

**MINDA**

**MINDA INDUSTRIES LIMITED**

**13th Annual Report**

---

**2004-05**

---

## **ORGANIZATION VALUES**

### **1. CUSTOMER IS SUPREME**

- We strive to understand and anticipate customer needs and exceed their expectations.
- We are committed to offer innovative and value added solutions to our customers.
- We always ask "How can we serve our customers best?".

### **2. LIVE QUALITY**

- We nurture quality as an attitude at Minda.
- We are quality driven and apply a Quality Minded Approach to everything we do.
- We are passionate about quality and its continuous improvement through team work.

### **3. ENCOURAGE CREATIVITY & INNOVATION TO DRIVE 3P (PEOPLE, PROCESSES AND PRODUCTS)**

- We demonstrate leadership by advancing new technologies, innovative manufacturing techniques, enhanced customer service, inspired management and application of best practices throughout our organization.
- We aggressively pursue new business are determined to add value for our customers with ingenuity, have a determination and a positive approach to every task, have a "can-do" spirit and a restless determination to continually improve and excel.
- We utilize our own ability to combining strength with speed in responding enthusiastically to every new opportunity and every new challenge.
- We encourage and inspire learning amongst our people.

### **4. RESPECT FOR INDIVIDUAL**

- We passionately believe that people are the most valued assets of our company and that they are essential participants with a shared responsibility in fulfilling our vision.
- We trust, inspire and empower our people to set and achieve high expectations standards and challenging goals.
- We treat all people with dignity and courtesy.
- We strive to support mutually beneficial and enduring relationships with our stakeholders.

### **5. RESPECT FOR WORK - PLACE ETHICS**

- We work smartly with passion, integrity, conviction and commitment.
- We work in teams with a shared purpose and value individual ability and diversity as essential to promote harmony and open communication. Each us succeeds individually... When we, as a team achieve success.
- We respect and adhere to company policies, systems and procedures.
- We will be well-informed and respect the regulations, rules and compliance issues that apply to our business around the world.
- We respect the values and cultures of the communities in which we operate.

## 13th Annual Report 2004-2005

**BOARD OF DIRECTORS**

Sh. S.L. Minda	Chairman
Sh. Nirmal K. Minda	Managing Director
Sh. Ashok Minda	Director
Sh. B.R. Agarwal	Director
Sh. Raja Ram Gupta	Director
Sh. Subhash Lakhotia	Director
Sh. S.K. Arya	Director

**AUDITORS**

R.N. Saraf & Co.  
Chartered Accountants

**BRANCH AUDITORS**

Sancheti Thakkar & Associates  
Chartered Accountants

**INTERNAL AUDITORS**

N.Bahi & Co.  
Chartered Accountants

**REGISTERED OFFICE**

B-73, Wazirpur Industrial Area  
Delhi-110 052.

**WORKS**

B-64/1, Wazirpur Industrial Area  
Delhi-110 052.

34-35 Km. G.T. Karnal Road  
Village Rasoi, Sonapat (Haryana)

Village Naherpur Kasan  
P.O. Nakhrola  
Distt. Gurgaon (Haryana)

Village Nawada Fetehpur,  
P.O. Sikanderpur Badda,  
Distt. Gurgaon (Haryana)

B-6, Chakan Industrial Area  
Village-Mahalunge, Taluk-Khed  
Distt. Pune, Maharashtra.

20A, SIPCOT Industrial Area,  
Phase-II, Hosur, Tamilandu-635109

**CONTENTS**

	Page No.
Notice .....	2-4
Financial Highlights .....	5
Directors' Report .....	6-9
Corporate Governance .....	10-15
Management Discussions and Analysis Report .....	16-17
Auditors' Report on Corporate Governance .....	17
Auditors' Report .....	18-19
Balance Sheet .....	20
Profit & Loss Account .....	21
Schedules to Account .....	22-36
Balance Sheet Abstract .....	37
Cash Flow Statement .....	38

## Notice

Notice is hereby given that the 13<sup>th</sup> Annual General Meeting of **MINDA INDUSTRIES LIMITED** will be held on Thursday, July 28, 2005 at 11:00 a.m. at PHD House, Opposite 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, 2005, and Profit & Loss Account for the year ended March 31, 2005 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. Nirmal K. Minda, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Bhoj Raj Agarwal, 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 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and subject to such approval, consent, permission and/or sanction, if any, as may be necessary and subject to such conditions and modification as may be prescribed by Securities and Exchange Board of India (SEBI) Reserve Bank of India (RBI) and any other authorities in granting such approval, consent, permission and/or sanction, if any, as may be necessary, and which may be agreed to, by the Board of Directors (hereinafter referred to as the "Board") and/ or duly authorized committee thereof for the time being exercising the powers conferred by the board, the consent of the Company be and is hereby accorded to the board to further issue/offer Equity Shares of Rs.10/- each of an aggregate amount of nominal value not exceeding Rs.445 Lacs (Rupees Four Hundred Forty Five Lacs) as may be decided by the board at its sole discretion may at any time or times hereafter decide, to the Members, Employees, Promoters,

Banks, Insurance Companies, Financial Institutions, Investment Institutions, Mutual funds, Companies and other Bodies Corporate, Non-resident Indians, Overseas Corporate Bodies (OCBs), Foreign Institutional Investor (FIIs) and to such other persons or class of persons, whether through public issue, and/ or right issue, preferential issue, loans or otherwise and in one or more tranches, at such prices, and on such other terms and condition as the Board/ Committee thereof may in its absolute discretion think fit."

**"RESOLVED FURTHER THAT** such of Equity Shares to be issued as are not subscribed, may be disposed off by the Board/ Committee thereof, to such persons and in such manner on such terms and conditions as the Board or Committee may in its absolute discretion think most beneficial to the Company."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to any or all of the forgoing, the Board of Directors or duly authorized committee thereof, be and are hereby authorized to prescribe and finalize the letter of offer, Application Form(s) to determine the amount payable on application(s) and allotment and inter-alia from time to time by way of further calls, if any, in respect of Equity Shares to appoint Advisor(s) and Consultant(s), Lead Manager(s), Registrar(s), Banker(s) and any other agency as may be lawful for the purpose of the above mentioned shares issue and pay as they think fit, fees as may be lawful and reasonable and to give such actions, do all such acts, deeds, matters or things whatsoever including settlement of question, doubt or difficulty that may arise with regard to it or the offer, issue from time to time or allotment of shares as they in their absolute discretion consider necessary and to accept any modification in the proposal, terms and conditions of the issue of shares as may be required by the Securities and Exchange Board of India (SEBI)."

9. To take note of the result to be submitted by the Scrutinizer for the Special Resolution proposed to be passed through Postal Ballot pursuant to the provisions of section 372A and all other applicable provisions of the Companies Act, 1956 to authorise the Board of Directors to give guarantee, provide security, in connection with the loans/credit facilities to be obtained by M/s. Fiamm Minda Automotive Limited and Minda Fiamm Acoustic Limited, Joint Venture Companies from Bank(s)/Financial Institution(s) and to furnish surety on their behalf to the Custom, Excise and/or other government authorities from time to time to the extent of Rs. 1000 Lacs and Rs. 4000 Lacs respectively.

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

Place : Gurgaon, Haryana  
Date : 30.05.2005

(H. C. DHAMIJA)  
Head- A/cs, Taxation &  
Company Secretary

**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 Company has sent to the shareholders a separate notice dated May 30, 2005 for passing a Special Resolution pursuant to the provisions of section 372A of the Companies Act, 1956, to authorise the Board of Directors to give guarantee, provide security/surety in connection with the loans/credit facilities to be obtained by the Joint Venture Company from Banks and Financial Institutions and to give surety to Custom, Excise and other Government Authorities on its behalf.
- iv) The Register of Members and Share Transfer Books will remain closed from Thursday, July 21, 2005 to Thursday, July 28, 2005 (both days inclusive).
- v) 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.
- vi) The Directors recommend the payment of Dividend for the year 2004-05 of Rs. 2.50 per Equity Share i.e. @ 25%, on the Paid-up Share Capital. If the Dividend on the Equity 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 28, 2005 (i.e. the date of Annual General Meeting).
- vii) 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 2004-05, the Company has already transferred the unclaimed dividend on the Equity Shares for the year 1996-97 to the Investor Education and Protection Fund established by the Central Government.

Members who have not claimed the dividend for the 1997-98 and any subsequent Dividend payment(s) are requested to make their claims to the Company.

- viii) Members are requested:
- to bring their copies of Annual Report, Notice and Attendance slip at the time of the Meeting.
  - to quote their Folio No. in all correspondence.
  - to notify the change in the address, if any, on or before

July 21, 2005 so that dividend warrant can be delivered to new address.

- ix) Members desiring any information/clarification on the Accounts are requested to write to the Company in advance at least seven (7) days before the meeting so as to keep the information ready at the time of Annual General Meeting.

The Registrar & Share Transfer Agent for physical and dematerialisation of shares are M/s. Intime Spectrum Registry Limited, A-31, 3<sup>rd</sup> 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.

**PROFILE OF DIRECTORS BEING RE-APPOINTED AS PER THE REQUIREMENT OF LISTING AGREEMENT**

As required under Clause 49 of the Listing Agreement, the particulars of Directors who are proposed to be re-appointed are given below: -

Name	: Mr. Nirmal K. Minda
Father's Name	: Sh. S.L. Minda
Age	: 48 Years
Address	: J-10/32-33, DLF Phase-II, DLF City, Gurgaon, Haryana.
Academic Qualification	: B.Sc.
Experience (in detail)	: Mr. Nirmal K. Minda has got a rich experience of about 24 years in various commercial fields of the enterprise. He is one of the Promoters & Managing Director of the Company. He has a global vision and has plans to go global. Under his flagship, Minda Industries have done various Joint Ventures like Joint Venture Agreement with Fiamm S.p.A., Italy for manufacturing of Automotive Horns, Joint Venture with Tokai Rika Co. Ltd. Japan for manufacturing of automotive switches for four wheelers and Joint Venture with TYC Brother Industrial Co. Ltd., Taiwan for manufacturing of Automotive Lightings and related components.

Mr. Nirmal K. Minda is also Managing Director of Mindarika Pvt. Ltd. and Minda Impco Ltd.

He is also a director on the Board of the following companies:

- 1) Minda Fiamm Acoustic Ltd.
- 2) Fiamm Minda Automotive Ltd.
- 3) Minda Tyc Automotive Ltd.

- 4) Minda Sai Ltd  
5) Minda Huf Ltd.

Mr. Nirmal K. Minda is a member of Shareholders / Investors Grievance Committee and Power Delegation Committee of the Company. Mr. Nirmal K. Minda, being in charge of the finance functions of the Company also attends meetings of the Audit Committee of the Company.

