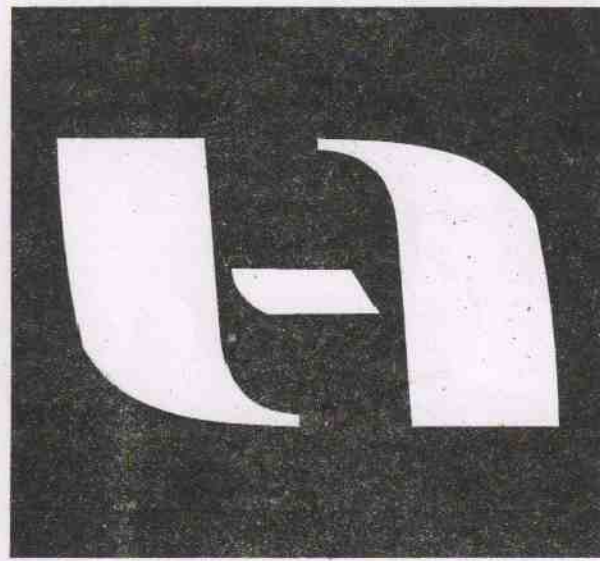




MARUTI  SUZUKI



**HIRA AUTOMOBILES LTD.**

**ANNUAL REPORT**

**2009-10**

**BOARD OF DIRECTORS****S. Rahul Inder Singh Sidhu**

Chairman

**Mrs. Simran Bajwa**

Whole Time Director

**S. Kuldeep Singh Bhattal**

Whole Time Director

**S. Isher Singh**

Director

**Sh. Rajnish Sharma**

Director

**Sh. Ramesh Kumar**

Director

**Mrs. Neha Sidhu**

Director

**Sh. Nasib Chand**

Director

**BANKERS****PUNJAB NATIONAL BANK****AUDITORS****M/s DALBIR & ASSOCIATES**

Chartered Accountants

1969, Katra Sahib Singh,

Patiala

**PRINCIPAL****MARUTI SUZUKI INDIA LIMITED  
PALAM-GURGAON ROAD, GURGAON****REGISTERED OFFICE****REGD OFFICE : SCO 348-349, SECTOR 34-A, CHANDIGARH****SHOWROOMS & WORKSHOPS****SHOWROOM (SALES OUTLETS):-**

1. Rajbaha Road, PATIALA
2. Bhai Complex, Malout Road, MUKTSAR
3. Patiala Rajpura Road, RAJPURA.
4. Muktsar Road, MALOUT

**WORKSHOPS:**

1. 13. Factory Area, PATIALA.
2. Narwana Road, PATRAN (Patiala)
3. Bhai Complex, Malout Road, MUKTSAR
4. C-20, Focal Point, PATIALA.
5. Patiala Rajpura Road, RAJPURA
6. Muktsar Road, MALOUT

**21<sup>st</sup> ANNUAL GENERAL MEETING**  
**On Thursday, the 30<sup>th</sup> day of September, 2010**  
**At 11.00 A.M at the Registered Office.**

### Chairman's Speech

Dear Shareholders,

On the onset I would like to congratulate you on the success of your company during the FY 2009-10. In this year the company grew and commissioned the dealership at Rajpura. It surpassed the growth-rate of the industry and in every sphere grew at a wonderful pace.

Your company which was established by my mother in 1989 has completed 21 years of operations this year and is now in the 22<sup>nd</sup> year which we are celebrating as success year of your company. It was established as Pvt. Ltd. Company in the beginning and in 1996 it became a Public Limited and Listed company in four stock exchanges. In the two decades of the existence of your company it has seen many turbulences in the industry but has survived and come out stronger from diversities. Today all its operations are ISO certified and is a well known name in the Indian Automobile Industry.

The FY showed a growth of 25% in automobile industry and your company snatched its shared of the pie. The buoyancy in the market makes us positive for FY 2010-11 and we will take your company ahead on the growth path. The plans for opening more outlets is in the offing which will increase the presence in the smaller markets thus increase in sales and service revenues.

I would take the opportunity to thank the employees of the company who have dedicatedly supported and performed for the success of the company.

**Rahul Inder Singh Sidhu**

Chairman

THE ANNUAL GENERAL MEETING  
OF THE COMPANY FOR THE YEAR 2009-10  
WILL BE HELD AT THE REGISTERED OFFICE



**Notice of Annual General Meeting**

Notice is hereby given that the 21<sup>st</sup> Annual General Meeting of the members of Hira Automobiles Limited, will be held on Thursday, the 30<sup>th</sup> day of September, 2010 at 11:00 A.M. at the Registered Office of the Company situated at SCO 348-349, Third Floor, Sector 34-A, Chandigarh, to transact the following business:

**ORDINARY BUSINESS:**

1. To receive consider and adopt the Audited Profit & Loss Account for the year ended 31<sup>st</sup> March, 2010 and the Balance sheet as at that date together with the Report of the Directors and Auditors thereon.
2. To appoint a director in place of Mrs. Neha Sidhu, who retires by rotation in accordance with Article 149 of Articles of Association of the company and being eligible, offers herself for reappointment.
3. To appoint auditors and fix their remuneration.

**SPECIAL BUSINESS**

4. To Consider and if thought fit, to pass with or without modification(s), following resolution as ordinary resolution:  
RESOLVED THAT Sh. Isher Singh be and is hereby appointed as a Director of the Company.
5. To Consider and if thought fit, to pass with or without modification(s), following resolution as ordinary resolution:  
RESOLVED THAT Sh. Nasib Chand be and is hereby appointed as a Director of the Company.

By Order of the Board  
For Hira Automobiles Limited.

Place: Chandigarh  
Date: 03.09.2010

Rahul Inder Singh Sidhu  
Chairman

**Notes:**

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself / herself and the proxy need not be a member of the company. The proxy, in order to be effective, must be received by the company not less than forty eight hours before the meeting. The proxy form is enclosed.
2. The Register of Members and the Share Transfer Books of the Company shall remain closed from 28<sup>th</sup> day of September, 2010 to 30<sup>th</sup> day of September, 2010 (both days inclusive).
3. Members desiring any information as regards accounts are requested to write to the company at its Registered Office at least 10 days before the date of the Annual General Meeting so as to enable the Management to keep the information ready.
4. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day from 10:30 a.m. to 12.30 p.m.
5. Explanatory Statement Pursuant to section 173(2) of the Companies Act 1956 is annexed.

**Explanatory Statement Pursuant to section 173(2) of the Companies Act 1956.**

Item No.4. Sh. Isher Singh was appointed as Additional Director of the company on 31/03/2010. His appointment requires approval of shareholders. Company has received a notice u/s 257 of the Companies Act, 1956.

This resolution is put before shareholders to seek their approval.

None of the Directors is interested in the resolution.

Item No.5. Sh. Nasib Chand was appointed as Additional Director of the company on 31/03/2010. His appointment requires approval of shareholders. Company has received a notice u/s 257 of the Companies Act, 1956.

This resolution is put before shareholders to seek their approval.

None of the Directors is interested in the resolution.

By Order of the Board  
**For Hira Automobiles Limited.**

**Rahul Inder Singh Sidhu**  
Chairman

Place: Chandigarh  
Date: 03.09.2010



## DIRECTORS' REPORT

To  
The Members,

The Directors of your company have pleasure in presenting the 21<sup>st</sup> Annual Report together with Audited Accounts of the company for the year ended 31<sup>st</sup> March, 2010.

### FINANCIAL RESULTS

The financial results of the company are as under:

	<u>2009-10</u>	<u>2008-09</u>
TURNOVER	12615.39	9577.12
OTHER INCOME	524.20	391.43
PROFIT BEFORE TAXATION	62.26	41.38
CURRENT TAX (Net of last year adjustment)	19.05	10.32
PROFIT AFTER CURRENT TAX	43.21	31.06
PROVISION OF FRINGE BENEFIT TAX	0.00	6.90
DEFERRED TAX LIABILITY	22.49	6.34
PROFIT AFTER TAX	21.65	17.82

### 1. REVIEW OF OPERATIONS

Your Company has achieved Sales & Other income of Rs.13139.59 Lacs as compared to Rs. 9968.55 Lacs during the previous year with a net profit of Rs.21.65 Lacs as compared to Rs. 17.82 lacs in the previous year.

