,023	6,769,437
Others	101,673	1,504,405	151,482	1,274,462
<b>vi) SALE @</b>				
Switches	36,954,625	1,952,289,957	37,130,608	821,253,062
Oil Pressure Switches	1,485	97,713	10,400	216,233
Head Lamps, Tail Lamps and Spares	9,282,592	874,508,348	6,458,498	585,994,107
Others	30,187,769	1,578,733,813	17,566,452	1,630,813,359
@ Excluding sale of Dies/Scrap/Job Income Amount of Turnover is before Rejection/Warranty Claim etc.				
<b>vii) RAW MATERIALS CONSUMED</b>				
Plastic powder (Kg)	221,522	30,176,299	210,654	15,734,991
Bulb (Nos)	1,155,082	11,914,377	389,630	4,634,577
Wire Sets (Nos)	25,672,083	310,287,159	32,872,623	215,053,780
Brass (Kg.)	40,354	13,288,957	49,715	11,961,495
Aluminium (Kg.)	1,332,256	165,471,096	1,251,430	120,893,060
Zinc (Kg.)	17,634	3,409,090	7,681	1,263,943
CRC Sheet (Kg.)	690,437	28,882,864	692,042	28,843,780
Other Material (including Packing)		2,281,869,245		1,288,000,742
<b>viii) Value and Percentage of Imported and Indigenous Raw Material Consumed</b>				
Imported		139,447,889		45,042,486
Percentage of total		4.90%		2.67%
Indigenous		2,705,851,198		1,641,343,882
Percentage of total		95.10%		97.33%
<b>ix) Value and Percentage of Imported and Indigenous Stores, Spare Parts and Components Consumed</b>				
Imported		2,487,162		1,337,118
Percentage of total		3.16%		0.87%
Indigenous		76,168,569		152,791,388
Percentage of total		96.84%		99.13%
<b>B) C.I.F. VALUE OF IMPORTS</b>				
- Raw Materials		181,250,638		37,818,688
- Stores and Spares		2,399,771		1,370,054
- Capital goods		96,463,144		6,993,762
- Others				1,805,386
<b>C) EXPENDITURE IN FOREIGN CURRENCY</b>				
- Travelling		10,188,226		6,718,928
- Royalty		3,576,848		1,504,825
- Technical Know How		14,557,281		-
- Others		23,354,487		5,933,990
<b>D) EARNING IN FOREIGN CURRENCY</b>				
FOB value of Exports		162,390,467		203,124,265
Royalty		8,248,074		

13 The figures of previous year have been regrouped/recast/restated wherever necessary.

For **R. N. SARAF & CO.**  
CHARTERED ACCOUNTANTS

**R.N. SARAF, F.C.A.**  
Membership No. 12439

**S.L. MINDA**  
Chairman

**NIRMAL K. MINDA**  
Managing Director

2659/2, Gurdwara Road,  
Karol Bagh, New Delhi - 110 005

Place : New Delhi  
Dated : 28.05.2007

**H.C. DHAMIJA**  
Vice President- Group A/cs,  
Taxation & Co. Secretary

**SUDHIR JAIN**  
Corp. Business Head

**Information required as per part IV of Schedule VI of the Companies Act, 1956**  
**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

i. Registration No.  State Code

Balance Sheet Date     
 Date Month Year

ii. Capital Raised during the year (Amount in Rs. Thousand)

Public issue	<input type="text" value="NIL"/>	Right issue	<input type="text" value="NIL"/>
Bonus issue	<input type="text" value="NIL"/>	Private Placement	<input type="text" value="NIL"/>

iii. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities	<input type="text" value="1668028"/>	Total Assets	<input type="text" value="1668028"/>
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Sources of Funds

Paid-up capital	<input type="text" value="135051"/>	Reserves & Surplus	<input type="text" value="394635"/>
Secured Loans	<input type="text" value="799025"/>	Unsecured Loans	<input type="text" value="339317"/>

Application of Funds

Net Fixed Assets	<input type="text" value="1233640"/>	Investments	<input type="text" value="60040"/>
Net Current Assets	<input type="text" value="441679"/>	Misc. Expenditure	<input type="text" value="51"/>
Accumulated Losses	<input type="text" value="NIL"/>	Deferred Tax Liability	<input type="text" value="-67382"/>

iv. Performance of the Company (Amount in Rs. Thousand)

Turnover/Other Income	<input type="text" value="3938652"/>	Total Expenditure	<input type="text" value="3725100"/>
+ - Profit/Loss Before Tax	<input type="text" value="+213552"/>	+ - Profit/Loss After Tax	<input type="text" value="+135352"/>
Earning Per Share in Rs.	<input type="text" value="12.58"/>	Dividend Rate (Equity) %	<input type="text" value="25"/>

v. Generic Names of Three Principal Products/Services of Company

Item Code No.