Name : Mr. Bhoj Raj Agarwal  
 Father's Name : Late Sh. Radha Krishan Agarwal  
 Age : 72 Years  
 Address : D-7073, Vasant Kunj,  
 Sector-D, Pocket-7,  
 New Delhi 110 007  
 Academic Qualification : B. Com., LL.B.  
 Past performance/  
 Experience. : More than 45 years of experience out of which 40 years with the Birla Group of Companies and retired as Chief Executive President of one of their companies. During his tenure with Birla Group, he widely travelled abroad and was also deputed to run a factory in Nigeria under Birla Management.  
 In-depth Experience of Projects Set-up, Financial control and reviews and Joint Venture negotiations.  
 Presently Mr. Bhoj Raj Agarwal is a Director and Chairman of the Audit Committee of the Company. He is also a member of the Shareholders/ Investors Grievance Committee and Power Delegation Committee of the Company.  
 Mr. Bhoj Raj Agarwal is also a Director of Minda Huf Ltd. and Minda Sai Ltd.

**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 the 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**

With a view to augment financial resources for the Company, it is proposed to authorise the Board of Directors to raise funds by issuing equity shares to the extent of 44.5 Lacs Equity Shares at such price as the Board of directors may deem fit for expansion as well as for repayment of existing liabilities.

Section 81 of the Companies Act, 1956, provides inter-alia that whenever it is proposed to increase the subscribed capital of a Company by the allotment of further shares, such further shares shall be offered to the persons who on the date of offer are holders of the Equity Shares of the Company in proportion to the paid up capital unless the members in general meeting decide otherwise. The consent of the members is therefore sought to authorise the Board of Directors to issue additional Equity Shares in the manner set out in the resolution. The shares allotted pursuant to the aforesaid resolution shall rank pari passu inter-se also with the then existing shares of the Company in all respects.

The Special Resolution is proposed to be passed in accordance with the SEBI guidelines.

Your Directors recommend the special resolution for approvals of the members at Item No. 8 of the notice of the Annual General Meeting.

The Directors of the Company may deemed to be concerned or interested in this resolution to the extent of the Equity shares that may be offered to them.

**ITEM NO. 9**

As per section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 the consent of the Members for the Item no. 9 is required to be obtained by Postal Ballot. Accordingly, a separate notice containing the Resolution and Explanatory Statement is being despatched to the shareholders of the Company.

The Company has appointed Mr. Sanjay Grover, F.C.A., F.C.S., (M/s. Sanjay Grover & Associates, Company Secretaries in practice) to conduct the Postal Ballot process in a fair and transparent manner.

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

**(H. C. DHAMIJA)**

Place : Gurgaon, Haryana  
Date : 30.05.2005

Head- A/cs, Taxation &  
Company Secretary

**Financial Highlights**

(RS. IN LACS)

PARTICULARS	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99
<b>Operating Results</b>							
Sales (Net of Excise)	19626.19	15384.41	12060.18	9524.29	7881.42	6242.86	5081.96
Gross Profit Before Interest & Depreciation	2971.66	2429.26	2175.34	1349.51	923.81	707.93	467.47
Financial Cost	499.43	571.93	530.76	321.39	307.25	288.51	238.90
Profit before Depreciation & Tax	2472.23	1857.33	1644.58	1028.12	616.56	419.42	228.57
Depreciation/Preliminary/ Share issue / Deferred revenue expenses written off.	920.26	806.17	783.48	438.23	212.28	157.26	105.12
Income Tax Provision (Net)	530.43	308.59	342.50	99.32	52.77	36.72	14.02
Profit After Tax	1021.54	742.57	518.60	490.57	351.51	225.44	109.43
Depreciation of earlier years	-	-	-	482.32	-	-	-
Dividend (Incl. Corporate Dividend Tax)							
— Preference Shares	30.79	30.46	-	-	-	-	-
— Equity Shares	299.46	237.02	118.51	63.03	69.46	69.96	69.72
Cash Earnings	1911.01	1518.28	1302.08	928.80	563.79	382.70	214.55
	AS AT 31.03.2005	AS AT 31.03.2004	AS AT 31.03.2003	AS AT 31.03.2002	AS AT 31.03.2001	AS AT 31.03.2000	AS AT 31.03.99
<b>Assets and Liabilities</b>							
Fixed Assets :							
- Gross Block	10636.68	8565.27	6993.67	4178.97	3028.93	2306.83	1803.52
- Net Block	6928.88	5559.54	4757.65	2693.89	2389.43	1847.80	1488.70
- Capital W.I.P.	3.00	73.41	84.78	356.93	467.93	63.19	57.79
Current & Other Assets	6278.63	4498.94	3846.54	3224.28	2573.39	2122.47	1594.85
Investments	143.05	125.54	370.67	285.00	285.00	285.00	285.00
<b>Total Assets</b>	<b>13353.56</b>	<b>10257.43</b>	<b>9059.64</b>	<b>6560.10</b>	<b>5715.75</b>	<b>4318.46</b>	<b>3426.34</b>
Represented by :							
Share Capital	1350.51	1350.51	825.25	525.25	525.25	525.25	525.25
9% Cumulative Redeemable Preference Share Application Money	-	-	-	300.00	-	-	-
Reserves & Surplus	1862.49	1147.65	1196.12	794.66	1155.42	870.16	711.45
Shareholders' Fund	3213.00	2498.15	2021.37	1619.91	1680.67	1395.41	1236.70
Borrowings							
- Working Capital Loans	2360.05	819.00	861.07	769.43	679.43	502.67	493.34
- Other Loans	4510.61	4336.60	3926.08	2410.28	2182.62	1399.88	779.14
Deferred Tax Liability	679.82	599.82	474.82	307.32	-	-	-
Current Liabilities & Provisions	2590.08	2003.86	1771.17	1453.16	1173.03	1020.50	917.16
<b>Total Liabilities</b>	<b>13353.56</b>	<b>10257.43</b>	<b>9054.51</b>	<b>6560.10</b>	<b>5715.75</b>	<b>4318.46</b>	<b>3426.34</b>
<b>Ratios:</b>							
Earnings per Share (Rs.)	9.43	6.78	14.14	9.34	6.69	4.29	2.08
Cash Earnings per Share (Rs.)	18.19	14.45	24.79	17.68	10.73	7.29	4.08
Book Value per Share (Rs.)	27.73	20.92	41.85	25.13	32.00	26.57	23.54
Debt To Shareholders' Fund	1.34:1	1.74:1	1.94:1	1.49:1	1.30:1	1.00:1	0.63:1

**Directors' Report**

To the Members,

Your Directors have pleasure in presenting their 13<sup>th</sup> Annual Report alongwith the Audited Accounts for the year ended on March 31, 2005.

**FINANCIAL RESULTS****(Rs. In Lacs)**

<b>PARTICULARS</b>	<b>For the Year Ended on March 31, 2005</b>	<b>For the Year Ended on March 31, 2004</b>
Sales (Gross)	<b>22488.88</b>	17665.44
Cash Operating Profit	<b>2472.23</b>	1857.33
Profit Before Tax	<b>1551.97</b>	1051.16
Provision for Taxation	<b>450.00</b>	210.00
Deferred Tax	<b>80.00</b>	125.00
Add: (Excess)/ Short Provision Written Back	<b>(0.43)</b>	26.41
Profit after Tax	<b>1021.54</b>	742.57
Brought Forward Profit from Previous Year	<b>851.92</b>	576.82
Profits Available for appropriation	<b>1873.46</b>	1319.39
<b>APPROPRIATION:</b>		
- General Reserve	<b>250.00</b>	200.00
- Proposed Dividend on 9% Cumulative Redeemable Preference Shares	<b>27.00</b>	27.00
- Proposed Dividend on Equity Shares	<b>262.63</b>	210.10
- Corporate Tax on Dividend	<b>40.62</b>	30.37
- Balance of Profit carried forward	<b>1293.21</b>	851.92

**THE YEAR IN RETROSPECT**

The Automobile Industry performance in the year 2004-05 showed encouraging results for all segments of industry. Your company has also registered growth both in sales and profitability.

The Sales for the Financial Year under review were Rs. 22488.88 Lacs as against Rs.17665.44 Lacs for the previous year, registering an increase of 27.30%. The Profit after tax for the Financial Year under review was Rs.1021.54 Lacs as against Rs. 742.57 Lacs for the previous year registering an increase of 37.57%.

**DIVIDEND & APPROPRIATIONS**

During the year 2004-05, an amount of Rs.250 Lacs has been appropriated to General Reserve.

Your directors recommend 9% dividend on 30 Lacs Cumulative Redeemable Preference Share for the year 2004-05

Your directors are pleased to recommend dividend for the year ended on March 31, 2005 at the rate of Rs. 2.50 per Equity Share (Previous Year Rs. 2.00 per Equity Share) on 10505064 Equity Shares. Dividend will be paid to those shareholders whose names will appear in the Register of Members on July 28, 2005 and to those whose names as beneficial owners are furnished by National Securities Depository Limited and Central Depository Services (India) Limited.

**FUTURE OUTLOOK**

With the globalization of industry, the competition has increased and demand of good quality product at competitive price has arisen. In the past your company has fulfilled its commitment and in the future also, it will continue to satisfy the customers as well as the society, by adopting various techniques of improvements in quality and of Value Engineering.

With a view to have more focus on export, the company has made an investment in PT Minda Asean Automotive, Indonesia which will cater to the need of customers in ASEAN and other Neighbouring Countries.

**HORN DIVISION**

During the year under review Joint Venture Agreements. (JVA) with M/s. Fiamm S.p.A., Italy for manufacturing of Automotive Horns for two wheelers and four wheelers were entered into. Under the said JVA two companies were incorporated namely Fiamm Minda Automotive Limited (FMAL) and Minda Fiamm Acoustic Limited (MFAL).

In terms of the provisions of the said JVA your company has hived off its manufacturing unit engaged in the manufacturing of automotive horns located at B-73, Wazirpur Industrial Area, Delhi-110052 to Minda Fiamm Acoustic Limited (MFAL) effective from February 01, 2005 as per the resolutions passed by the shareholders through postal ballot on July 14, 2004 at a value determined by the Independent Valuer.

Your company has facilitated the Joint Venture Company namely Fiamm Minda Automotive Ltd. as per Joint Venture Facilitation Understanding dated May 22, 2004 and the activities have been done by your company on its behalf for the period upto December 31, 2004 [relating to purchase/import of fixed and other assets, purchase/process/packaging/sale of finished goods (on despatch basis), raw-materials and components and also incurred other expense]. The Current Assets, Loans and Advances, Current Liabilities and Provisions, claims, contingencies, obligations, licences etc., as at December 31, 2004 belongs to the said Joint Venture Company and do not form part of Balance Sheet and Profit and Loss Account of your Company.

#### **LISTING OF SHARES**

Your directors are pleased to inform that the company's shares have been listed at the Stock Exchange, Mumbai (BSE) w.e.f. August 14, 2004. The Stock Exchange Mumbai (BSE) is having nation wide trading terminals, which facilitates the members to trade in the shares of the Company throughout the country.

The equity shares of the Company are also listed at Delhi Stock Exchange Association Limited being the regional stock exchange of the Company. Your Company has paid the listing fee for the year 2005-06

#### **DELISTING OF SHARES**

During the year under review, the shares of the company were de-listed from the Ahmedabad Stock Exchange Limited, Jaipur Stock Exchange Limited and Madras Stock Exchange Limited. However, as stated above the shares of your Company will continue to be listed at the Stock Exchange, Mumbai (BSE) and the Delhi Stock Exchange Association Limited.