### 2. RESOURCE UTILIZATION:

#### (i) Fixed Assets:

Your company has been allotted a new dealership at Rajpura requiring more financial resources. In order to develop infrastructure at Rajpura, we have made a tie-up with another party at Rajpura who has agreed to invest 50% of the Project Cost. The balance funds have been arranged from internal resources. As a result of it, the gross fixed assets (as at 31st March, 2010) have gone upto Rs. 1128.94 lacs as compared to Rs. 823.10 lacs in the previous year. The assets added are **building, vehicles, furniture and fixtures, computers and plant and machinery etc.** and the amount to Rs. 305.85 lacs. 50% of the land at Rajpura has also been transferred to the new party at cost.

Another extension counter at Malout has been allotted by MSIL to your company which has become operational since April, 2010. This way, your company has been able to expand its network at Rajpura & Malout.

#### (ii) Working Assets:

The Net Current Assets as on 31<sup>st</sup> March, 2010 were Rs 889.28 lacs as against Rs.950.52 lacs in the previous year.

### 3. NEW SHOWROOM AND WORKSHOP

The Company has opened two new showrooms and workshops one at Rajpura Patiala Road, Rajpura and second at Muktsar Road, Malout.



**4. DIVIDEND :**

Your Directors regret to recommend any dividend for this year also owing to deployment of profits for further expansion.

**5. PUBLIC DEPOSITS :**

The company has not accepted any deposits under sections 58A and 58AA of the companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules, 1975 during the Financial Year under review except advance against car sales / sales promotion schemes of monthly installments, hence no amount of principal or interest was outstanding as on the date of Balance Sheet. The company has completed all the formalities for acceptance of deposits from public during financial year 2010-11 with ROC and it will accept the investment as deposits to be made by Rajpura party.

**6. CONTRIBUTION TO EXCHEQUER:**

Your company's contribution to the Government exchequer during the year under review by way of sales tax and service tax was Rs. 1491.18 lacs.

**7. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE:**

Your company is an authorised dealer of Maruti Suzuki India Ltd. for selling Maruti Suzuki vehicles and spares and for providing workshop facilities to the customers. Hence there is no special requirement of energy and technology. The information under section 217 (1)e of The Companies Act, 1956 is nil.

**8. PERSONNEL:**

None of the employee of the company is in receipt of remuneration for whole / part of the year exceeding the limit prescribed under section 217(2A) of the Companies Act 1956. The company has continued to follow the policy of creating healthy environment and work culture resulting into harmonious inter-personnel relations. The relations with employees remained cordial throughout the year.

**9. DIRECTORS:**

Mrs. Neha Sidhu retires at the forth coming Annual General Meeting pursuant to Article 149 of Articles of Association of the company and being eligible, offer herself for reappointment. Sh. Isher Singh and Sh. Nasib Chand have been appointed as additional Directors on 31<sup>st</sup> March, 2010

**10. LISTING:**

The securities of the company are listed at Mumbai, Delhi, Ludhiana and Ahamdabad Stock Exchanges and the listing fees for the current period has been paid.

**11. FORFEITURE**

The Company has forfeited 26,74,400 equity shares of Rs. 10 each for non payment of unpaid allotment money on 23/09/2009

**12. AUDITORS :**

M/s Dalbir & Associates., Chartered Accountants having its Firm Registration Number (FRN) 021454N are proposed for re-appointment as Statutory Auditors of the company from the conclusion of this ensuing Annual General Meeting till the conclusion of the next Annual General Meeting. They have given their consent to acts as Auditors of the company and have further confirmed that their appointment would be in conformity of the Provisions of Section 224 (1B) of the Companies Act, 1956. The Board recommends their re-appointment for the approval of the Members in the ensuing Annual General Meeting.



**13. 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 that :

1. In the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. The Directors have selected such accounting policies and applied them consistently and made judgement 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 or loss of the company for the year under review ;
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities ;
4. The Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2010 on a 'going concern' basis.

**14. FOREIGN EXCHANGE EARNINGS AND OUT GO**

Your company has not earned any foreign exchange. However Company has incurred Rs. 525215/- on travelling expenses by converting into foreign exchange during the year under review.

**15. CORPORATE GOVERNANCE**

Pursuant to clause 49 of Listing Agreement with Stock Exchange(s), the Company has complied with the provisions of Clause 49 as per the schedule of implementation of Corporate Governance and Management Discussion and Analysis report on corporate governance and auditors certificate regarding compliance with corporate governance form part of the annual report.

**16. COMPLIANCE CERTIFICATE:**

The Company has obtained a Compliance Certificate as required u/s 383A of the Companies Act, 1956, which is attached herewith and it forms part of the Directors Report.

**17. ACKNOWLEDGEMENT :**

Your directors are pleased to place on record their sincere thanks to the Maruti Suzuki India Limited, Punjab National Bank, Other financial institutions and Business Constitutes for their continued valued co-operation and support to the company. Your directors also express their deep appreciation for the devoted and sincere services rendered by workers, staff and executives at all levels of the operations of the company during the year and we are confident that your company will continue to receive such co-operation from them in future also.

**For and on behalf of the Board of Directors**

**Place: Chandigarh**

**Date: 03.09.2010**

**Rahul Inder Singh Sidhu**

**Chairman**



**COMPLIANCE CERTIFICATE****(In terms of Section 383A of The Companies Act,1956)****CIN: L50101CH1989PLC009500****NOMINAL CAPITAL :RS.6,00,00,000/-****PAID UP CAPITAL : RS. 2,75,34,400/-****To,****The Members,****Hira Automobiles Limited****SCO 348-349, Sector-34 A, Chandigarh.**

I have examined the registers, records, books and papers of Hira Automobiles Limited (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010. In my/our opinion and to the best of my/ our information and according to the examinations carried out by me/us and explanations furnished to me/us by the company, its officers and agents, I/we certify that in respect of the aforesaid financial year.

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government. Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The company is a public limited company and the provisions of minimum paid up capital, restrictions on invitation to the public and to subscribe for shares /debentures and invitation or acceptance of deposits are not applicable.
4. The Board of Directors duly met Eleven times on 30.04.2009, 20.06.2009, 30.06.2009, 01.07.2009, 31.07.2009, 03.09.2009,23.09.2009,31.10.2009,30.01.2010,10.02.2010 and 31.03.2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The company closed its Register of Members from 28.09.2010 to 30.09.2010 (both days inclusive) and necessary compliance of section 154 of the Act has been made.
6. The annual general meeting for the financial year ended on 31.03.2009 was held on 29.09.2009 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. An extra ordinary general meeting was held on 10.03.2009 during the financial year.
8. The company has not advanced any loan to its directors and/or persons or firms or companies referred in the section 295of the Act except ICD as shown in Loan and Advances schedule of the Balance Sheet.
9. The company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section. The company has purchased services worth Rs 4.16 lacs. from the company



- whose name is entered in the register maintained under Section 301 of The Act for cash at prevailing market prices.
10. The company has made necessary entries in the register maintained under section 301 of the Act.
  11. The company was not required to obtain any approval from the Board of Directors, members and previous approval of the Central Government pursuant to section 314 of the Act.
  12. The company has not issued any duplicate share certificate during the year .
  13. The Company has :
    - (i) delivered all the certificates on allotment of securities and on lodgement thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act.
    - (ii) The company has not declared any dividend during the year and therefore company was not required to deposit any amount in a separate Bank Account.
    - (iii) The company was not required to pay / post warrants for dividends and was not required to transfer unclaimed/unpaid dividend to Unpaid Dividend Account of the Company.
    - (iv) The company was not required to transfer the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.
    - (v) duly complied with the requirements of section 217 of the Act.
  14. The Board of Directors of the company is duly constituted and the appointment of directors, additional directors, alternate directors and directors to fill casual vacancies have been duly made.
  15. The appointment of Managing Director/ Whole-time Director/Manager has been made in compliance with the provisions of section 269 read with Schedule XIII to the Act.
  16. The company has not appointed any sole-selling agent during the financial year.
  17. The company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities under the various provisions of the Act during the financial year .
  18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
  19. The company has not issued any shares/debentures/other securities during the financial year.
  20. The company has not bought back any shares during the financial year .
  21. The company has not redeemed any preference shares/debentures during the year. However, the Company has forfeited 26,74,400 equity shares of Rs. 10 each for non payment of unpaid allotment money on 23/09/2009 and complied with all the provisions of Memorandum and Articles of Association, listed agreement and that of the Companies Act , 1956.
  22. There were no transactions which require the company to keep in abeyance rights to dividend, right shares and bonus shares pending registration of transfer of shares in compliance with the provisions of the Act.
  23. The company has not accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.



