

## 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 31.03.2012 is Seven, comprising of four promoter directors and three independent directors having diversified professional experience. Out of which Four 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 31.03.2012 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.	Sh. Isher Singh	Director	Independent / Non Executive

- Mr. Nasib Chand, Director of the Company has expired

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 12 times on the following dates.

30.04.2011	27.06.2011	12.12.2011
07.06.2011	24.08.2011	31.01.2011
08.06.2011	03.09.2011	09.02.2011
13.06.2011	31.10.2011	25.03.2012

The attendance of Directors at the meetings for the year 2011-12 and directorship in other companies, membership in other companies and Share holding as on 31-03-2012 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 31-03-2012 in HAL
1	Sh. Kuldeep Singh Bhattal	12	2	--	272100
2	Mrs. Simran Bajwa	12	2	--	265010
3	Sh. Rahul Inder Singh Sidhu	8	3	--	270000
4	Sh. Rajnish Sharma	4	2	--	---
5	Sh. Ramesh Kumar	4	-----	--	---
6	Mrs.Neha Sidhu	8	2	--	1000
7	Sh. Isher Singh	-----	-----	-----	---

The following Directors attended the last Annual General Meeting held on 30.09.2011

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 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
Smt. Simran Bajwa	Executive and Promotor	Member	5	
Sh. Rajnish Sharma	Non-Executive and Non Promoter	Member	5	
Sh. Ramesh Kumar	Non-Executive and Non Promoter	Chairman	5	

**Shareholders/Investors Grievance Redressal Committee**

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	Category	Designation	Nos. of meetings attended
Smt. Simran Bajwa	Executive and Promotor	Chairman	1
Sh. Rajnish Sharma	Non-Executive and Non Promoter	Member	1
Sh. Ramesh Kumar	Non-Executive and Non Promoter	Member	1

**Remuneration of directors**

There is no pecuniary relationship or transaction of the company with its independent directors. 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 31.03.2012 is as under:

Name	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 Nil  
 Settled Nil  
 Closing Balance Nil

No shareholders complaint 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
2008-2009	30.09.2009	11.00 A M	Regd. Office
2009-2010	30.09.2010	11.00 A M	Regd. Office
2010-2011	30.09.2011	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
30.09.2009	Yes
30.09.2010	Nil
30.09.2011	Nil

**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, and 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 2011-12 has been paid to Bombay Stock Exchange only.

**23<sup>rd</sup> Annual General Meeting**

Date : 29.09.2012

Time : 11.00 AM

Venue : # 20, Sec 8-A, Chandigarh.

Financial Year 2011-12

Date of Book Closure 27-09-2012- 29-09-2012 (Both Days inclusive)

Distribution of share holding of the company as on 31.03.2012–Category wise

S.No.	Category	No. of Shares Held	%age of shareholders
1.	Promoter	2635710	95.72
2.	Indian Public	117730	4.28
<b>Total</b>		<b>2753440</b>	<b>100.00</b>

Distribution of share holding of the company as on 31.03.2012 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>

**DEMATERIALIZATION 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 on stock exchange during the period under review.

**ADDRESS FOR CORRESPONDENCE**

Followings are addresses for correspondence:

**REGISTERED OFFICE**

Hira Automobiles Ltd.  
# 20, Sector 8 A,  
Chandigarh.

**Showroom Locations:**

Hira Automobiles Ltd.  
Rajbaha Road,  
Patiala.  
Ph. No .0175-2209100

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

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

Hira Automobiles Ltd.  
Radha Swami Satsang Road,  
Nabha.  
Ph.No. 01765-505959

Hira Automobiles Ltd.  
Muktsar Road,  
Malout.  
Ph. No.01637-263724

Hira Automobiles Ltd.  
Patiala Pehowa Road,  
Devigarh.  
Ph. No.0175-2631152

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

Sr. No.	Name	Qualification	Occupation
1.	Sh. Rajnish Sharma	Graduate	Business
2.	Sh Ramesh Kumar	Graduate	Business

**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 2012**

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 : 03.09.2012

**Simran Bajwa**

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 2012.

**MANAGEMENT DISCUSSION AND ANALYSIS**

**A. The Automobile Industry**

The year 2011-12 was a tough year for the automobile industry. The sales slid for many companies and the buying sentiments were low due to high inflation and fluctuations in the real estate market. The hikes in Petrol rates also saw a shift from the petrol to diesel vehicles. The industry was growing year on year and with the slowdown this year corrected the pace and the scenario was overall comfortable. Your company increased the turnover while the others de-grew. The market was maintained in-spite of all odds like the strike at principal's factory and delay in deliveries of diesel vehicles.

**B. Vision 2012-13**

The come-back in this FY is bound to happen. The correction that the market had to undergo last year will lead us to the growth path this year. The production of diesel vehicles is on the increase so we will be getting more of the hot selling models to sell this financial year. The advantage of the strike that the competition encashed LY will be countered by the regular supplies this year and they have lost their scene as the sales are being lost by them after the initial novelty factor. Maruti is planning to launch the new models which will help us to gain the market-share and increase volumes. This year being a pre-election year for the central government - sops to the public and economic reforms will enhance the buying mood of the customers.

**C. Segment-wise performance**

The Maruti Suzuki is manufacturing models which are sold across all market segments. Your company is dealing in all the models and the principals are proactive in their approach to gauge the market demand and produce vehicles as per the demand. So no segmentation has been done at our end.

**D. Risks and Concerns**

In spite of the few concerns the perceived growth mitigates them and the management does not see any risk to the business in the future.

**E. Internal Control System**

To keep a check on the working and performance of the company the system of audit and checks has been strengthened. Each department working is monitored and audits are carried out on a regular basis. The system of pre-audits and audits followed by an immediate action on the reports is and will help to keep a control on the workings. A surprise check team is also being raised to audit the systems and accounts of all outlets.



**F. Human Resources**

This is an important area of focus of the management. Steps are being taken to keep the employees motivated. The employer-employee relationship is very cordial as all the employees are working with concern for the company and the management keeps a concern for them. The further development of employees is being undertaken by making them responsible and accountable for their field of work. They are being sensitised to keep profitability of the company in mind while working for volumes and customer delight.

**G. Marketing**

Your company is working in tandem with the principals and adopting new techniques and methods to increase sales. The "back to basics" strategy is being adopted to remain in touch with the customers and build healthy relations with them for growth of business. The advertisements and promotional activities in the area of operations is being rationalised and being made more effective and result oriented.

**H. Dealership Strategy**

The growing competition and market-conditions will try to affect the margins in the car sales but the volume increase will take care of the same. As part of the on-going strategy, stress is being laid on increasing the profits from workshops and body-shops, used car business and allied businesses.

**Compliance Certificate on Corporate Governance**

To,  
The Members  
Hira Automobiles Ltd.

1. We have examined the compliance of Corporate Governance by Hira Automobiles Limited, as at 31<sup>st</sup> March, 2012 as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges.
2. The compliance 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.
3. 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.
4. 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 Rahul Rajput And Associates**  
**Firm Registration Number 023487N**  
**(Chartered Accountants)**

**Rahul Rajput**  
**(Proprietor)**  
**Membership Number 504877**

**Place : Chandigarh**  
**Date : September 03,2012**