#### **FIXED DEPOSITS**

During the year under review, the Company has accepted the deposits from Public and Shareholders of the Company under Section 58A of the Companies Act, 1956. As on March 31, 2005, there were no overdue deposits of the company.

#### **HUMAN RESOURCE**

Your company continuously encourages its employees to enhance their efficiency and productivity to meet the global challenges and competition. Your company provides regular training to its employees, reviews and evolves policies from time to time.

#### **DIRECTORS**

In accordance with the provisions of the Articles of Association of the Company and of the Companies Act, 1956, Managing Director Mr. Nirmal K. Minda and independent director Mr. Bhoj Raj Agarwal will retire at the forthcoming Annual General Meeting and being eligible offers themselves for re-appointment.

Information on the details of directors seeking re-appointment as required under Clause 49 of the Listing Agreement has been given under the Notice to Shareholders.

#### **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 are 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 31<sup>st</sup> March, 2005, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
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 enclosed at Appendix -I to this report and forms part of the Directors' Report.

#### **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. Your directors are pleased to report that your company is fully compliant as on March 31, 2005 with the SEBI Guidelines on Corporate Governance.

#### **ACKNOWLEDGMENT**

Your Directors express their grateful appreciation for the support and co-operation of all the stakeholders. 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 and bankers.

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

Place: Gurgaon, Haryana.  
Date: 30.05.2005

**S.L. MINDA**  
**CHAIRMAN**

## Appendix – II to Directors' Report

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:

- Installation of variable voltage drive on Moulding machine(s).
- Installation of Auto Power factor controller (APFC), cooling tower and fan controller in moulding.
- Installation of timer(s) in Lighting.
- The company has installed hydro pneumatic cylinder(s) to reduce the air consumption.
- By installing automatic pressure cut off switches on compressors.
- Installation of VFD to minimize the energy consumption.
- The company has changed asbestos sheet by transparent sheet for daylight on shop floor.

#### b) Additional Investments and Proposal, if any, being implemented for reduction of consumption of energy.

- Planning to install visible frequency drives on some machines.
- Planning to install VFD on all moulding machines.

#### 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 installation of the energy saving equipments as stated above would result in reduction of cost, saving of energy and awareness among employees for energy saving.

#### 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

#### 1) Research and Development (R&D)

##### 1. Specific area in which R&D is carried out by the Company.

- The Company has established Design Studio focusing on new innovations, technology & styles of the products.

- The Company has carried out Research & Development from conceptual stage of Self-Cancellation Blinker.

- Virtual simulation of products using the latest software like Pro-E, Wildfires, I-deas, Moldflow.

- The company has installed Robot for pasting of Lens with reflectors.

#### 2. Benefits derived as a result of above R & D.

- Research & Development activities carried out by the Company has resulted in technology upgradation and improvement in the quality of its products.

- Improvement in the product reliability.

- Enhanced forms & shapes of product as per latest technology and trends, establishing a niche in the market and defining the brand value of the company.

- Increasing success rate of the product.

- Introducing new products in the market to enhance the rider's safety.

- Increasing the company's competitiveness by safeguarding own designs.

#### 3. Future Plan of Action.

- Introduction of new range of Grips as per needs & requirements of Indian customers.

- Handle Bar Styling, Level Fuel Indicator Switch, Heated grips, Commercialization of new concepts & styles etc.

- Further work to be carried out in Illuminated Switch in order to make it commercially viable.

- The company is planning to set up clean room in lighting division.

#### 4. Expenditure on R&D

(Rs. in Lacs)

	Year ended on March 31, 2005	Year ended on March 31, 2004
a) Capital	254.78	287.02
b) Recurring	907.01	688.60
c) Total	1161.79	975.62
d) Total R&D expenditure as percentage of total turnover.	5.17%	5.52%

**II) Technology Absorption, Adaptation and Innovation.**

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

- Providing training to design & tool room personnel to enhance their skills.
- Detailed market research activities for designing user-friendly products.
- Hiring external agencies for capturing voice of end user (external survey).

2. Benefits derived as a result of the above efforts.

- Better product visualization and presentation.
- Improvement in existing process and product quality.
- Reducing the time in new product development.

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

d) If not fully absorbed, area where has not taken place, reason thereof and future plan of action. : The technology is being absorbed in phase 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 2004-05 were of Rs. 581.90 Lacs (Previous Year Rs. 433.44 Lacs). Further initiatives are being taken to increase the export.

g) Total Foreign Exchange used.

	<b>(Rs. in Lacs)</b>	
	<b>Current Year 31.03.2005</b>	<b>Previous Year 31.03.2004</b>
1) CIF value of Imports		
- Raw Material	<b>558.58</b>	389.77
- Capital Goods	<b>690.63</b>	281.03
- Stores and Spares	<b>Nil</b>	4.43
- Others	<b>1.25</b>	1.65
2) Expenditure in Foreign currency.	<b>111.21</b>	78.74
h) Total Foreign Exchange earned.	<b>581.90</b>	518.23

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

Place : Gurgaon, Haryana  
Date : 30.05.2005

**S.L. MINDA**  
**CHAIRMAN**

## Report on Corporate Governance

### COMPANY'S PHILOSOPHY

Corporate Governance is about commitment to values and about ethical business conduct. It is about how an organization is managed. Timely and accurate disclosure of information regarding financial situation, performance, ownership and governance of the Company is an important part of Corporate Governance. It improves public understanding of the structure, activities and policies of the organisation. Your company believes that sound corporate governance is important to enhance and retain investor trust. Accordingly, your company always seeks to attain its performance with integrity. Your company always endeavors to enhance the long term shareholder value.

Your company's corporate governance philosophy is based on the following principles:-

- 1) Comply with the laws of the country.
- 2) Have simple and transparent corporate structure driven by business needs.
- 3) Management is the trustee of the shareholders capital.
- 4) Be transparent and to maintain high degree of disclosure levels.

The company's Board and Senior Level Management comprise of individuals with rich experience and expertise across a range of disciplines including automobile industry.

### COMPANY'S VISION

- To be pioneer and be global benchmark in Productivity, Quality, Cost, Delivery, Safety and Morale (PQCDSM) and Technology.
- To be Global Leader in Two Wheeler Switch Business
- To be the most preferred supplier for Company's customers.

### COMPANY'S VALUES

All Employees are committed to living the company's values given below: -

- Customer is supreme
- Live Quality
- Encourage Creativity & Innovation to Drive 3P (People, Processes and Products)
- Respect for Individual
- Respect for work-place ethics.

### COMPANY'S MISSION

"To continually enhance stakeholder's value through global competitiveness while contributing to society".

### BEST JOURNEY

Business Excellence Through Simple Technique" reflects the way of working of the company.

### DISCLOSURE OF INFORMATION TO INVESTORS

Your company ensures the timely disclosure of all material information in compliance with applicable laws.

### INSIDER TRADING POLICY

The Company's shares are listed at the Delhi and Mumbai Stock Exchanges. With the intention of preventing insider dealing in the securities of the company, the company has implemented an "Insider Dealing Policy" in accordance with the terms of the Securities and Exchange Board of India (Prevention of Insider Trading) Regulations, 1992 as amended.

### BOARD OF DIRECTORS

#### I. Composition, Category and Attendance of Directors

Name of the Director	Category of Directorship	Attendance Record		Number of other Directorships	Other Committees Memberships/ Chairmanship	
		Board Meeting during 2004-05 (total meetings Held = 4)	Last AGM dated 14.07.2004		Member	Chairman
Mr. S.L. Minda	Non-Executive Chairman	3	Yes	1	1	-
Mr. Nirmal K. Minda	Managing Director	4	Yes	7	-	-
Mr. Ashok Minda	Non-Executive	1	No	6	-	-
Mr. Bhoj Raj Agarwal	Non-Executive & Independent Director	4	Yes	2	-	-
Mr. Raja Ram Gupta	Non-Executive & Independent Director	4	Yes	6	-	-
Mr. Subhash Lakhota	Non-Executive & Independent Director	3	Yes	-	-	-
Mr. S.K. Arya	Non-Executive & Independent Director	1	No	15	3	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	4 (Four)
Dates on which held	May 31, 2004. July 28, 2004. October 28, 2004. January 27, 2005.

The maximum gap between any two meetings was not more than three months.

## III. Terms of reference to the Board of Directors

Apart from placing the statutory information before the Board Members, it is the policy of the company to regularly place the information / matter involving major decisions like Annual Budget, Joint Ventures and Technology Collaboration, Investments, Quarterly Results, Minutes of meeting of Audit Committee(s) and other committee(s) of the Board and other material information. All the information relevant to the company as required under Annexure 1A to clause 49 of the listing agreement is also made available to the Board.

## IV. Code of Conduct.

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

**BOARD COMMITTEES**

Currently, the Board has four committees. The Audit Committee, the Remuneration Committee, the Power Delegation Committee, Shareholders/Investors Grievances Committee.

**AUDIT COMMITTEE**

## I. Terms of Reference

The audit committee of the company was constituted on January 25, 2001 and has been mandated with the terms of reference as specified in Clause 49 II of the Listing Agreement with the Stock Exchanges. The terms of reference also conform to the requirement of Section 292A of the Companies Act, 1956.

The primary objective of the audit committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and transparency integrity and quality of financial reporting.

## II. Composition, Category and Attendance record during the year:

Name of the member	Category	Attendance (No. of meetings held = 4)	Date of Audit Committee Meetings
Mr. B.R. Agarwal	Chairman	4	May 28, 2004
Mr. Raja Ram Gupta	Member	4	July 23, 2004
Mr. Subhash Lakhotia	Member	2	October 14, 2004 January 20, 2005

Mr. H.C. Dhamija, Head- A/cs, Taxation & Company Secretary, acts as a Secretary to the committee.

Mr. Nirmal K. Minda, Managing Director of the company also attends the meetings of Audit Committee alongwith the Internal Auditors M/s. N. Bahl & Co. Chartered Accountants and Statutory Auditors M/s. R.N. Saraf & Co. Chartered Accountants.

Mr. B.R. Agarwal is the Chairman of the Audit Committee and was present in the last Annual General Meeting of the company.

**REMUNERATION COMMITTEE**

## I. Composition and terms of reference

The company has a Remuneration committee. The committee consists of three (3) non-executive independent directors namely Mr. B.R. Agarwal, Mr. Raja Ram Gupta and Mr. Subhash Lakhotia. 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 2004-05 no meeting of the remuneration committee was held as no appointment of any executive director was made during the year.

## II. Remuneration Policy

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

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

**POWER DELEGATION COMMITTEE**

## I. Composition, Category and Attendance record during the year:

Name of the member	Category	Attendance (Number of Meetings held = 3)
Mr. Nirmal K. Minda	Chairman	3
Mr. B R Agarwal	Member	2
Mr. Raja Ram Gupta	Member	3

## 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 powers with respect to operations of the company. The Power 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.