24. The amount borrowed by the Company from directors, members, public, financial institutions, banks and others during the financial year ending 31.03.2010 is/are within the borrowing limits of the company as per Section 293(1)(d) of the Act.
25. The company has not made any loans or advances, or given guarantees or provided securities to other bodies corporate. However, the Company has given ICD of Rs. 162.50 lacs.
26. The company has not altered the provisions of the Memorandum of Association with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The company has not altered the provisions of the Memorandum of Association with respect to the objects of the company during the year under scrutiny.
28. The company has not altered the provisions of the Memorandum of Association with respect to name of the company during the year under scrutiny.
29. The company has not altered the provisions of the Memorandum of Association with respect to share capital of the company during the year under scrutiny.
30. The company has not altered its Articles of Association of the company during the year under scrutiny.
31. No prosecution was initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.
32. The balance of securities received from its employees during the year is Rs. 12.66 lacs (net) and the same has been deposited in the separate bank accounts.
33. The company has not constituted any provident fund under Section 418 of the Act. However, the company has deposited both employee's and employer's contribution to Provident Fund with prescribed statutory provident fund authorities.

**Place: CHANDIGARH**

**Date : 03.09.2010**

**Signature :**

**Name of Company Secretary : RAVINDER KUMAR**

**C. P.- No. :8444**

**Annexure A****Registers as maintained by the Company****STATUTORY REGISTERS****UNDER SECTION**

1	Registers of members	u/s.150
2.	Copies of annual return	u/s.163
3	Minute book of meetings of board of directors	u/s.193
4.	Minute book of meetings of shareholders	u/s193
5.	Books of Accounts	u/s209
6.	Register of particulars of companies in Which directors are interested	u/s301
7.	Register of directors ,managing directors etc	u/s303
8.	Register of directors, managing director shareholding	u/s307
9.	Register of charge and mortgage	u/s143

**Annexure B**

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2010.

1.	Annual Return	U/s 159
2.	Balance Sheet	U/s 220
3.	Form 62	U/s 58A
4.	Form 25 C	U/s 269
5.	Form 32	U/s 264
6.	Form 66	U/s 383A

**Place: CHANDIGARH**

**Date : 03.09.2010**

**Signature :**

**Name of Company Secretary : RAVINDER KUMAR**

**C. P-. No. :8444**



## REPORT OF THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE

The report on Corporate Governance is requirement under Listing Agreement entered into with Stock Exchange and forms part of the report of the Board of Directors to the shareholders of the Company. This report gives an insight into the organizational structure of the Company.

### VISION AND PHILOSOPHY ON THE CODE OF GOVERNANCE.

The vision of the company is to be a financially sound, profitable, growth oriented company committed to building and maximizing sustainable value for all the shareholders. In its endeavour to attain the goal visualized, the company is laying maximum emphasis on the effective system of Corporate Governance.

### BOARD OF DIRECTORS

#### Composition :

The strength of Board of Directors of the Company as on 31.03.2010 is Eight, comprising of four promoter directors and four independent directors having diversified professional experience. Out of which Five Directors are non-executive and Three Directors are whole time directors in the Company. The composition of board of directors is as below:-

Chairman of the company is **executive**.

The particulars relating to the Directors as on 31.03.2010 are given below:-

S.No.	Name	Designation	Nature of Directorship
1.	Sh. Rahul Inder Singh Sidhu	Chairman & Whole time Director	Promoter / Executive
2.	Sh. Kuldeep Singh Bhattal	Whole time Director	Promoter / Executive
3.	Mrs. Simran Bajwa	Whole time Director	Promoter / Executive
4.	Mrs. Neha Sidhu	Director	Promoter / Non Executive
5.	Sh. Rajnish Sharma	Director	Independent / Non Executive
6.	Sh. Ramesh Kumar	Director	Independent / Non Executive
7.	Mrs. Ravneet Kaur*	Director	Independent / Non Executive
8.	Dr. Inderpal Singh *	Director	Independent / Non Executive
9.	Sh. Isher Singh**	Director	Independent / Non Executive
10.	Sh. Nasib Chand**	Director	Independent / Non Executive

\* Resigned on 1.07.2009.

\*\* Appointed on 31.03.2010

At present no sitting fees is being paid to any director and there are no pecuniary relationships or transactions between the company and independent directors. None of the directors on Board holds the office of directors in more than fifteen Companies or membership in more than ten committees of the board or chairmanship of more than five committees.

### CONDUCT OF BOARD MEETING :

The meetings of the board of directors are held at periodical intervals. The meeting dates are decided well in advance and the agenda papers are circulated sufficiently in advance to the Directors. The Directors have access to all the information about the Company and can suggest for inclusion of any other matter in the agenda for discussion at the Board meetings. The responsibilities, such as policy formulation, performance review and

analysis & controls are handled by the Board. The Board has delegated various powers to the committee of Board of Directors of the Company.

The meetings of the Board are ordinarily required to be held at least once in quarter and four times in a year. During the year, the Board met 11 times on the following dates.

30.04.2009	20.06.2009	30.06.2009
01.07.2009	31.07.2009	03.09.2009
23.09.2009	31.10.2009	30.01.2010
10.02.2010	31.03.2010	

The attendance of Directors at the meetings for the year 2009-10 and directorship in other companies, membership in other companies and Share holding as on 31-03-2010 is furnished below

S.No.	Name of Director	No. of Board Meeting attended	Nos of other Directorship	Membership in other Committees	Share holding as on 31-03-2010 in HAL
1	Sh. Kuldeep Singh Bhattal	11	2	—	272100
2	Mrs. Simran Bajwa	11	2	—	265010
3	Sh. Rahul Inder Singh Sidhu	7	2	—	270000
4	Sh. Rajnish Sharma	—	2	—	—
5	Sh. Ramesh Kumar	—	—	—	—
6	Mrs. Ravneet Kaur*	—	—	—	—
7	Dr. Inderpal Singh*	—	—	—	—
8	Mrs. Neha Sidhu	6	1	—	—
9	Sh. Isher Singh**	—	—	—	—
10	Sh. Nasib Chand**	—	—	—	—

\* Resigned on 1.07.2009.

\*\* Appointed on 31.03.2010

The following Directors attended the last Annual General Meeting held on 30.09.2009

Sh. Kuldeep Singh Bhattal
Mrs. Simran Bajwa
Sh. Rahul Inder Singh Sidhu
Mrs. Neha Sidhu

#### COMMITTEES OF THE BOARD OF DIRECTORS:

The Board constituted the following committees:

1. Audit Committee to oversee audit functions of the Company.
2. Shareholders' /Investors' Grievances Committee to look into the redressal of shareholders/investors' Grievances.
3. Remuneration Committee

The minutes of each Committee are placed before the Board of Directors at their subsequent meeting.



**Audit Committee:**

Audit committee was reconstituted on 01.07.2009 and at present it consists of three directors and two of them are independent and non-executive directors. Five meetings of Audit Committee were held in the year under consideration. The detail of members and their attendance is as under:

Name of Directors	Category	Designation	Attendance	Remarks
Dr. Inderpal Singh	Non-Executive and	Chairman Non Promoter	1	Resigned
Smt. Simran Bajwa	Executive and Promotor	Member	5	
Smt. Ravneet Kaur	Non-Executive and	Member Non Promoter	1	Resigned
Sh. Rajnish Sharma	Non-Executive and	Member Non Promoter	4	Appointed
Sh. Ramesh Kumar	Non-Executive and	Chairman Non Promoter	4	Appointed

**Shareholders/Investors Grievance Redressal Committee**

The committee was reconstituted on 01.07.2009. During the financial year one meeting of Shareholders/Investors Grievance Committee was held to consider all the matters concerned with shareholders.

The details of members and their attendance is as under:

Name of Directors	Category	Designation	Attendance	Remarks
Smt. Simran Bajwa	Executive and Promotor	Chairman	1	
Sh. Rajnish Sharma	Non-Executive and Non Promoter	Member	0	
Smt. Ravneet Kaur	Non-Executive and Non Promoter	Member	0	Resigned
Sh. Ramesh Kumar	Non-Executive and Non Promoter	Member	1	Appointed

**Remuneration of directors**

There is no pecuniary relationship or transaction of the company with its independent directors other than payment of sitting fee to them for attending Board and Committee meetings. All the three Executive Directors are paid by way of monthly remuneration, and no commission on profits is paid to any of the Directors.