(ITC Code)

Product

Description

As per our report of even date  
 For **R. N. SARAF & CO.**  
 CHARTERED ACCOUNTANTS

**R.N. SARAF, F.C.A**  
 Membership No. 12439

**S.L. MINDA**  
 Chairman

**NIRMAL K. MINDA**  
 Managing Director

2659/2, Gurdwara Road,  
 Karol Bagh, New Delhi - 110 005

**H.C. DHAMIJA**  
 Vice President- Group A/cs,  
 Taxation & Co. Secretary

**SUDHIR JAIN**  
 Corp. Business Head

Place : New Delhi  
 Dated : 28.05.2007

**MINDA INDUSTRIES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2007**  
**Pursuant to Clause 32 of the Listing Agreement**

	FOR THE YEAR ENDED 31.03.2007 (RS. IN LACS)	FOR THE YEAR ENDED 31.03.2006 (RS. IN LACS)
<b>A. Cash Flow from Operating Activities:</b>		
Net Profit before Taxation and Extraordinary Items	2,135.52	2,088.49
Adjustments for:		
Depreciation	1,351.01	1,046.94
Gain on Sale of Fixed Assets	(1.10)	(3.97)
Interest Income	(9.78)	(6.29)
Rent Income	(123.75)	(70.08)
Interest Expenditure	509.89	427.17
Amortisation of Miscellaneous Expenses	1.09	4.51
Capital Sales Tax Subsidy from Government of Haryana	60.70	44.44
Loss on Sale of Fixed Assets	<u>33.23</u>	<u>11.15</u>
Operating Profit before Working Capital Changes	3,956.81	3,542.36
Adjustments for:		
Inventories	(876.39)	(550.21)
Trade and Other Receivables	(1,035.65)	(1266.67)
Trade Payables	<u>1,931.06</u>	<u>848.65</u>
Cash Generated from Operations	3,975.83	2,574.13
Direct Taxes Paid (Net)	<u>(853.34)</u>	<u>(648.30)</u>
Net Cash Generated from Operations	<b>3,122.49</b>	1,925.83
<b>B. Cash Flow from Investing Activities:</b>		
Sale of Long Term Investment/Assets	(270.63)	(205.27)
Purchase of Fixed Assets	(6,452.84)	(1445.14)
Interest Received	9.78	6.30
Rent Income	123.75	70.08
Net Cash Used In Investing Activities	<b>(6,589.94)</b>	(1,574.03)
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Issue of Share		
Proceeds from Short Term Borrowings	1,331.72	48.90
Proceeds from Long Term Borrowings	3,136.00	200.13
Interest Paid	(515.12)	(433.55)
Dividend Paid (Including Corporate Dividend Tax)	<u>(338.85)</u>	<u>(330.25)</u>
Net Cash Used in Financing Activities	<b>3,613.75</b>	(514.76)
Net Increase in Cash and Cash Equivalents	146.30	(162.96)
Cash and Cash Equivalents as at Opening	<u>113.39</u>	<u>276.35</u>
Cash and Cash Equivalents as at Closing	<b>259.69</b>	<u>113.39</u>

S.L. MINDA  
Chairman

NIRMAL K. MINDA  
Managing Director

H.C. DHAMIJA  
Vice President- Group A/cs,  
Taxation & Co. Secretary  
Place : New Delhi  
Dated : 28.05.2007

SUDHIR JAIN  
Corp. Business Head

**AUDITORS' CERTIFICATE**

We have checked and verified the above Cash Flow Statement which has been derived from the Audited Annual Financial Statement of Minda Industries Limited and have found the same as true and correct.

As per our report of even date  
For R. N. SARAF & CO.  
CHARTERED ACCOUNTANTS

Place : New Delhi  
Dated : 28.05.2007

R. N. SARAF, F.C.A.  
Membership No: 12439  
2659/2, Gurdwara Road,  
Karol Bagh, New Delhi - 110 005

# MINDA INDUSTRIES LIMITED

Regd. Office: B-73, Wazirpur Industrial Area, Delhi-110052

ATTENDANCE SLIP

Folio No. / DP ID/ Client ID #	
No. of Equity Shares held	

I hereby record my presence at the 15th Annual General Meeting of the Company being held at PHD House, Opp. Asian Games Village, New Delhi-110016, on Wednesday, July 25, 2007 at 11.30 A.M.

Name of the Shareholder (in Block Letters)
---

Name of Proxy / Authorised Representative attending* (in Block Letter)
---

\*Strike out whichever is not applicable.

# Applicable for investors holding shares in dematerialised form.

Signature of the attending Shareholder/Proxy/Authorised Representative\*

**Notes: Please produce this Admission Slip duly filled and signed at the entrance of the meeting hall. Shareholders intending to appoint a proxy may use the Proxy Form given below.**

# MINDA INDUSTRIES LIMITED

Regd. Office: B-73, Wazirpur Industrial Area, Delhi-110052

PROXY FORM

I, We -----  
of ----- being a member/members of Minda Industries Ltd.  
hereby appoint Shri/Smt./Km. ----- of -----  
or failing him/her Shri/Smt./Km. ----- of -----  
or failing him/her Shri/Smt./Km. ----- of -----  
as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 15th Annual General Meeting of the Company to be held at PHD House, Opp. Asian Games Village, New Delhi-110 016 on Wednesday, July 25, 2007 at 11.30 A.M. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2007.

Folio No. / DP ID/ Client ID #	
No. of Equity Shares held	

Affix  
Rupee 1/-  
Revenue  
Stamp

Signature(s).....

# Applicable for investors holding shares in dematerialised form.

**Note: The proxy, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company at B-73, Wazirpur Industrial Area, Delhi-110052 at least 48 hours before the scheduled time.**