**HOLDING/ SUBSIDIARY COMPANIES**

Minda Industries Limited does not have any holding or subsidiary company.

**DISCLOSURES**

## I. Related Party Transactions

- The Company has disclosed elsewhere in the Annual Accounts, the transactions which have been entered with its Directors, Key Managerial Personnel, their relatives and other related parties. These transactions do not have any potential conflict with the interests of Company at large. The Audit Committee of the company reviews the related party transactions at their meetings.
- There were neither any non-compliance by the company on any matters relating to capital markets during the last three years; nor did the company attract any penalties or strictures by the Stock Exchanges, SEBI or any statutory authority.

## 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 Board of directors 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 with the company 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 Managing Director during the year 2004-05:

Name of the Managing Director	Salary and Allowances (Rs.)	Medical, Lease Rent and Other Expenses (Rs.)	Contribution to Provident Fund etc. (Rs.)	Total (Rs.)
Mr. Nirmal K Minda	36,00,000/-	25,55,727/-	4,32,000/-	65,87,727/-

- Remuneration policy for Non-Executive Directors  
The company is not paying any remuneration/sitting fee to the non-executive directors of the company.

**MANAGEMENT**

- Management Analysis and Discussion Report forms part of Report of Directors.
- None of the Senior Level Management employees has any material financial and commercial transactions with the Company having personal interest that may have conflict with the interest of the company at large.

**SHAREHOLDERS**

## I. Directors seeking re-appointment

The required information regarding the details of directors who are seeking appointment or re-appointment is set out in the notes to the notice calling 13<sup>th</sup> Annual General Meeting of the Company and form part of this Annual Report.

## II. Quarterly results on the website of the Company:

Quarterly Results and half yearly results of the Company are regularly announced and published within a month of the end of the respective quarter and are being posted on the company's website at [www.mindaweb.com](http://www.mindaweb.com).

**SHAREHOLDERS/INVESTORS GRIEVANCES COMMITTEE**

The Board of directors formed the Shareholders/Investors Grievances Committee on January 25, 2001.

**I. 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 and 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.

**II. Composition, Category and Attendance record during the year:**

Name of the member	Category	Attendance (Number of Meetings held = 14)
Mr. S L Minda	Chairman	13
Mr. Nirmal K. Minda	Member	11
Mr. B. R. Agarwal	Member	11

Mr. H C Dhamija, Head - Finance & Company Secretary acts as Secretary to the Committee.

**III Share Transfer System**

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

Share transfers are registered and returned within 15 days from the date of receipt, if the documents are clear in all respects.

**IV. Particulars of Registrar and Share Transfer Agents : M/s Intime Spectrum Registry Limited.**

For both Physical Share Transfer and  
Electronic Mode (Dematerialized form) : A-31, 3<sup>rd</sup> Floor, Near PVR Cinema  
Nariana Industrial Area, Phase-I,  
New Delhi - 110 028

ISIN No. for De-materialisation of shares : INE405E01015

**CEO/CFO CERTIFICATION**

Mr. Nirmal K. Minda, Managing Director (CEO) and Mr. Sudhir Jain, Corp. Head- Finance & Planning (CFO) have furnished the requisite certificate to the Board of directors under Clause 49 V of the Listing Agreement.

**GENERAL BODY MEETINGS**

● Venue and Time of last three Annual General Meetings

Financial Year	Date of Meeting	Time	Venue	Number of Special Resolutions passed
2001-2002 10 <sup>th</sup> AGM	August 23, 2002	11.00 a.m.	PHD House, Opposite Asian Games Village, New Delhi.	* SR- 1 (One) **OR- 7 (Seven)
2002-03 11 <sup>th</sup> AGM	August 27, 2003	11:00 a.m.	PHD House, Opposite Asian Games Village, New Delhi.	* SR-1 (One) **OR-7 (Seven)
2003-04 12 <sup>th</sup> AGM	July 14, 2004	11:00 a.m.	PHD House, Opposite Asian Games Village, New Delhi.	* SR-2 (Two) **OR-9 (Seven)

\* "SR" means Special Resolution

\*\* "OR" means Ordinary Resolution.

Details of resolutions passed through postal ballot.

During the year under review, the company conducted postal ballot for passing ordinary and special resolution(s) as mentioned below: -

**A) Resolutions passed through postal ballot on January 10, 2005.**Ordinary Resolution u/s 293(1) (a) of the Companies Act, 1956

- 1) Ordinary Resolution u/s 293(1)(a) of the Companies Act, 1956 authorizing the Board of directors to transfer/sell one of its units engaged in manufacturing of automotive lighting/ its components, to M/s. Minda Tyc Automotive Ltd.

Special Resolution(s) u/s 372A

- 1) Special Resolution(s) u/s 372A of the Companies Act, 1956 authorizing the Board of Directors of the company to invest in Equity shares of Rs.10/- per share of the following companies at par or premium and on such terms and conditions as may be determined by the Board of Directors of the company: -
  - a) M/s. Minda Fiamm Acoustic Ltd. so that the total investment not to exceed Rs. 1000 Lacs at any time.
  - b) M/s. Fiamm Minda Automotive Ltd. so that the total investment not to exceed Rs.3500 Lacs at any time.
  - c) M/s. Minda Tyc Automotive Ltd. so that the total investment not to exceed Rs.5000 Lacs at any time.
- 2) Special Resolution(s) u/s 372A of the Companies Act, 1956 authorizing the Board of Directors of the company to invest in the shares of M/s. PT. Minda Asean Automotive, Indonesia so that the total investment not to exceed Rs. 700 Lacs at any one time.
- 3) Special Resolution u/s 372A of the Companies Act, 1956 authorizing the Board of Directors of the Company to give guarantee or provide security in connection with the loans/credit facilities to be obtained by M/s. Minda Tyc Automotive Ltd., M/s. Fiamm Minda Automotive Ltd. and M/s. PT. Minda Asean Automotive, Indonesia to the extent of Rs.500 Lacs, Rs.1000 Lacs and Rs.2000 Lacs respectively.
- 4) Special Resolution u/s 372A of the Companies Act, 1956 authorizing the Board of Directors of the company to give loan to M/s. Minda Tyc Automotive Ltd. to the extent of Rs. 500 Lacs.

M/s. Sanjay Grover & Associates, Company Secretaries were appointed as scrutinizer to conduct the postal ballot proceedings. The company completed the dispatch of postal ballot forms on 25<sup>th</sup> November 2004 alongwith postage prepaid business reply envelope to its Members whose name(s) appeared on Register of members as on 25<sup>th</sup> November 2004. The result of the postal ballot was declared by Mr. S.L. Minda, Chairman at the Registered office of the company at B-73, Wazirpur Industrial Area, Delhi-110052 on January 10, 2005. All the resolutions were declared as duly passed with the requisite majority.

- B) Resolutions passed through postal ballot on July 14, 2004.

The shareholders have also passed resolution through postal ballot on July 14, 2004 i.e. the date of the last Annual General Meeting. Mr. Sanjay Grover & Associates were appointed as scrutinizer. The Chairman declared the result of the postal ballot on July 14, 2004. All related matters were placed before the last annual general meeting of the company.

**GENERAL SHAREHOLDER INFORMATION**

- 13<sup>th</sup> Annual General Meeting
 

Date : Thursday, July 28, 2005

Time : 11:00 A.M.

Venue : PHD House, Opposite Asian Games Village, New Delhi-110016.
- Financial Reporting (Tentative)

For quarter ending	On or before
June 30, 2005	July 31, 2005
September 30, 2005	October 31, 2005
December 31, 2005	January 31, 2006
March 31, 2005 (Audited)	June 30, 2006

- Date of Book closure: Thursday July 21, 2005 to July 28, 2005.
- Dividend payment date: Expected: August 27, 2005.
- Listing on Stock Exchanges
 

The company's shares are listed at the Stock Exchange Mumbai (BSE) and The Delhi Stock Exchange Association Ltd.

Stock Code

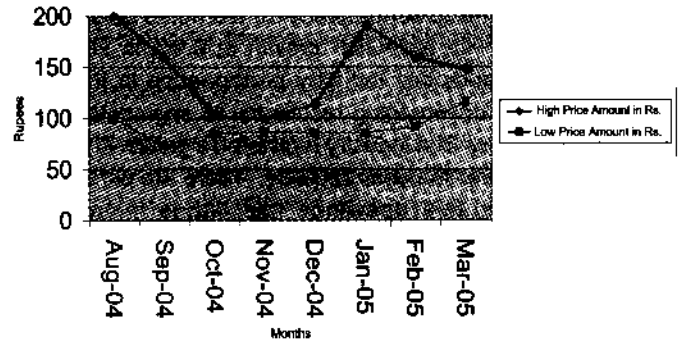
Stock Exchange Mumbai (BSE) : 532536

Delhi Stock Exchange Association Ltd. : 013315

- Stock Prices during 2004-05:

The shares of the company are listed at the Stock Exchange Mumbai. The trading of shares commenced w.e.f. August 24, 2004. The Company's high and low share prices recorded on the Stock Exchange Mumbai (BSE) during the period from August 2004 to March 2005 are as under

Stock Exchange Mumbai (BSE)		
Months	High Amount in Rs.	Low Amount in Rs.
Aug. 04	200.00	100.00
Sept. 04	158.00	73.00
Oct. 04	101.85	84.30
Nov. 04	99.00	86.15
Dec. 04	113.90	85.00
Jan. 05	190.50	85.25
Feb. 05	158.00	91.00
March 05	147.00	115.50



- Shareholding pattern as on 31<sup>st</sup> March 2005

Shares held by	No. of Shares	% Of Total paid-up capital
Promoters & Associates	7443512	70.86%
Public	3061552	29.14%
Total	10505064	100.00%

- Distribution of shareholding both in physical & electronic mode as on 31<sup>st</sup> March 2005

Shareholding of Nominal Value of (Rs.)	Shareholders		Share Amount	
	Total Number	% of Total Number	Total Amount (Rs.)	% Of Total Amount
(1)	(2)	(3)	(4)	(5)
Upto 2,500	306	26.89	287300	0.27
2501 To 5,000	329	28.91	1322450	1.26
5,001 To 10,000	245	21.53	1964170	1.87
10,001 To 20,000	151	13.27	2672390	2.54
20,001 To 30,000	30	2.64	763900	0.73
30,001 To 40,000	15	1.32	522470	0.49
40,001 To 50,000	4	0.35	194000	0.19
50,001 To 1,00,000	30	2.64	2244400	2.14
1,00,001 & Above	28	2.46	95079560	90.51
Total	1138	100.00	105050640	100.00

- Dematerialisation of Shares and Liquidity as on March 31, 2005:  
88.86 % of Equity Shares of the company are in Dematerialised form.

- 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

## Management Discussions and Analysis Report (Forms an integral part of Board of Directors' Report)

### Industry Structure and development

India's macroeconomic performance turned out to be stronger than anticipated with real GDP growth at 6.9% in 2004-05. Likewise, the Automobile Industry performance in the year 2004-05 showed encouraging results for all segments of the automobile industry. The industry registered a growth of around 16% in number over the year 2003-04. There are certain key factors behind these upswings like, sales incentives, introduction of new models as well as variants coupled with easy availability of comfortable repayment options continued to drive demand and sales of automobile industry during the year 2004-05.