**Remuneration Committee**

The details of members of Remuneration Committee as on 31.03.2010 is as under:

Name of Directors	Category	Designation
Smt. Simran Bajwa	Executive and Promotor	Chairman
Sh. Rajnish Sharma	Non-Executive and Non Promoter	Member
Sh. Ramesh Kumar	Non-Executive and Non Promoter	Member

**Compliance Officer:**

Sh. Kuldeep Singh Bhattal, Director has been appointed as Compliance officer for the purpose of complying with various provisions of the Guidelines, Regulations issued by Securities & Exchange Board of India, Listing Agreement with stock exchanges, etc.

**Common Agency/Share Transfer Agent:**

The Company has appointed M/s Beetal Financial & Computer Services Pvt Ltd, New Delhi as Common Agency for Share Transfer work in both modes physical as well as electronically. Following is the address of Transfer Agent:

M/s Beetal Financial & Computer Services Pvt Ltd.

Beetal House, 3<sup>rd</sup> Floor, 99 Madangir,

Behind Local Shopping Center,

Near Data Harsukhdas Mandir

New Delhi- 110062

Ph.: 011-29961281/82

Fax : 011-29961284

**Share holders complaints**

Opening Balance	Nil
Received	One
Settled	One
Closing Balance	Nil

No shareholders complaint is pending and No share transfer is pending with the company.

**GENERAL BODY MEETINGS:**

Detail of last 3 Annual General Meetings are given here below:-

Financial Year	Date	Time	Venue
2006-2007	29.09.2007	11.00 A.M	Regd. Office
2007-2008	25.09.2008	11.00 A.M.	Regd. Office
2008-2009	30.09.2009	11.00 A.M	Regd. Office

**SPECIAL RESOLUTIONS:**

Following Special Resolutions were passed in the past 3 Annual General Meeting:

Date of AGM	Special Resolution
29.09.2007	Nil
25.09.2008	Yes
30.09.2009	Yes

**COMMUNICATION TO SHAREHOLDERS:**

Company provides information relating to the company mainly through the annual reports which includes the Directors report, audited accounts, cash flow statements etc. The shareholders are also intimated the quarterly, half yearly and annual performances through intimation to stock exchanges.

**GENERAL INFORMATION TO SHAREHOLDERS:****Listing on Stock Exchanges:**

The shares of the company are listed on the following stock exchanges:

1. The Stock Exchange, Mumbai.
2. The Delhi Stock Exchange.
3. The Ludhiana Stock Exchange.
4. The Ahmedabad Stock Exchange.

Annual Listing fee for the year 2009-10 has been paid to the Stock Exchanges



**21<sup>st</sup> Annual General Meeting**

Date	30.09.2010
Time	11.00 AM
Venue	SCO 348-349, Third Floor, Sec 34- A Chandigarh.
Financial Year	2009-10
Date of Book Closure	28-09-2010 to 30-09-2010 (Both Days inclusive)

Distribution of share holding of the company as on 31.03.2009—Category wise

S.No.	Category	No. of Shares held	%age of shareholders
1.	Promoter	2634710	95.68
2.	Indian Public	118730	4.32
	<b>Total</b>	<b>2753440</b>	<b>100.00</b>

Distribution of share holding of the company as on 31.03.2009 value wise

Shareholding of Nominal value Rs	Shareholders		Shares	
	Number	%	Number	%
1 – 5000	132	63.16	50430	1.84
5001 – 10000	21	10.05	15200	0.55
10001 – 20000	42	20.09	43400	1.58
20001 – 30000	1	0.48	2200	0.08
30001 – 40000	1	0.48	3300	0.12
40001 – 50000	1	0.48	4200	0.15
50001 – 100000	0	0.00	0	0.00
100001 and above	11	5.26	2634710	95.68
<b>Total</b>	<b>209</b>	<b>100.00</b>	<b>2753440</b>	<b>100.00</b>

**DEMATERIALISATION OF SHARES AND LIQUIDITY:**

The Company is in the process of making application to NSDL/CDSL for issue of ISIN. The shares of the company have not been traded during the period under review.

**ADDRESS FOR CORRESPONDENCE**

Followings are addresses for correspondence:

**REGISTERED OFFICE**

Hira Automobiles Ltd.  
SCO 348-349, Third Floor,  
Sec 34-A, Chandigarh

**— SHOWROOM LOCATIONS —**

Hira Automobiles Ltd.  
Rajbaha Road,  
Patiala.  
Ph. No .0175-2309769

Hira Automobiles Ltd.  
Malout Road,  
Muktsar.  
Ph .No 01633-262020

Hira Automobiles Ltd.  
Village Bhadak,  
Rajpura.  
Ph. No. 01762-244881

**BRIEF PROFILE OF DIRECTORS SEEKING REAPPOINTMENT/APPOINTMENT**

Name	Qualification	Occupation	Age in yrs
1. Mrs Neha Sidhu	Graduate	Business	27
2. Sh. Isher Singh	Graduate	Business	61
3. Sh Nasib Chand	Graduate	Business	72



**MANAGEMENT DISCUSSION AND ANALYSIS****A. The Automobile Industry:**

The year 2009-10 was an year for automobile industry which every industry dreams to be in. The effect of recession which was seen in other industries was nowhere seen in this industry. The personal vehicle industry grew and so did Maruti and there were many models which were on waiting depicting the positivity of demand over the supply. Maruti Suzuki maintained its market leadership and closed at a 55% market share. It produced 10 lac cars in the FY and in 2010-11 it is expecting the same number in the domestic market only.

**B. The vision this year: Opportunities and threats**

The past year showed a rise in the middle class incomes. The arrears were released by many departments which resulted in the increase of sale in the white goods and automobile market. In the year ahead we will again see the effect of salary appreciations. The agricultural economy will be robust this year as per expectations and sales growth is expected in this year. Maruti is expected to launch new models and variants which will catch the fancy of the customers. With continued focus on growing segments the company is hopeful of good growth in the current FY. Full focus is on making the basics strong so that the numbers are increased by every sale. Apart from the focus on the core business of car sales the support streams are also being strengthened and a big growth in them will make the bottom line stronger. The competition is also expanding this financial year. More and more dealerships are being commissioned with new models and players being introduced. They will encash the novelty factor and would give a stiff competition to the market leader. No worries we will have to work harder and with the above mentioned strategy we will not loose our market leader position. The CI building measures will be undertaken.

**C. Segmentwise Performance**

The company being an authorized dealer of Maruti is dealing in all models produced by Maruti Suzuki India Ltd. The demand of the products varies from time to time and hence there is a variation in production. So segmentation of the products has not been done instead have been grouped together.

**D. Risks & Concerns**

With the continuous growth in the industry and the rise in market demand your management does not perceive any risk to the business.

**E. Internal Control System**

The internal control system of your company is adequate to keep each operation and performance in check. The system of internal audit, pre-audit keeps the management updated and the advice from time to time helps in keeping control on every activity. The scope of internal audit is quite wide so as to cover all the aspects and functions in the company.

The internal audit reports are studied by the audit committee and corrective actions are taken immediately.

**F. Human resources**

Human beings are a key factor in the success of any business. The focus of the management is total. The employee-employer relationship in your company is great. The dedicated force is totally motivated to put in their best to churn out success. With the growth in business and its segments more manpower is being

added. Their training is the prime concern of the HR department. The process of induction, training and performance appraisal is in place so that each employee gives his best and his performance is measured.

#### **G. Marketing**

As Maruti is preparing to sell 10 lakh units in domestic market in 2010-11 we are keeping with the times to increase our numbers in the market. Innovative efforts are being through of and implemented as per market situations. Schemes to create a pull in the market are being coined and floated.

#### **H. Dealership strategy**

Taking in view the growing competition the absorption ratio is coming into focus. All the business streams are being strengthened and targets are being set for them to achieve hence more profit for the company. Resources are being allocated and with the new outlets coming up these streams will be further strengthened. Growth on YOY basis and MOM basis is being monitored.