The overall domestic market, including domestic light passenger vehicles, commercial vehicles, and two-wheeler market, is expected to grow at a modest rate of 10 per cent annually over the next decade. India is increasingly becoming a sourcing base both for international auto majors for exporting completely built units as well as for outsourcing components.

According to a report by the Associate Chamber of Commerce and Industry of India (Assocham), the Global auto component industry is likely to grow to about \$1.9 trillion by 2015 and of this, about 40 per cent is likely to be sourced from the low cost countries (LCCs) such as India.

The performance of your company is directly linked with the growth of the Automotive sector. Your company is having a good opportunity in view of the present estimates for future development of the industry.

### Opportunities and threats

#### a) Opportunities

The major strength of the Indian auto component industry is skill in areas such as engineering, education, labour, re-designing manufacturing process, designing to lower costs. India's advance tooling and machining industry has enabled localization of capital equipment and reduced capital costs. The Indian auto component industry has the opportunity to grab the world global auto component industry with its existing infrastructure at a lower cost with better quality and lessor delivery time for supplies to the customers. Your company is committed to supply quality products to its customers not only to compete in the existing Indian market but also looking for destinations across the world especially in ASEAN and European Countries.

The present policy of the Indian government also encourages the auto component industry. There are many positives in the current union budget also for the automotive industry, the reduction of corporate tax, the

continuation of the benefit for R & D, the reduction in duty for electric vehicle parts.

The Company, PT Minda Automotive Asean was established in Indonesia to manufacture automotive parts such as switches, lamps and horns. Your company has also subscribed for its equity shares. The commercial production of this unit will likely to be commenced in November 2005.

#### b) Threats

There are certain weaknesses that Indian manufacturing industry is confronting including lack of scale of operation, inadequate and poor quality of infrastructure, These weaknesses are either directly or indirectly affecting the performance of the Indian Auto Component Industry. Your company may have to face a stiff competition, cost reduction pressure from customers, price reduction.

### Segment-wise performance

Your company is engaged in the manufacturing of automotive parts such as Switches and Lighting. During the year a unit engaged in the manufacturing of 2W Horns has been hived off. All these products are carrying similar risk and returns. Hence, there is no separate reportable segment.

The exports sales of the company during the year 2004-05 was Rs. 581.90 Lacs as against Rs.433.44 Lacs during previous year registering a growth of over 34%. Your company is committed to enhance its exports sales and have already tied-up with some of the major OEMs like Robert Bosch GmbH, Germany, Piaggio, Italy and PMTC, France etc.

### Outlook

Our team at Minda Industries Ltd. is committed to make your company a world-class company by applying various tools and techniques like 5-S, 5-Whys, QC Tools, TPM, SMED, Kanban, Poka-Yoke etc.

Your company has been awarded as superior performance in Quality and Delivery in Electrical Category by one of our esteemed customer M/s. Bajaj Auto Ltd. in a Vendor Convention held in Dubai on May 01, 2005. It is another landmark, which will improve the image of your company among existing and prospective customers worldwide.

### Risk and Concerns

Your company's performance and growth is directly linked with the growth of the Automobile Industry i.e. Original Equipment Manufacturers to whom your company is also supplying its products. Presently Automobile industry is under pressure due to opening up of the Indian economy for automobile

manufacturers and disintegration of Global Barriers. All major automobile manufacturers are establishing their place of business in India either directly or through joint venture agreements with Indian Corporate(s).

Consequently, there is a pressure on Indian Automobile Industry from all corners like sales & margin, stringency in regulation driving technology, shift in Global markets. This pressure ultimately shifts to the auto component manufacturers and will face a stiff competition all around.

#### **Internal Control Systems and their adequacy**

Your company follows methods and procedures as per the policy of the company, which are formulated and reviewed from time to time. The company has proper and adequate internal control system managed by professional at various levels. The audit committee of the company is reviewing the internal controls including the financial results of the company on quarterly basis and provide its support to all operational and finance functions of the company through regular monitoring and suggestions.

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

Financial results of your company are encouraging. The turnover of the company during the year was Rs.22488.88 Lacs as against Rs.17665.44 Lacs during the previous year registering a growth of 27.30%.

The profitability of the company has been increased by Rs. 278.97 Lacs, as the profit for 2004-05 was Rs. 1021.54 Lacs as

against Rs. 742.57 Lacs during the last year.

During the year under review your company has hived-off its manufacturing unit engaged in the manufacturing of Automotive Horns to a Joint Venture Company.

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

Industrial relations were cordial throughout the year.

Your company gives preference to the up-gradation of skills and knowledge of the employees of the company through various trainings and different development programmes from time to time.

Your company continue to reward to its talented employees at all levels to recognize every efforts made towards improvement in work environment, Kaizen, quality Circles, TPM, TQM, 5-S activity and individual/team contributions.

With the experience of great learning on HR related issues during last year, your company engaged M/S. Hewitt Associates a well renowned consultants this year also to carryout the survey with manifold objectives like assessment of employee's attitude, assess employee understanding and support of the business goals and strategies of the company, employee's needs and level of support from the management. The result of the said survey was encouraging and management is taking all steps relating to improvement of the employees and other related issues.

---

---

## **AUDITORS' REPORT 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, 2005 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 ensuing the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended March 31, 2005, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company. 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 : 30.05.2005

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

**Auditors' Report**

To the members of Minda Industries Limited

We have audited the attached Balance Sheet of **Minda Industries Limited** as at March 31, 2005 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 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 purposes 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 standards 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, 2005 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2005 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 at 31<sup>st</sup> March, 2005;
  - (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 : 30.05.2005

**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, 2005.**

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) A major portion of fixed assets have been physically verified by the management during the year. In our opinion, the frequency of verification of the fixed assets by the management is reasonable having regard to the size of the company and the nature of its assets. The discrepancies noticed have been properly dealt with in the books of account;
  - (c) During the year the company has transferred one of its running unit engaged in manufacturing of automotive Horns, however, not affecting the going concern status of the Company.
- (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 five other parties covered in the register maintained under section 301 of the companies Act, 1956. The transaction with these parties are given below:-
 

At the beginning	: Rs. 396.60 Lacs
Addition during the year	: Rs. 186.38 Lacs
Paid during the year	: Rs. 251.87 Lacs
At the end of the year	: Rs. 331.11 Lacs

 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 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 for which no comparative prices are available.
- (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 or Reserve Bank of India or any court or any other tribunal.
- (vii) The Company has an adequate internal audit system 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 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 31<sup>st</sup> March, 2005 for a period of more than six months from the date they became payable;
- (b) There is no amount in respect of sales tax, customs duty, wealth tax, service tax, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute other than the Income Tax amounting to Rs. 10.93 Lacs being disputed before Commissioner of Income Tax (Appeals). However, the same has been adjusted from the income tax refund after Balance Sheet Date.
- (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) In respect of dealing in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other securities have been held by the company, in its own name.
- (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 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 : 30.05.2005

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

**Balance Sheet**

As At 31st March 2005

	<u>SCHEDULE</u>	<u>AS AT 31.03.2005 (Rupees)</u>	<u>AS AT 31.03.2004 (Rupees)</u>
<b>SOURCES OF FUNDS</b>			
Shareholders' Funds			
a) Share Capital	1	135,050,640	135,050,640
b) Reserves and Surplus	2	186,859,771	116,097,319
<b>Loan Funds</b>			
a) Secured Loans	3	391,977,314	285,333,067
b) Unsecured Loans	4	274,689,129	230,226,686
	<b>TOTAL</b>	<b>988,576,854</b>	<b>766,707,712</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
	5		
a) Gross Block		1,063,667,713	856,526,523
b) Less : Depreciation		370,779,282	300,572,260
c) Net Block		692,888,431	555,954,263
d) Capital Work in Progress		300,000	7,340,847
		693,188,431	563,295,110
<b>Investments</b>			
	6	14,304,920	12,554,000
<b>Current Assets, Loans and Advances</b>			
	7		
a) Inventories		102,103,919	89,808,970
b) Sundry Debtors		298,082,103	255,248,691
c) Cash and Bank balances		27,635,087	12,929,006
d) Loans and Advances		200,041,491	91,907,575
		627,862,600	449,894,242
<b>Less : Current Liabilities and Provisions</b>			
	8		
a) Current Liabilities		238,687,441	167,606,392
b) Provisions		40,720,523	32,779,938
		279,407,964	200,386,330
<b>Net Current Assets</b>			
		348,454,636	249,507,912
<b>Deferred Tax Liability</b>			
		(67,982,000)	(59,982,000)
<b>Miscellaneous Expenditure</b>			
	9	610,867	1,332,690
	<b>TOTAL</b>	<b>988,576,854</b>	<b>766,707,712</b>
<b>Accounting Policies and Notes on Accounts</b>			
	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

**S.L.MINDA**  
Chairman

**NIRMAL K. MINDA**  
Managing Director

Place : New Delhi  
Dated : 30.05.2005

**H.C.DHAMIJA**  
Head - A/cs, Taxation &  
Company Secretary

**SUDHIR JAIN**  
Corp. Head - Finance &  
Planning

**Profit and Loss Account**  
**FOR THE YEAR ENDED 31ST MARCH 2005**

	<u>SCHEDULE</u>	<u>YEAR ENDED</u> <u>31.03.2005</u> <u>(Rupees)</u>	<u>YEAR ENDED</u> <u>31.03.2004</u> <u>(Rupees)</u>
<b>INCOME</b>			
Sale		2,248,888,281	1,766,543,785
Less: Excise Duty		286,268,903	228,102,877
		<u>1,962,619,378</u>	<u>1,538,440,908</u>
Other Income	10	23,033,874	42,444,511
		<u>1,985,653,252</u>	<u>1,580,885,419</u>
<b>EXPENDITURE</b>			
Material and Manufacturing	11	1,250,878,550	967,989,904
Personnel	12	252,124,279	219,301,203
Administrative and Selling	13	185,484,033	150,667,880
Financial	14	49,943,390	57,193,303
		<u>1,738,430,252</u>	<u>1,395,152,290</u>
<b>CASH OPERATING PROFIT</b>		<u>247,223,000</u>	<u>185,733,129</u>
Less :			
Depreciation		91,304,001	79,801,130
Preliminary Expenses		145,005	151,005
Share Issue Expenses		312,451	312,451
Deferred Revenue Expenditure		264,367	352,491
<b>PROFIT BEFORE TAX</b>		<u>155,197,176</u>	<u>105,116,052</u>
Less : Provision - Income Tax		45,000,000	21,000,000
: Deferred Tax Liability		8,000,000	12,500,000
Add : Excess Provision of Income Tax / Wealth Tax written back		(42,973)	2,641,215
<b>PROFIT AFTER TAX</b>		<u>102,154,203</u>	<u>74,257,267</u>
Add : Balance brought forward from last year		85,192,035	57,682,163
<b>Amount available for appropriation</b>		<u>187,346,238</u>	<u>131,939,430</u>
Less : Appropriation :			
- General Reserve		25,000,000	20,000,000
- Proposed Dividend			
On Preference Shares		2,700,000	2,700,000
On Equity Shares		26,262,660	21,010,128
- Corporate Dividend Tax		4,062,013	3,037,267
<b>Balance being Surplus carried to Balance Sheet</b>		<u>129,321,565</u>	<u>85,192,035</u>
Earning Per Share (Equity shares, nominal value Rs. 10 each)			
Basic / Diluted ( Refer Schedule 15 B ( 9 ) )		9.43	6.78

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

**S.L.MINDA**

Chairman

**NIRMAL K. MINDA**

Managing Director

**H.C.DHAMIJA**

Head - A/cs, Taxation &  
Company Secretary

**SUDHIR JAIN**

Corp. Head - Finance &  
Planning

Place : New Delhi

Dated : 30.05.2005

Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2005 and Profit and Loss Account for the year ended on that date.

SCHEDULE 1	AS AT 31.03.2005 (Rupees)	AS AT 31.03.2004 (Rupees)
<b>SHARE CAPITAL</b>		
<b>AUTHORISED :</b>		
15,000,000 Equity Shares of Rs.10 each.	150,000,000	150,000,000
3,000,000 Cumulative Redeemable Preference Shares of Rs 10 each	30,000,000	30,000,000
	<u>180,000,000</u>	<u>180,000,000</u>
<b>ISSUED AND SUBSCRIBED :</b>		
10,505,064 Equity Shares of Rs. 10 each fully paid up @	105,050,640	105,050,640
3,000,000, 9% Cumulative Redeemable Preference Shares of Rs.10 each fully paid up @@	30,000,000	30,000,000
	<u>135,050,640</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.</p> <p>c) re issue of forfeited 31,800 Equity Shares of Rs. 10 each on 27.10.1998.</p> <p>d) 5252532 equity share of Rs. 10 each as Bonus Shares allotted on 31.03.2004 by capitalisation of Share Premium Account and General Reserve.</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	6,756,424	7,121,175
Less : Depreciation on revalued fixed assets.	(364,751)	(364,751)
	<u>6,391,673</u>	<u>6,756,424</u>
<b>CAPITAL RESERVE :</b>		
a) Capital profit on reissue of Equity Shares forfeited As per last Balance Sheet	193,500	193,500
b) Capital sales tax subsidy from Government of Haryana Received during the year	1,997,673	-
	<u>2,191,173</u>	<u>193,500</u>
<b>SHARE PREMIUM ACCOUNT :</b>		
As per last Balance Sheet	-	32,109,000
Less : Capitalised during year for issue of bonus shares	-	(32,109,000)
	<u>-</u>	<u>-</u>
<b>GENERAL RESERVE :</b>		
As per last Balance Sheet	23,955,360	24,371,680
Add : Transferred from Profit and Loss Account	25,000,000	20,000,000
Less : Capitalised during year for issue of bonus shares	-	(20,416,320)
	<u>48,955,360</u>	<u>23,955,360</u>
<b>PROFIT AND LOSS ACCOUNT :</b>		
Surplus as per Profit and Loss Account	129,321,565	85,192,035
	<u>129,321,565</u>	<u>85,192,035</u>
	<u>186,859,771</u>	<u>116,097,319</u>

	AS AT 31.03.2005 (Rupees)	AS AT 31.03.2004 (Rupees)
<b>SCHEDULE 3</b>		
<b>SECURED LOANS</b>		
Working Capital loans		
- From Banks	236,005,146	81,899,729
Term Loans		
- From Financial Institutions	2,000,000	10,000,000
- From Banks	149,744,702	190,000,000
Deferred Payment Liabilities		
- From Banks	4,227,466	3,433,338
	<u>391,977,314</u>	<u>285,333,067</u>

**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.
  - Personally guaranteed by Sh. Nirmal K. Minda, Managing Director.
2. a) Term loans from Industrial Development Bank of India (IDBI) and ICICI Bank Ltd. are 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.
- c) Term loan from IDBI is also personally guaranteed by Sh. S.L. Minda, Chairman and Sh. Nirmal K. Minda, Managing Director.
- d) Term loan from ICICI Bank Ltd. and Canara Bank is also personally guaranteed by Sh. Nirmal K. Minda, Managing Director.
3. Deferred payment liabilities are secured by hypothecation of assets financed by Banks.
4. Term loans/Deferred Payment Liabilities payable within one year
  - Financial Institutions
  - Banks

2,000,000	6,000,000
<u>36,678,023</u>	<u>36,258,572</u>

**SCHEDULE 4****UNSECURED LOANS**

From other than banks		
- Directors	3,018,906	5,560,718
- Companies	68,114,788	92,566,247
- Customers/ Trade Deposits	22,729,810	19,457,123
- Others	16,368,725	19,522,645
Sales Tax Deferred Liability	142,724,900	73,577,810
Fixed Deposits	21,732,000	19,542,143
	<u>274,689,129</u>	<u>230,226,686</u>
Fixed Deposits due within one year	12,778,000	12,864,000
Fixed Deposits includes		
- from Director(s)	2,500,000	1,000,000
- Interest Accrued and due	213,502	32,623

## SCHEDULE 5 FIXED ASSETS

(Amount in Rupees)

Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	AS AT 31.03.2004	ADDITIONS/ TRANSFER	SALES/ TRANSFER	AS AT 31.03.2005	UPTO 31.03.2004	FOR THE YEAR	ON SALE/ WRITE OFF	UP TO 31.03.2005	AS AT 31.03.2005	AS AT 31.03.2004
<b>TANGIBLE ASSETS</b>										
LAND	44,527,423	-	-	44,527,423	-	-	-	-	44,527,423	44,527,423
BUILDING	177,485,368	17,583,893	-	195,069,261	17,505,143	6,612,188	-	24,117,331	170,951,930	159,980,225
PLANT AND MACHINERY	483,180,968	197,770,781	43,936,694	817,015,055	218,616,275	65,699,795	16,942,787	287,373,283	348,641,772	244,564,693
ELECTRIC FITTING	31,982,338	5,873,244	99,195	37,556,387	3,513,089	1,576,734	38,621	5,051,202	32,505,185	28,468,249
FURNITURE AND FITTINGS	12,550,857	2,802,214	553,029	14,800,042	6,327,136	1,175,900	504,185	6,998,651	7,801,191	6,223,721
OFFICE EQUIPMENT	50,215,432	15,269,968	5,964,360	59,521,040	23,760,142	6,383,020	3,524,336	26,818,826	32,902,214	26,455,290
VEHICLES	20,329,015	9,310,455	2,017,456	27,622,014	3,795,528	2,363,341	451,802	5,707,065	21,914,949	16,533,489
<b>INTANGIBLE ASSETS</b>										
TRADE MARKS	187,268	-	-	187,268	-	-	-	-	187,268	187,268
COMPUTER SOFTWARE	56,067,854	11,301,369	-	67,369,223	27,054,949	7,857,775	-	34,912,724	32,456,499	29,012,905
<b>SUB TOTAL</b>	<b>886,526,523</b>	<b>259,711,924</b>	<b>52,570,734</b>	<b>1,063,667,713</b>	<b>300,572,260</b>	<b>91,668,753</b>	<b>21,481,731</b>	<b>370,779,282</b>	<b>692,888,431</b>	<b>555,954,263</b>
<b>CAPITAL WORK-IN-PROGRESS</b>										
- BUILDING	5,544,464	-	5,544,464	-	-	-	-	-	-	5,544,464
- PLANT AND MACHINERY	-	300,000	-	300,000	-	-	-	-	300,000	-
- OTHERS	1,796,383	-	1,796,383	-	-	-	-	-	-	1,796,383
<b>SUB TOTAL</b>	<b>7,340,847</b>	<b>300,000</b>	<b>7,340,847</b>	<b>300,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300,000</b>	<b>7,340,847</b>
<b>GRAND TOTAL</b>	<b>886,526,523</b>	<b>260,011,924</b>	<b>59,911,581</b>	<b>1,063,967,713</b>	<b>300,572,260</b>	<b>91,668,753</b>	<b>21,461,731</b>	<b>370,779,282</b>	<b>693,188,431</b>	<b>563,295,110</b>
<b>PREVIOUS YEAR FIGURES</b>	<b>707,844,393</b>	<b>171,244,863</b>	<b>15,221,896</b>	<b>863,667,370</b>	<b>223,601,484</b>	<b>80,165,881</b>	<b>3,195,105</b>	<b>300,572,260</b>	<b>563,295,110</b>	<b>484,242,909</b>

⊕ Includes Rs.9639075/- for land and Rs.10920709/- for building on account of revaluation.

⊕⊕ Includes Rs.364751/- (last year Rs.36475/-) in respect of depreciation on revalued Fixed Assets.

⊕⊕⊕ Includes Rs.4012264/- (last year Rs.3647513/-) in respect of accumulated depreciation on revalued Fixed Assets.

	<u>AS AT 31.03.2005 (Rupees)</u>	<u>AS AT 31.03.2004 (Rupees)</u>
<b>SCHEDULE 6</b>		
<b>INVESTMENTS</b>		
(at cost - unquoted-other than trade - long term)		
501,300 (Previous Year 450,000) Equity Shares of Minda Impco Technologies Ltd. - Rs 10 each fully paid-up.	5,013,000	4,500,000
929,192 (Previous Year 805400) Equity Shares of Minda Impco. Ltd. - Rs 10 each fully paid-up @.	9,291,920	8,054,000
	<u>14,304,920</u>	<u>12,554,000</u>
@ Companies under the same management..		
<b>SCHEDULE 7</b>		
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>a) Inventories</b>		
(As taken, valued and certified by the Management)		
Loose tools	165,000	165,000
Raw Materials	51,066,451	54,943,145
Finished Goods @	13,873,233	12,969,852
Work in Progress	17,455,177	8,081,358
Stores and Spares	5,574,432	6,271,021
Material / Goods in Transit	13,969,626	7,378,594
	<u>102,103,919</u>	<u>89,808,970</u>
@ includes in Transit		
<b>b) Sundry Debtors (Unsecured)</b>		
- Outstanding for a period exceeding six months :		
- Considered Good	3,049,407	3,036,296
- Considered Doubtful	918,725	303,181
- Other Debts		
- Considered Good	295,032,696	252,212,395
	<u>299,000,828</u>	<u>255,551,872</u>
Less : Provision for Doubtful Debts	(918,725)	(303,181)
	<u>298,082,103</u>	<u>255,248,691</u>
<b>c) Cash and Bank Balances</b>		
Cash on hand/imprest	1,756,364	1,544,324
Cheques/drafts in hand	2,094,204	5,705
Silver coins @	68,838	69,276
With Scheduled Banks		
- In current accounts @@	18,697,801	9,703,743
- In deposit accounts @@@	5,017,880	1,605,958
	<u>27,635,087</u>	<u>12,929,006</u>
@ coins in numbers	750	763
@@ includes unclaimed dividend account	304,579	270,340
@@@ includes accrued interest	97,068	61,958
@@@ Includes Fixed Deposits:-		
- pledged with banks for issue of bank guarantee and Margin money for issue of Letter of Credit etc.	2,913,850	
- pledged with Sales Tax Department as security	6,962	6,761