**CEO & CFO Certification Under Clause 41 & 49(v) of the listing Agreement to be placed before the Board along with Audited Annual Accounts for the year ended 31<sup>st</sup> March 2010**

It is hereby certified that;

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

Place : Chandigarh  
Date : 03.09.2010

**Kuldeep Singh Bhattal**  
Whole Time Director

**Certificate of Compliance of Code of Conduct by Board of Directors and Senior Management Personnel**

This is to certify that Board of Directors and the Senior Management Personnel have affirmed Compliance of the Code of Conduct applicable to them during the year ended 31<sup>st</sup> March 2010.

Place : Chandigarh  
Date : 03.09.2010

**Kuldeep Singh Bhattal**  
Whole Time Director

**Auditors' Certificate regarding compliance of conditions of Corporate Governance**

To,  
The Members  
Hira Automobiles Ltd.

We have examined the compliance of conditions of corporate governance by Hira Automobiles Limited, for the year ended 31<sup>st</sup> March, 2010 as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination is limited to a review of the procedures and implementations thereof, adopted by the company for ensuring the compliance of the conditions of corporate governance as stipulated in the said clause. 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 and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Patiala  
Date : 03-09-2010

**For Dalbir & Associates  
Chartered Accountants  
Registration No.021454N**

**CA . Dalbir Singh  
Proprietor  
Membership No.096320**



**AUDITOR'S REPORT ON ACCOUNTS**

**To,  
The Members of Hira Automobiles Limited**

1. We have audited the attached Balance Sheet of Hira Automobiles Limited as at 31<sup>st</sup> March 2010, the Profit & Loss Account and also the Cash Flow Statement of the Company for the year ended on that date annexed there to. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's report) order 2003(as amended) 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 the paragraphs 4 & 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :-
  - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit ;
  - ii) In our opinion, proper books of account as required by law have been kept by the company, so far as appears from our examination of those books ;
  - iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account ;
  - iv) In our opinion, the Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report are in compliance 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 directors of the company as on 31<sup>st</sup> March, 2010 and taken on record by the board of directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2010, from being appointment 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 explanations given to us, the said accounts read together with significant accounting policies and other notes of accounts 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,2010; and
  - b) In the case of Profit & Loss account, of the profit of the company for the year ended on that date and
  - c) In the case of Cash Flow Statement, of the cash flow for the year ended on that date.

**For Dalbir & Associates  
Chartered Accountants  
Registration No.021454N**

**CA . Dalbir Singh  
Proprietor  
Membership No.096320**

**Place : Patiala  
Date : 03-09-2010**



## Annexure To Auditors' Report

Annexure referred to in paragraph 3 of our report of even date

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets at Corporate Office and in the process of maintaining at outlets.  
 (b) We have been informed that the fixed assets of the company have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.  
 (c) In terms of the information and explanation given to us the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that no substantial part of fixed assets have been disposed off during year and hence our comments regarding the effect on going concern are not required.
2. (a) As informed to us, physical verification of inventory of the company has been conducted by the management at reasonable intervals. In our opinion, the Verification is reasonable.  
 (b) In our opinion and according to the explanations given to us, the procedures of Physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
 (c) In our opinion and according to the explanations given to us, the Company is maintaining proper records of inventory. We have been informed that no material discrepancies have been noticed on physical verification as compared to records.
3. (a) According to the information and explanation given to us, the Company has granted unsecured loan to three companies covered in the register maintain under section 301 of the Companies Act, 1956. Detail of amount of transactions and balance outstanding at year end is as under.
 

i)	Name of the Company	:	Bajwa Arjun Property Developers (p) Ltd.
	Debit Summation	:	24.26 Lacs
	Credit Summation	:	263.88 Lacs
	Balance Outstanding	:	8.24 Lacs
ii)	Name of the Company	:	Pacific Finlease (p) Ltd.
	Debit Summation	:	0.91 Lacs
	Credit Summation	:	NIL
	Balance Outstanding	:	10.46 Lacs
iii)	Name of the Company	:	Rahul Sidhu Enterprises (p) Ltd.
	Debit Summation	:	77.88 Lacs
	Credit Summation	:	NIL
	Balance Outstanding	:	143.79 Lacs
- (b) According to the information and explanation given to us, the rate of interest and the other terms and condition of loan given are not prima facie prejudicial to the interest of the Company.  
 (c) There is no stipulation as to the time period for recovery of principal amount of unsecured loan given.  
 (d) Further, as there is no stipulation as to the time period for recovery of principal amount of unsecured loan given, we are unable to comment on the overdue amount in respect of the said loan.  
 (e) During the year the Company has not taken any loan, secured or unsecured from Parties covered in the Register maintained u/s 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of the inventory, fixed assets and also for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
5. (a) According to the information and explanations given to us, we are of the opinion that the particulars



- of contracts or arrangement referred to in section 301 of the Companies Act, 1956 have been so entered in the register required to be maintained under that section and
- (b) According to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market price at the relevant time.
6. According to the information and explanation given to us, the Company has not accepted any deposit from public. Advances from customer for sale of vehicles and against sale promotion schemes run by the Company to promote its sale are received during the period of audit.
7. In our opinion the internal audit system of the company is commensurate with its size and nature of business.
8. The maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 has not been prescribed by the Central government for the Company since it is not manufacturing Company.
9. (a) According to the information and explanations given to us, the company is generally regular in depositing all undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and any other statutory due with appropriate authority during the year.
- (b) According to the information and explanations given to us, no undisputed amount payables in respect of provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and any other undisputed statutory dues were outstanding at the year end, for period of more than six months from the date they become payables.
- (c) According to the information and explanations given to us, there are no disputed amount payables in respect of provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess, by the Company except Rs. 76000/- of service tax penalty as stated in contingent liabilities.
10. The company has no accumulated losses at the end of the financial year and it has not incurred cash losses in current and immediately preceding financial year.
11. As informed to us, the company has not defaulted in repayment of dues to financial institutions or banks.
12. As informed to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
13. In our opinion the company is not a chit-fund, nidhi or mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) order, 2003 (as amended) are not applicable to the Company.
14. In our opinion the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) order, 2003 (as amended) are not applicable to the Company.
15. As informed to us, the company has not given any guarantee for loans, taken by others from bank or financial institutions, the terms and conditions whereof are prima-facie prejudicial to the interest of the Company.



16. As informed to us, the proceeds of the loans taken by the company are applied for the purpose for which the loans were obtained.
17. The company has not maintained any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
18. The company has not issued debenture, therefore the company has not created any security on debentures.
19. The company has not raised any money from public issues during the year except unpaid allotment money.
20. Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanation given by the management, we report that no fraud by the company has been noticed or reported during the course of our audit.

**For Dalbir & Associates  
Chartered Accountants  
Registration No.021454N**

**CA . Dalbir Singh  
Proprietor  
Membership No.096320**

**Place : Patiala  
Date : 03-09-2010**

## BALANCE SHEET AS AT 31st MARCH, 2010

(Amount in Rs.)

Particulars	Schedules	Current Year	Previous Year
<b>SOURCES OF FUNDS</b>			
<b>Shareholder's Funds</b>			
Share Capital	1	27,534,400	32,656,780
Reserve & Surplus	2	22,325,275	12,923,287
		<u>49,859,675</u>	<u>45,580,067</u>
<b>Loan Funds</b>			
Secured Loan	3	119,075,401	104,872,488
<b>Deferred Tax Liability</b>			
	4	8,449,959	6,200,998
<b>Total</b>		<u>177,385,035</u>	<u>156,653,553</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	112,894,374	82,309,764
Less : Accumulated Depreciation		26,079,441	22,350,514
Net Block		<u>86,814,933</u>	<u>59,959,250</u>
<b>Investments</b>			
	6	1,642,516	1,642,516
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	7	132,510,889	104,095,466
Sundry Debtors	8	32,818,008	27,397,271
Cash and Bank Balances	9	73,353,848	19,865,898
Loans & Advances	10	33,320,118	41,158,646
		<u>272,002,863</u>	<u>192,517,281</u>
<b>Less : Current Liabilities &amp; Provisions</b>			
Current Liabilities	11	158,925,889	83,852,594
Provisions	12	24,149,388	13,612,899
		<u>183,075,277</u>	<u>97,465,493</u>
<b>Net Current Assets</b>		88,927,586	95,051,787
<b>Total</b>		<u>177,385,035</u>	<u>156,653,553</u>

## Notes to Accounts

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The Schedules referred to above and notes to accounts form integral part of Balance Sheet

As per our report of even date

For and on behalf of the Board of Director of Hira Automobiles Ltd.