	AS AT 31.03.2005 (Rupees)	AS AT 31.03.2004 (Rupees)
<b>d) Loans and Advances</b> (Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received @	83,948,209	76,094,347
Due from Joint Venture Companies	94,712,272	889,450
Balance with Excise authorities	10,543,603	5,655,696
Income Tax @@	8,074,507	7,448,560
Wealth Tax @@	-	662
Security Deposits with		
- Government Authorities	1,716,500	800,000
- others @@@	1,046,400	1,018,860
	<b>200,041,491</b>	<b>91,907,575</b>
<b>@ Includes</b> - Amount due from Companies under the same management		
- Mindarika Pvt. Ltd.	4,213,233	770,619
- Minda Impco Ltd.	715,588	118,831
- Minda Fiamm Acoustic Ltd	57,791,376	-
- Fiamm Minda Automotive Ltd.	30,365,920	-
Maximum Balance outstanding during the year		
- Mindarika Pvt. Ltd	5,274,541	3,794,325
- Minda Impco Ltd.	1,789,066	953,055
- Minda Fiamm Acoustic Ltd.	57,791,376	-
- Fiamm Minda Automotive Ltd.	30,365,920	-
<b>@@</b> Net of Provision		
<b>@@@</b> Includes - the amount towards security deposited with Minda Industries Firm in which Sh. S.L.Minda, Chairman and Sh. Nirmal K. Minda, Managing Director are partners.	60,000	60,000

## SCHEDULE B

### CURRENT LIABILITIES AND PROVISIONS

#### Current Liabilities

Acceptances	21,951,105	24,445,499
Sundry Creditors @	193,072,168	126,481,709
Customers at credit	45,715	698,020
Deferred Government Grant	-	397,930
Unclaimed Dividend	304,579	270,340
Interest accrued but not due on		
- Term Loan	812,498	1,266,170
- Fixed deposits	2,077,912	2,123,833
Other Liabilities	20,423,463	11,922,891
	<b>238,687,441</b>	<b>167,606,392</b>

#### Provisions

Gratuity	Opening Balance	1,697,944	10,595,270
	Addition	339,140	1,527,300
	Payments	(2,420,968)	(10,424,626)
		2,668,378	1,697,944
Leave encashment	Opening Balance	4,334,599	3,343,408
	Addition	282,038	2,680,907
	Payments	(2,408,422)	(1,689,716)
		4,746,566	4,334,599
Wealth Tax (Net of Payment)		280,906	-
Proposed Dividend			
- On Preference Shares		2,700,000	2,700,000
- On Equity Shares		26,262,660	21,010,128
Corporate Dividend Tax		4,062,013	3,037,267
		<b>40,720,523</b>	<b>32,779,938</b>
		<b>279,407,964</b>	<b>200,386,330</b>
		<b>36,675,445</b>	<b>33,937,190</b>

#### Includes due to Small Scale Industrial Undertakings.

- The names of the small scale industrial undertakings where the balance outstanding at the end of the year exceeds 30 days are : Aditi Polymers, Air Transmission Control, Anmol Udyog, Bhagat Auto Industries, BKG Automotive (P) Ltd Chaithaniya Moulding Works, Deepak Mig. Pvt.Ltd., Diksha Udyog, Deusch Mediequip Pvt. Ltd., Ess Dee Industries, Empire Fastners, Enlova Ltd., G.M. Die Casting Industries, HGI Automotives P.Ltd., Hema Engg Inds Ltd., Henkel Chembond Surface Technologies., Jyoti Rubber Industries, JMC Auto Ind., Khanna Traders, Kuber Enterprises, Mithushi Auto, Monee Automats, Mothersons Tools, Naini Exporters, Neeraj Industries, Nishant Packaging, Ozala Plastocrafts, Premier Pin Ind., Pankaj Engg. Co., Press Cast Industries, Pragati Silicones Ltd., SBR Auto, Solar Die Casting, Solo Manufacturing Pvt.Ltd., Soni Industries, Suman Auto, Sam Manufacturing Pvt.Ltd., Sanil Enterprises, Suap Polymers, Suintex Universal Industries, Supra Craft Packaging (P) Ltd., Shankar Moulding Pvt.Ltd., Shiv Shakti Automates, Star Engineers (India ) Pvt.Ltd., Technocrat Conn.Systems P.Ltd., Technocrate Services, TKW Fastners, Toshie Industries, Triple'A Wirelinks Industries , Tej Plastics, Trimurti Plast Comp.Pvt. Ltd., V.K. Plastics, Vikman Steel Ball Industries, Wirecom India Pvt.Ltd.
- 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.

	AS AT 31.03.2005 (Rupees)	AS AT 31.03.2004 (Rupees)
<b>SCHEDULE 9</b>		
<b>MISCELLANEOUS EXPENDITURE</b> (To the extent not written off or adjusted)		
Preliminary Expenses	298,416	443,421
Share Issue Expenses	312,451	624,902
Deferred Revenue Expenditure	-	264,367
	<u>610,867</u>	<u>1,332,690</u>
	<b>YEAR ENDED 31.03.2005 (Rupees)</b>	<b>YEAR ENDED 31.03.2004 (Rupees)</b>
<b>SCHEDULE 10</b>		
<b>OTHER INCOME</b>		
Interest		
- from banks	260,019	261,047
- from Others	201,946	23,152
Rental	3,502,000	3,000,000
Dividend other than trade investment	-	3562500
Gain on slump sale of an undertaking	2,194,489	-
Gain on sale of fixed assets	152,633	670,433
Gain on sale of Long Term Investment	-	14,250,000
Excess provisions/amounts written back	-	1,162,745
Export Benefits	12,864,249	18,878,467
Service Income	2,274,010	-
Miscellaneous	1,584,528	636,167
	<u>23,033,874</u>	<u>42,444,511</u>
<b>Tax Deducted at Source :</b>		
Interest	91,965	36,758
Rent	729,192	616,250
Service Income	122,552	-
<b>SCHEDULE 11</b>		
<b>MATERIAL AND MANUFACTURING</b>		
Raw material consumed	1099,435,021	851,472,282
Stores and spares	104,756,644	72,272,279
Power and fuel	56,964,085	43,210,801
	<u>1,261,155,750</u>	<u>966,955,362</u>
<b>Add (Less) Decrease(Increase) in Finished Goods and Work In Progress</b>		
<b>Stock at beginning</b>		
- Finished goods	12,969,852	13,745,346
- Work in progress	8,081,358	8,340,406
	<u>21,051,210</u>	<u>22,085,752</u>
<b>Stock at close</b>		
- Finished goods	13,873,233	12,969,852
- Work in progress	17,455,177	8,081,358
	<u>31,328,410</u>	<u>21,051,210</u>
<b>Decrease(Increase)</b>	<u>(10,277,200)</u>	<u>1,034,542</u>
	<u>1,250,878,550</u>	<u>967,989,904</u>

	YEAR ENDED 31.03.2005 (Rupees)	YEAR ENDED 31.03.2004 (Rupees)
<b>SCHEDULE 12</b>		
<b>PERSONNEL</b>		
Salaries, Wages and Bonus @	195,708,483	170,488,160
Contribution to Provident and other funds	16,093,824	13,307,508
Gratuity	3,329,463	7,035,978
Recruitment	3,391,402	1,527,300
Welfare	33,601,107	26,942,257
	<u>252,124,279</u>	<u>219,301,203</u>
@ Net of recovery		
<b>SCHEDULE 13</b>		
<b>ADMINISTRATIVE AND SELLING</b>		
Rent	8,736,026	3,772,178
Rates and Taxes	163,391	596,916
Printing and Stationery	10,522,696	9,038,290
Travelling and Conveyance @	50,718,572	42,133,969
Lease Rent	966,205	1,771,424
Communication Expenses @	10,305,589	9,578,456
Legal and Professional	9,642,454	7,881,801
Insurance	4,451,009	3,187,437
General charges @@	8,478,623	7,719,894
Debts/Amount Written off	24,865	8,633
Provision for Doubtful Debts/ amounts	615,544	-
Testing Expenses	4,478,357	2,075,476
Books and Periodicals	2,206,656	1,636,942
Repairs to:		
Building	4,151,215	3,832,879
Plant and Machinery	14,796,660	12,094,433
Others	11,277,212	9,830,711
Pollution Control Expenses	301,346	339,964
Research and Development	7,968,448	5,496,830
Sales promotion/Advertisement	13,710,144	6,257,550
Royalty	441,174	2,008,049
Discount and commission	60,595	105,297
Freight and Forwarding	19,034,637	18,812,681
Donation	1,084,304	1,040,503
Wealth tax	387,950	100,000
Sales tax paid	456,717	430,798
Loss on sale of Fixed Assets	503,644	916,769
	<u>185,484,033</u>	<u>150,667,880</u>
@ Net of recovery		
@@ Includes penalty	<u>29,015</u>	<u>62,162</u>
Includes for earlier year	<u>78,866</u>	<u>121,216</u>

	<b>YEAR ENDED 31.03.2005 (Rupees)</b>	<b>YEAR ENDED 31.03.2004 (Rupees)</b>
<b>SCHEDULE 14</b>		
<b>FINANCIAL</b>		
<b>Banks and Financial Institutions</b>		
Interest		
- On Term Loans	17,656,142	22,925,135
- On Working Capital loans	14,048,558	7,106,627
Financial charges	2,017,363	1,408,936
<b>Other than Banks and Financial Institutions</b>		
Interest		
- On Working Capital loans	1,890,814	7,040,902
- On Fixed Deposits	2,378,388	2,810,185
- On Other Loans	11,952,125	15,901,518
	<b>49,943,390</b>	<b>57,193,303</b>

**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 etc. (net of Cenvat benefit availed of excise duty, cess, countervailing duty on imported capital goods, and sales tax set off availed) 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.

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) Cost of Leasehold land and Trade Mark is not being amortised.

**4. IMPAIRMENT OF FIXED ASSETS**

- a) Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets, if any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

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. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that

would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years.

**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 and returns/rejections.
- b) Sales includes sale of own products, job income, 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 in carrying out research and development activity is charged to Profit and Loss Account in respective account heads.
- b) Capital expenditure in respect of research and development activity is capitalised as fixed assets and depreciation is provided.

**11. FOREIGN CURRENCY TRANSACTIONS**

- a) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction.
- b) Foreign currency loan are covered by forward exchange contracts are translated at the rate ruling 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.
- c) 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.
- d) Current Assets and Liabilities (other than those relating to fixed assets) 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. 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 payments made in respect of goods cleared and also provision made for goods lying in bonded warehouse.

**13. 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 fund are due.

**14. PRELIMINARY EXPENSES/SHARE ISSUE EXPENSES/ DEFERRED REVENUE EXPENSES.**

- a) Preliminary expenses / Share Issue expenses incurred on or before March 31, 1998 are amortised over a period of 10 years. Such expenses incurred after March 31, 1998 are amortised over a period of 5 years.
- b) Deferred revenue expenses have been amortised proportionately over the period of the Equipment User Agreement.