For Dalbir & Associates  
Chartered Accountants  
Firm Registration No.021454N

RAHULINDER SINGH SIDHU  
Chairman

Dalbir Singh

KULDEEP SINGH BHATTAL  
Whole Time Director

Proprietor  
Membership No. 096320

Place : Chandigarh  
Date : Sept. 3, 2010

S.P. JINDAL  
Chief Manager  
(Accounts & Audit)



**Profit & Loss Account for the Year Ended March 31,2010**

(Amount in Rs.)

Particulars	Schedules	Current Year	Previous Year
<b>INCOME</b>			
Sales	13	1,261,538,869	957,712,356
Other Income	14	52,419,876	39,143,000
<b>Total</b>		<b>1,313,958,745</b>	<b>996,855,356</b>
<b>EXPENDITURE</b>			
Purchases	15	1,259,985,528	938,417,183
Decrease/(Increase) in Inventories	16	(28,415,423)	(1,149,182)
Personnel Expenses	17	37,584,933	28,646,858
Administrative Expenses	18	26,013,100	16,649,679
Financial Expenses	19	8,835,997	7,015,801
Depreciation		3,728,927	3,136,574
<b>Total</b>		<b>1,307,733,062</b>	<b>992,716,913</b>
<b>Profit Before Tax</b>		<b>6,225,683</b>	<b>4,138,443</b>
Less : Provision for Taxation			
Current Tax		1,904,729	1,032,560
Current Fringe Benefit Tax		(93,245)	690,000
Deferred Tax		2,248,961	633,753
<b>Net Profit Carried forward to Balance Sheet</b>		<b>2,165,238</b>	<b>1,782,130</b>
<b>Net Profit</b>		<b>2,165,238</b>	<b>1,782,130</b>
<b>Earning Per Share</b>			
Basic & Diluted		0.79	0.55
<b>(Nominal Value of Share Rs 10/- each)</b>			

**Notes to Accounts**

20

The Schedules referred to above and notes to accounts form integral part of Balance Sheet

As per our report of even date

**For and on behalf of the Board of Director of Hira Automobiles Ltd.**

For Dalbir & Associates  
Chartered Accountants  
Firm Registration No.021454N

RAHULINDER SINGH SIDHU  
Chairman

Dalbir Singh

KULDEEP SINGH BHATTAL  
Whole Time Director

Proprietor  
Membership No. 096320

Place : Chandigarh  
Date : Sept. 3, 2010

S.P. JINDAL  
Chief Manager  
(Accounts & Audit)

**Cash Flow Statements for the period April 1, 2009 to March 31, 2010****(Amount in Rs.)**

<b>Particulars</b>	<b>2009-10</b>	<b>2008-09</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Tax	6,225,683	4,138,443
Adjustment For :		
Depreciation of Assets	3,728,927	3,136,574
Interest Expenses	8,835,997	7,015,801
<b>Operating Profit Before Working Capital Changes</b>	<b>18,790,607</b>	<b>14,290,818</b>
Adjustment For :		
Inventories	(28,415,423)	(1,149,183)
Trade & Other Receivables	(5,420,737)	4,921,318
Trade & Other Payables	85,609,784	16,913,912
Other Loans & Advances	7,838,528	(72,999)
Cash Generated From Operations	78,402,759	34,903,866
Taxes Paid	(1,811,484)	(1,722,560)
<b>Net Cash From Operating Activities (A)</b>	<b>76,591,275</b>	<b>33,181,306</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(33,703,615)	(23,846,519)
Proceed From Sale Of Fixed Assets	3,119,004	2,931,629
<b>Net Cash Used In Investing Activities (B)</b>	<b>(30,584,611)</b>	<b>(20,914,890)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase /(Decrease) In Borrowings	14,202,913	(1,601,896)
Interest Paid	(8,835,997)	(7,015,801)
Equity Capital	2,114,370	-
<b>Net Cash From Financing Activities (C)</b>	<b>7,481,286</b>	<b>(8,617,697)</b>
<b>Net Increase/(Decrease) In Cash &amp; Cash Equivalents (A+B+C)</b>	<b>53,487,950</b>	<b>3,648,719</b>
<b>Cash &amp; Cash Equivalents at Beginning of the Year</b>	<b>19,865,898</b>	<b>16,217,179</b>
<b>Cash &amp; Cash Equivalents at the End of the Year</b>	<b>73,353,848</b>	<b>19,865,898</b>

As per our report of even date

For and on behalf of the Board of Director of Hira Automobiles Ltd.

For Dalbir & Associates  
Chartered Accountants  
Firm Registration No.021454N

RAHULINDER SINGH SIDHU  
Chairman

Dalbir Singh  
Proprietor  
Membership No. 096320

KULDEEPSINGH BHATTAL  
Whole Time Director

Place : Chandigarh  
Date : Sept. 3, 2010

S.P. JINDAL  
Chief Manager  
(Accounts & Audit)



Particulars	Current Year (Rs.)	Previous Year (Rs.)
<b>Schedule-1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
60,00,000 (Previous year 60,00,000) Equity Shares of Rs.10/- each	60,000,000	60,000,000
<b>Issued,Subscribed &amp; Paid up :</b>		
5427840(Previous year5427840) Equity Shares of Rs 10/- each	54,278,400	54,278,400
Less : Allotment money yet to be received	-	21,621,620
Less : Allotment money not to be received as shares forfeited	19,501,870	-
Less : Allotment money forfeited	7,242,130	-
	<u>27,534,400</u>	<u>32,656,780</u>

**Schedule-2****RESERVE & SURPLUS**

Balance as per last Balance Sheet	21,373,246	17,342,155
Add :Transferred from Profit & Loss Account	2,165,238	1,782,130
Less : Deferred Taxes	8,449,959	6,200,998
	15,088,525	12,923,287
Add : Share Forfeiture Reserve	7,236,750	-
	<u>22,325,275</u>	<u>12,923,287</u>

**Schedule-3****SECURED LOANS**

Loans and Advances from Banks		
<b>Cash Credit Facilities</b>	77,782,000	69,659,143
<b>Inventory Funding</b>	40,046,430	34,091,011
Hire Purchases Loan		
<b>From Banks</b>	1,246,971	1,122,334
	<u>119,075,401</u>	<u>104,872,488</u>

**Notes :-**

- Cash Credit facility from Punjab National Bank is secured against Hypothecation of Inventories and Book debts.
- Hire purchase loans from Banks are secured by way of hypothecation of the respective vehicles acquired out of the proceeds thereof.

**Schedule-4****DEFERRED TAX LIABILITY**

Balance as per last Balance Sheet	6200998	5567245
Add/(Less) : Transferred from P & L Account	2248961	633753
	<u>8449959</u>	<u>6200998</u>

**M/S HIRA AUTOMOBILES LTD.**  
**(AS ON 31st MARCH 2010)**  
**FIXED ASSETS**

**SCHEDULE - 5**

NAME OF ASSETS	GROSS BLOCK		DEPRECIATION			NET BLOCK			
	As on 04-09	01 Addition/ (Sale)	As on 31-03-10	As on 01-04-09	During the Year	Reversed During Year	Total	As on 31-03-09	As on 31-03-10
Land	7,945,780	(2,167,000)	5,778,780	-	-	-	-	7,945,780	5,778,780
Building	34,560,516	16,094,268	50,654,784	7,304,266	1,040,580	-	8,344,846	27,256,250	42,309,938
Computers	3,249,383	609,185	3,858,568	2,955,827	361,063	-	3,316,890	293,556	541,678
Plant & Machinery	17,515,479	6,845,111	24,360,590	3,939,277	869,377	-	4,808,654	13,576,202	19,551,936
Furniture & Fixture	3,898,058	2,183,600	6,081,658	1,794,387	266,111	-	2,060,498	2,103,671	4,021,160
Vehicles	15,140,548	7,019,446	22,159,994	6,356,757	1,221,560	(29,764)	7,548,553	8,783,791	14,611,441
<b>GRAND TOTAL</b>	<b>82,309,764</b>	<b>30,584,610</b>	<b>112,894,374</b>	<b>22,350,514</b>	<b>3,758,691</b>	<b>(29,764)</b>	<b>26,079,441</b>	<b>59,959,250</b>	<b>86,814,933</b>
<b>PREVIOUS YEAR</b>	<b>61,723,238</b>	<b>20,586,526</b>	<b>82,309,764</b>	<b>19,542,303</b>	<b>3,136,574</b>	<b>(328,363)</b>	<b>22,350,514</b>	<b>42,180,935</b>	<b>59,959,250</b>