**15. LIABILITIES**

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

**16. 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) 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.

**17. 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.

**B) NOTES ON ACCOUNTS**

1. Contingent liabilities not provided for in the Books of Accounts are:  
Bank Guarantee Rs. 180.85 Lacs (Previous year Nil); Central Excise Nil (Previous Year Rs.41.11 Lacs); Income Tax Rs. 10.93 Lacs (Previous Year Nil); Bills Discounting Rs. 890.50 Lacs (Previous Year Nil) and Others Rs. 1.61 Lacs (Previous Year Rs.12.77 Lacs).
2. The estimated amount of contracts remaining to be executed as capital account, not provided for Rs. 108.86 Lacs ( Previous year Rs. 259.74 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 "Loans and Advances".  
b) The export obligation pending till the end of the year was of Rs.1668.46 Lacs (Previous Year Rs. 1438.02 Lacs) to be fulfilled in the subsequent years.
4. The Company has availed the Sales Tax Deferment benefits for its Unit at Pune. The amount has been shown as Unsecured Loan. The repayment will start from the year 2011.  
The Company has availed sales tax incentives for its unit at Gurgaon, Haryana, from Government of Haryana as sales tax capital subsidy amounting to Rs. 19.97 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. Balance Sheet and Profit and Loss Account of Minda Industries Ltd. does not form part of following activities done by Minda Industries Ltd. on behalf of Joint Venture Company Fiamm Minda Automotive Ltd. as per Joint Venture Facilitation Understanding entered into on the May 22, 2004 :

- (i) For the period upto December 31, 2004:
- a) Purchase /Import of Fixed and other Assets.
  - b) Purchase/process/packaging/sale of finished goods (on despatch basis) raw-materials and components.
  - c) Personnel, Administrative, Selling and Financial Expenses.

- (ii) As at December 31, 2004:

The Current Assets, Loans and Advances, Current Liabilities and Provisions, claims, contingencies, obligations, licences etc.

6. Export benefits includes the benefits on Export Sale of Company's products made by third party.
7. 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.

**8. 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 :**

Mindarika Pvt. Ltd., Minda Impco Ltd., Minda Impco Technologies Ltd., Minda TYC Automotive Ltd.  
Minda Fiamm Acoustic Ltd., Fiamm Minda Automotive Ltd.

**II) Key Management Personnel: Mr. Nirmal K. Minda, Managing Director:**

**Relatives of Key Management Personnel:**

Mr. S.L. Minda (Father), Mrs. Savitri Devi Minda (Mother), Mrs. Suman Minda (Wife),  
Ms. Paridhi Minda (Daughter), Ms. Palak Minda (Daughter).

**III) Other Entities over which Key Management Personnel is able to exercise significant influence.**

Minda Sai Ltd., Minda Huf Ltd., Minda Stoneridge Instruments Ltd., Mars Industries Pvt. Ltd.  
Minda Investments Ltd., PT. Minda Asean Automotive., ASM Exim Pvt. Ltd., Minda Industries (Firm)  
Nirmal K. Minda (HUF), S.L.Minda and Sons (HUF)

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 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.	41.63	8.78	12.71	86.21	NIL	NIL
Purchase of raw materials, finished goods and spare parts.	90.36	8.95	199.59	252.49	NIL	NIL
Purchase of Fixed Assets.	NIL	5.33	93.65	NIL	NIL	NIL
Amount due from Joint Venture Company	947.12	8.89	NIL	NIL	NIL	NIL
Transactions on behalf of Joint Venture Companies:-						
a) Sales (Inclusive of Excise duty)	299.26	NIL	NIL	NIL	NIL	NIL
b) Raw Material Stores and Spares purchased	497.17	NIL	NIL	NIL	NIL	NIL
c) Other Expenses	443.34	NIL	NIL	NIL	NIL	NIL
d) Purchase of Fixed Assets	427.21	NIL	NIL	NIL	NIL	NIL
Expenses recovered	78.77	71.12	NIL	NIL	NIL	NIL
Services rendered	22.74	NIL	NIL	0.41	NIL	NIL
Rent received	35.02	30.00	NIL	NIL	NIL	NIL
Rent paid	NIL	NIL	11.50	10.80	24.00	10.46
Interest paid	15.55	1.75	4.91	26.48	20.50	85.94
Guarantees given	500.00	3.00	NIL	NIL	NIL	NIL
Royalty paid	1.89	2.41	NIL	NIL	NIL	NIL
Dividend Paid on Equity Shares Capital	NIL	NIL	54.73	23.52	84.58	42.01
Dividend paid on 9% Cum. Redeemable Pref. Share Capital	NIL	NIL	2.70	NIL	7.38	NIL
Dividend Received	NIL	35.62	NIL	NIL	NIL	NIL
Equity Share Application money paid.	NIL	35.00	88.85	NIL	NIL	NIL
Investment in shares	17.51	45.00	NIL	NIL	NIL	NIL
Credit Balance outstanding at the end of the year:						
-Fixed Deposits	NIL	NIL	12.03	10.26	42.93	22.01
-Unsecured Loans	137.24	146.39	43.96	84.33	192.02	184.64

**Note(s)**

- 1) The above 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 and Mr. S.L. Minda, Chairman, in respect of Loans availed by the company from Banks and Financial Institutions have been disclosed in the Schedule to the Accounts.

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

Particulars	(Rs. in Lacs)	
	AS AT 31.03.2005	AS AT 31.03.2004
Profit for the year after Taxation, as per Profit and Loss Account	1021.54	742.57
Less: Dividend on 9% Cumulative Redeemable Preference Shares and Tax thereon.	30.79	30.46
Profit after Preference Dividend	990.75	712.11
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).	9.43	6.78

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

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

S.No.	Particulars	(Rs. in thousand)	
		AS AT 31.03.2005	AS AT 31.03.2004
i.	Difference between book and tax depreciation.	(62641)	(63233)
ii.	Provision for gratuity and leave encashment.	5585	5079
iii.	Deferred Revenue Expenditure allowed as expenses.	(699)	(699)
iv.	Other Deferred Tax Assets (Liabilities)	(10227)	(1129)
v.	Total Deferred Tax Assets (Liability)	(67982)	(59982)

### ADDITIONAL INFORMATION

PARTICULARS	THIS YEAR (Rupees)	LAST YEAR (Rupees)
11. Managerial Remuneration		
- Salary and allowances	5,760,000	2,400,000
- Contribution to Provident Fund and another Funds	432,000	180,000
- Medical and Other expenses	395,727	345372
12. Provision and/or payment in respect of auditors' remuneration.		
- For Audit	150,000	162,000
- For Tax Audit	35,000	37,800
- For Consultancy	40,000	40,000
- For Certification/Tax Assessment	45,000	45,000
13. 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) <u>INSTALLED CAPACITY (Nos. In lacs) @</u> (On Single Shift basis)		
Switches	620	550
Horns - hived off on 31-01-2005		
Head Lamps and Tail Lamps	45	30
@ Being technical matter, taken as certified by Management	75	52



PARTICULARS	THIS YEAR		LAST YEAR	
	QUANTITY	RUPEES	QUANTITY	RUPEES
B) <u>C.I.F. Value of Imports</u>				
- Raw Materials	-	55,858,352	-	38,977,214
- Stores and Spares	-	-	-	443,183
- Capital goods	-	69,063,345	-	28,103,432
- Others	-	125,230	-	165,200
C) <u>Expenditure in Foreign Currency</u>				
- Travelling	-	6,748,109	-	5,149,039
- Royalty	-	-	-	1,514,685
- Others	-	4,373,243	-	1,210,671
D) <u>Earning in Foreign Currency</u>				
FOB value of Exports	-	58,190,384	-	43,344,370
Others	-	-	-	8,478,664

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

for R.N. SARAF & CO.  
CHARTERED ACCOUNTANTS

S.L.MINDA  
Chairman

NIRMAL. K. MINDA  
Managing Director

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

H.C.DHAMIJA  
Head - A/cs, Taxation &  
Company Secretary

SUDHIR JAIN  
Corp. Head - Finance &  
Planning

Place : New Delhi  
Dated : 30.05.2005



**Cash Flow Statement for the year ended 31.03.2005  
Pursuant to Clause 32 of the Listing Agreement**

	For or the Year Ended 31.03.2005 (Rs. in Lacs)	For the Year Ended 31.03.2004 (Rs. in Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>NET PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEMS</b>	<b>1,551.97</b>	<b>1,051.16</b>
<b>ADJUSTMENTS FOR :</b>		
Depreciation	913.04	798.01
Gain on sale of fixed assets	(1.53)	(6.70)
Gain on slump sale of an Undertaking	(21.94)	-
Gain on sale of investment	-	(142.50)
Interest income	(4.62)	(2.84)
Dividend income	-	(35.63)
Rent income	(35.02)	(30.00)
Interest expenditure	499.43	571.93
Amortisation of miscellaneous expenses	7.22	8.16
Capital sales tax subsidy from Government of Haryana	19.98	-
Loss on sale of fixed assets	5.04	9.17
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>2,933.57</b>	<b>2,220.76</b>
<b>ADJUSTMENTS FOR:</b>		
Inventories	(122.95)	(43.65)
Trade and other receivables	(1,728.93)	(683.69)
Trade payables	732.44	87.46
<b>CASH GENERATED FROM OPERATIONS</b>	<b>1,814.13</b>	<b>1,580.88</b>
Direct taxes paid (Net)	(531.17)	(272.30)
<b>NET CASH GENERATED FROM OPERATIONS</b>	<b>1,282.96</b>	<b>1,308.58</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Sale of long term investments/assets	612.02	415.53
Purchase of fixed assets	(2,526.72)	(1,627.67)
Preliminary expenses	-	(2.83)
Interest received	4.62	2.84
Rent income	35.02	30.00
Dividend income	-	35.63
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(1,875.06)</b>	<b>(1,146.51)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
<b>PROCEEDS FROM ISSUE OF SHARE</b>		
Proceeds from short term borrowings	1,541.05	(42.07)
Proceeds from long term borrowings	(29.99)	410.53
Interest paid	(504.43)	(561.44)
Dividend paid (Including corporate dividend tax)	(267.47)	(118.51)
<b>Net cash used in financing activities</b>	<b>739.16</b>	<b>(311.50)</b>
<b>Net increase in cash and cash equivalents</b>	<b>147.06</b>	<b>(149.43)</b>
<b>Cash and cash equivalents at opening</b>	<b>129.29</b>	<b>278.72</b>
<b>Cash and cash equivalents at closing</b>	<b>276.35</b>	<b>129.29</b>

S.L.MINDA  
Chairman

NIRMAL K. MINDA  
Managing Director

Place : New Delhi  
Dated : 30.05.2005

H.C.DHAMJA  
Head - A/cs, Taxation  
& Company Secretary

SUDHIR JAIN  
Corp. Head - Finance &  
Planning

**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 : 30.05.2005

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

# Product Range