**Schedule-6**  
**INVESTMENTS**

Redeemable Preference Share of Chadikalan Publication P. Ltd.	5000	5000
Shares of :-		
Punjab National Bank	6200	6200
Bajwa Arjun Property Developer Private Limited	1100000	1100000
PNB Mutual Fund Units	531316	531316
	<u>1642516</u>	<u>1642516</u>

**Schedule-7**  
**INVENTORIES**

**Stock In Trade(As taken, valued & certified by the Management)**

New Vehicles	114671693	87725067
True Value Vehicles	2775540	1659534
Spare parts & Accessories	15063656	14710865
	<u>132510889</u>	<u>104095466</u>

**Schedule-8**  
**SUNDARY DEBTORS**

**Debt outstanding for a period exceeding six months**

Unsecured, considered good	750813	304506
Unsecured, considered doubtful		
other debts	32067195	27092765
	<u>32818008</u>	<u>27397271</u>

**Schedule-9**  
**CASH & BANK BALANCES**

Cash in Hand	3418610	2888693
Balance with Banks		
(a) Current Account	19455458	8125008
(b) Fixed Deposit Accounts	50479780	8852197
	<u>73353848</u>	<u>19865898</u>

**Schedule-10**  
**LOANS & ADVANCES**

**Unsecured, considered good**

**Advance recoverable in cash or kind for value to be received**

Tax Deducted At Source	4114996	3377757
Security Deposits	2500000	2500000
Inter Corporate Deposits	16249786	25740942
Other Advances	10455336	9539947
	<u>33320118</u>	<u>41158646</u>

**Schedule-11****CURRENT LIABILITIES**

Customer Advances	157569782	80022448
Sundry Creditors	1356107	3830146
	<u>158925889</u>	<u>83852594</u>

**Schedule-12****PROVISIONS**

Value added tax/Sales Tax	16181213	7820826
Tax Deducted at sources	288987	522335
Other Payables	7679188	5269738
	<u>24149388</u>	<u>13612899</u>

**Schedule-13****SALES**

Vehicle sales	1173898272	892187446
Spare parts & Accessory	87640597	65524910
	<u>1261538869</u>	<u>957712356</u>

**Schedule-14****OTHER INCOME**

Workshop Income	33428960	25061578
Other Income	18990916	14081422
	<u>52419876</u>	<u>39143000</u>

**Schedule-15****PURCHASES**

Vehicles	1182005973	875980233
Spares & Accessories	77979555	62436950
	<u>1259985528</u>	<u>938417183</u>

**Schedule-16****DECREASE/INCREASE IN INVENTORIES****Closing Inventories :**

Vehicles	114671693	87725067
Spare Parts & Accessories	15063656	14710865
True Value Vehicles	2775540	1659534
(A)	<u>132510889</u>	<u>104095466</u>

**Opening Inventories :**

Vehicles	87725067	89294245
Spare Parts & Accessories	14710865	12943538
True Value Vehicles	1659534	708500
(B)	<u>104095466</u>	<u>102946283</u>

Decrease/(Increase) In Inventories

(B - A)

-28415423

-1149183



**Schedule-17****PERSONNEL EXPENSES**

Salary & Wages	31250760	23794780
Commision & Incentive	4996426	3796748
Staff Welfare	827408	634482
Training & Development	510339	420848
	<u>37584933</u>	<u>28646858</u>

**Schedule-18****ADMINISTRATIVE EXPENSES**

Generator Expenses	1181538	937090
Legal & Professional Fee	915910	504289
Workshop Expenses	1809114	1067067
Travelling & Conveyance	2476431	2420252
Vehicle Running Expenses	549136	467420
Listing Fee	46634	188832
Postages & Telephones	1475619	1244897
Insurance Charges	579821	571531
Printing & Stationery	1442970	907077
Advertisement	840630	672318
Repair to Fixed Assets	1144006	1150781
Electricity Charges	2100435	1328786
Rent,Rates & Taxes	1339465	518924
Sales Promotion	2733858	2234867
PDI Expenses	584697	545257
Sanitation Expenses	113203	62040
Other Administrative Expenses	6679633	1828251
	<u>26013100</u>	<u>16649679</u>

**Schedule-19****FINANCE CHARGES**

Interest on Cash Credit	7221415	5249985
Bank Charges	1614582	1765816
	<u>8835997</u>	<u>7015801</u>

As per our report of even date

For and on behalf of the Board of Director of Hira Automobiles Ltd.

For Dalbir & Associates  
Chartered Accountants  
Firm Registration No.021454N

RAHULINDER SINGH SIDHU  
Chairman

Dalbir Singh  
Proprietor  
Membership No. 096320

KULDEEP SINGH BHATTAL  
Whole Time Director

Place : Chandigarh  
Date : Sept. 3, 2010

S.P.JINDAL  
Chief Manager  
(Accounts & Audit)

## SCHEDULE " 20' - NOTES TO ACCOUNT

## 1. Significant Accounting Policies

## A) Basis of preparation of financial statements

The financial statements are prepared on accrual basis of accounting, and in accordance with the provision of Companies Act, 1956 and comply, in all material aspects, with the Accounting Standards issued by the Institute of Chartered Accountants of India notified under section 211(3C) of the Companies Act, 1956.

## B) Revenue Recognition

(i) Sale of products is recognised when the products are supplied in accordance with the terms of sale and recorded net of trade discounts and Sales Tax.

(ii) Service Income is accounted for as and when vehicles are serviced in accordance with the terms of service and recorded net of discount.

(iii) Interest income is recognized on accrual basis.

## C) Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the assets to its working condition for its intended use are included to the extent they relate to the period till such assets are ready to be put to use.

## D) Borrowing Costs

Borrowing Costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

## E) Depreciation:

Depreciation is provided using the Straight Line Method at the rates prescribed under Schedule XIV of the Companies Act, 1956.

## F) Inventories

Inventories are valued At Cost or Net Realizable value, which ever is lower. The cost is ascertained on Average basis except vehicles where cost is ascertained on specific cost basis.

## G) Employee Retirement Benefits

Contribution to defined contribution schemes such as Provident Fund and ESI are charged to the profit and loss account as incurred.

## H) Foreign Currency Transaction

The Company does not deal with Foreign Currency, hence AS-11 "Effect of changes in Foreign Exchanges issued by the Institute of Chartered Accountants of India is not applicable.

## I) Cash Flow Statements

Cash Flow Statements has been prepared following the indirect method set out in the Accounting Standard -3 on "Cash Statements" issued by the Institute of Chartered Accountants of India.

## J) Taxes on Income

(i) Income tax expenses for the period comprise of Current Tax and Deferred Tax.

(ii) Current Tax is the amount of tax payable on the taxable income for the year determined in accordance with the provision of the Income Tax Act, 1961.

(iii) Deferred Tax is recognized, on the timing differences, being the difference between accounting income and taxable income, which originates in one period and are capable of reversal in one or more subsequent accounting periods in accordance with the provisions of Accounting Standard - 22 on "Accounting for Taxes on Income", issued by the Institute of Chartered Accountants of India. Deferred Tax Asset in respect of brought forward losses is recognized only if there is virtually certainly that there will be sufficient future taxable income against which such asset can be realized.



**K) Provisions and Contingent liabilities**

Provisions are recognized when the company has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of obligation.

**L) Impairment of Assets**

At each balance sheet date, the company assesses whether there is any indication that any asset may be impaired. If any such indication exists, the company estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the profit and loss account to the extent the carrying amount exceeds the recoverable amount.

**M) Earnings Per Share**

The calculation of Earnings Per Share (EPS) as disclosed in the Balance Sheet Abstract has been made in accordance with the requirement of Accounting Standard (AS) -20 on Earnings Per Share issued by the Institute of Chartered Accountants of India.

Diluted Earning per share is the same as Basic Earning per share because there is no potential equity shares which would have dilutive effect on earning per shares to equity shareholders.

**N) Segment Reporting**

The Company is Authorized Dealer of Maruti Suzuki India Limited (MSIL) and hence, is engaged in the business of sale & service of MSIL vehicles. As the basic nature of sale of variants of vehicles is governed by the same set of risk & returns, these have been grouped as single segment as per Accounting Standard(AS-17) on segment reporting issued by the Institute of Chartered Accountants of India.

2. Contingent Liabilities not provided for Service Tax Penalty of Rs 76000/- for the Assessment Year 2009-10.

3. Detail in respect of Opening Stock, Sales and Closing Stock as follows :

Particulars	Opening Stock		Sales		Closing Stock	
	Qty.	Amount (Rs. in Lacs)	Qty.	Amount (Rs. in Lacs)	Qty.	Amount (Rs. in Lacs)
Vehicles	323	893.84	3937	11738.98	339	1174.48
Spares & Accessory		147.10		876.41		150.63

4(a). During the year, the Company has recognized the following amounts as Defined Contribution Plan in the Profit and Loss Account :

- i) Employer's Contribution to Provident Fund - Rs. 13.23 Lacs
- ii) Employer's Contribution to Employee State Insurance - Rs. 5.01 Lacs

(b) During the year the Company has made provision for Gratuity in books as designed benefit plan.

5. Subsequent to Accounting Standards -22 "Accounting for Taxes on Incomes", issued by the Institute of Chartered Accountants of India, Deferred Tax Expenses of Rs. 2248961.00 for the periods is recognized in the Profit and Loss Account. Calculation of Deferred Tax Liability is as follows :

• Written down value of Fixed Assets as on 31.3.2010 (As per companies Act)	86814940
• Written down value of Fixed Assets as on 31.3.2010 (As per Income Tax Act)	59468794
• Timming Diference	27346146
• Tax @ 30.90%	8449959
• Deferred Tax Liability as on 31.3.2010	8449959
• Deferred Tax Liability as on 1.4.2009	6200998
• Deferred Tax Liability to be provided for	2248961

## 6. Legal &amp; Professional Fees includes Payments to Auditors comprising as follows :-

- |                                 |              |
|---------------------------------|--------------|
| i) Statutory Audit fee          | Rs 240000.00 |
| ii) Tax audit and VAT audit Fee | Rs 50000.00  |
| iii) Other Services             | Rs 25000.00  |

## 7. Related Party Disclosure in accordance with Accounting Standard - 18 :

## a) Enterprises owned or Significantly Influenced by Directors and their Relatives

- Pacific Finlease Pvt. Ltd.
- Bajwa Arjun Property Developer Pvt. Ltd.
- Rahul Sidhu Enterprises Pvt. Ltd.
- Rahul Sidhu Business Services

## b) Detail of transaction for the financial year 2009-10

Pacific Finlease Pvt. Ltd.

<u>Transaction</u>	<u>Amount (Rs. in Lacs)</u>
Amount Recoverable in Inter Corporate Deposit as on 31.3.2010	10.46
Interest Recovered during the financial year	0.92

Bajwa Arjun Property Developers Pvt. Ltd.

<u>Transaction</u>	<u>Amount (Rs. in Lacs)</u>
Amount Recoverable in Inter Corporate Deposit as on 31.3.2010	8.24
Interest Recovered during the financial year	13.74

Rahul Sidhu Enterprises Pvt. Ltd.

<u>Transaction</u>	<u>Amount (Rs. in Lacs)</u>
Amount Recoverable in Inter Corporate Deposit as on 31.3.2010	143.79
Interest Recovered during the financial year	10.12

## c) Advertisement &amp; Publicity transaction amounting Rs. 4.16 lac with Rahul Sidhu Business Services

## 8. Calculation of Earning Per Share is as follows :

Profit after Tax as per Profit & Loss Account as on 31.3.2010	2165277.00
<b>No. of Equity Share (Face value Rs. 10/- each)</b>	
• For Basic Earning Per share	2753440
• For Diluted Earning Per Share	2753440
<b>Earning Per Share</b>	
• Basic	0.79
• Diluted	0.79

## 9. Balance confirmation letters have been obtained from some of the parties on test check basis.

## 10. Figures of Previous year have been re-grouped and re classified wherever necessary, in order to conform to the current year's presentation.

As per our report of even date

For and on behalf of the Board of Director of Hira Automobiles Ltd.

For Dalbir &amp; Associates

Chartered Accountants

Firm Registration No.021454N

RAHULINDER SINGH SIDHU

Chairman

Dalbir Singh

KULDEEP SINGH BHATTAL

Whole Time Director

Proprietor

Membership No. 096320

Place : Chandigarh

Date : Sept. 3, 2010

S.P. JINDAL

Chief Manager

(Accounts &amp; Audit)



## BALANCE SHEET ABSTRACT

Balance Sheet Abstract and Company's General Business Profile Required under part IV of the Companies Act, 1956

## i. Registration Details

Registration No.

5	3		0	9	5	0	0
3	1		0	3		1	0

Balance Sheet Date

Date

Month

Year

## ii. Capital raised during the year (Amount in Rs. Thousands)

Public Issue

2114

Right Issue

NIL

Bonus Issued

NIL

Private Placement

NIL

## iii. Position of Mobilisation and Deployment of funds (Amount in Rs. Thousands)

Total Liabilities

177385

Total Assets

177385

## Source of Funds

Paid up Capital

27534

Reserve &amp; Surplus

22325

Secured Loans

119075

Deferred Tax Liability

8450

## Application of Funds

Net Fixed Assets

86815

Investments

1643

Net Current Assets

88928

Misc. Expenditure

NIL

## iv. Performance of Company (Amount in Rs. Thousands)

Turnover

1313959

Total Expenditure

1307733

(+)/Profit/(-) Loss Before Tax

6226

(+)/Profit/(-) Loss after tax

2165

Earning per Share in Rs.

0.79

Dividend %

NIL

## v Generic name of Principal Product/ Services of Company (As per Monetary items)

a) Item code No. (ITC Code)

NIL

Product Description

MARUTI SUZUKI DEALERSHIP

As per our report of even date

For and on behalf of the Board of Director of Hira Automobiles Ltd.

For Dalbir & Associates  
Chartered Accountants  
Firm Registration No.021454N

RAHULINDER SINGH SIDHU  
Chairman

Dalbir Singh

KULDEEP SINGH BHATTAL  
Whole Time Director

Proprietor  
Membership No. 096320

Place : Chandigarh  
Date : Sept. 3, 2010

S.P. JINDAL  
Chief Manager  
(Accounts & Audit)



**HIRA AUTOMOBILES LIMITED**

**Regd. Office : SCO 348-349, Third Floor, Sector 34-A  
Chandigarh**

Attendance Slip

**21st Annual General Meeting**

Regd. Folio No. \_\_\_\_\_

I certify that I am a shareholder /proxy for the registered Shareholders of the Company. I hereby record my presence at the 21st ANNUAL GENERAL MEETIING of the Company to be held on Thursday 30th September , 2010 at 11.00 A.M at SCO 348-349, Third Floor, Sector 34-A, Chandigarh.

\_\_\_\_\_  
Member's /Proxy's Name in  
Block Letters

\_\_\_\_\_  
Member's / Proxy's Signature

Note:- Please fill and sign this attendance slip and hand over at the ENTRANCE OF THE MEETING HALL.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**HIRA AUTOMOBILES LIMITED**  
**Regd. Office : SCO 348-349, Third Floor, Sector 34-A**  
**Chandigarh**

**FORM OF PROXY**

I/We \_\_\_\_\_ of \_\_\_\_\_  
 Being a \_\_\_\_\_  
 member (s) of Hira Automobiles Ltd. here by appoint \_\_\_\_\_  
 of \_\_\_\_\_ or failing  
 him \_\_\_\_\_ of \_\_\_\_\_ as my / our proxy  
 to attend and vote for me/us on my/our behalf at the 21st Annual General Meeting of the company to be held  
 on Thursday, 30th September, 2010 at 11.00 A.M at SCO 348-349, Third Floor, Sector 34-A, Chandigarh  
 and at adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

Affix one Rupee Revenue Stamp
-------------------------------------

Signature \_\_\_\_\_

- Note:- 1) The form to be effective, should be duly stamped, completed and signed across the stamp as per specimen signature registered with the company.  
 2) The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.  
 3) A proxy can not speak or vote on a show of hands at the meeting.

**HIRA AUTOMOBILES LIMITED**  
**Regd. Office : SCO 348-349, Third Floor, Sector 34-A**  
**Chandigarh**

**SUGGESTIONS**

In case you have any suggestion for the betterment of your company please do write to us.

Suggestion \_\_\_\_\_

Name \_\_\_\_\_ Folio No./Client ID \_\_\_\_\_

Address \_\_\_\_\_

Pin Code \_\_\_\_\_