

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

(In Pursuance of Clause 31 of the Listing Agreement)

| | |
|--|----------------------|
| Name of the Company: | Munjal Showa Limited |
| Annual financial statements for the year ended | 31st March 2015 |
| Type of Audit observation | Un-qualified |
| Frequency of observation | Not Applicable |

For S.R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm's Registration No.: 301003E

Sanjay Vij
per **Sanjay Vij**
Partner
Membership No.95169
Place: Gurgaon
Date: May 22, 2015



For Munjal Showa Limited

Yogesh Chander Munjal

(Yogesh Chander Munjal)
Managing Director

For Munjal Showa Limited

Vinod Kumar Agrawal

(Vinod Kumar Agrawal)
Chairman Audit Committee

For Munjal Showa Limited

Pankaj Gupta

(Pankaj Gupta)
Chief Financial Officer



30th Annual Report 2014-15

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BOARD OF DIRECTORS

Mr. Brijmohan Lall Munjal (Chairman)
 Mr. Yogesh Chander Munjal (Managing Director)
 Mr. Isao Ito (Joint Managing Director)
 Mr. Katsuhiko Matsuura (upto May 22, 2015)
 Mr. Matsui Masanao (w.e.f. May 22, 2015)
 Mr. Ashok Kumar Munjal
 Mr. Pankaj Munjal
 Mr. Krishan Chand Sethi
 Mr. Vinod Kumar Agrawal
 Mr. Surinder Kumar Mehta
 Mr. Nand Dhameja
 Mr. Devi Singh
 Mrs. Charu Munjal

NOMINATION AND REMUNERATION COMMITTEE

Mr. Krishan Chand Sethi- Chairman
 Mr. Vinod Kumar Agrawal-Member
 Mr. Devi Singh-Member
 Mr. Surinder Kumar Mehta-Member

SHARE TRANSFER/ STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. Nand Dhameja-Chairman
 Mr. Yogesh Chander Munjal-Member
 Mr. Isao Ito- Member
 Mr. Ashok Kumar Munjal-Member

AUDIT COMMITTEE

Mr. Vinod Kumar Agrawal-Chairman
 Mr. Krishan Chand Sethi- Member
 Mr. Nand Dhameja- Member
 Mr. Ashok Kumar Munjal- Member

CSR COMMITTEE

Mr. Krishan Chand Sethi-Chairman
 Mr. Yogesh Chander Munjal- Member
 Mr. Vinod Kumar Agrawal- Member

RISK MANAGEMENT COMMITTEE (Non Mandatory)

Mr. Yogesh Chander Munjal- Chairman
 Mr. Pankaj Gupta-Member
 Mr. K. Chakravorty-Member

STATUTORY & TAX AUDITORS

M/s S R Batliboi & Co. LLP, Chartered Accountants, Gurgaon

INTERNAL AUDITORS

M/s Vaish & Associates, Chartered Accountants, New Delhi

SECRETARIAL AUDITORS

Satyender Kumar & Associates, Gurgaon

CHIEF FINANCIAL OFFICER

Mr. Pankaj Gupta

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Saurabh Agrawal

BANKERS

The Bank of Tokyo- Mitsubishi UFJ Limited
 Standard Chartered Bank
 State Bank of India
 Citi Bank N.A.
 Canara Bank
 HDFC Bank Limited
 Kotak Mahindra Bank Limited
 The Bank of Nova Scotia

SHARE TRANSFER AGENT

MCS Share Transfer Agent Limited
 F-65, Okhla Industrial Area, Phase I,
 New Delhi- 110 020
 Tel: 011-41406149-52; Fax; 41709881
 Email: admin@mcsdel.com

TECHNICAL & FINANCIAL COLLABORATOR

Showa Corporation 1-14-1, Fujiwara –Cho Gyodashi Saitama Ken, Japan

REGISTERED OFFICE & WORKS

Gurgaon Plant & Registered Office
 9-11, Maruti Industrial Area, Sector-18 Gurgaon-122015 Haryana

Manesar Plant

Plot No. 26 E & F, Sector 3, IMT Manesar, Gurgaon- 122 050 Haryana

Haridwar Plant

Plot No. 1, Industrial Park-2, Phase-1, Salempur Mehdood, Haridwar- 249403 Uttarakhand

YEARLY FINANCIAL RESULTS AT A GLANCE

(Rs. in lacs)

| | March'15 | March'14 | March'13 | March'12 | March'11 |
|--|------------|------------|------------|------------|------------|
| Share Capital | 799.92 | 799.92 | 799.92 | 799.92 | 799.92 |
| Reserve & Surplus | 40,272.34 | 34,812.93 | 29,480.57 | 24,816.28 | 19,497.88 |
| Total Shareholder's Funds | 41,072.27 | 35,612.85 | 30,280.49 | 25,616.20 | 20,297.80 |
| Unsecured Loans | 0.00 | 0.00 | 0.00 | 1000.00 | 500.00 |
| Secured Loan | 0.00 | 0.00 | 2,110.87 | 6,315.65 | 8,069.95 |
| Total Term Liability | 0.00 | 0.00 | 2,110.87 | 7,315.65 | 8,569.95 |
| Current Liabilities & Provisions | 20,202.77 | 21,814.06 | 20,802.28 | 21,289.90 | 20,637.64 |
| Total Assets / Liabilities | 61,275.04 | 57,426.91 | 53,193.64 | 54,221.75 | 49,505.39 |
| Net Sales | 164,296.67 | 159,797.31 | 158,142.66 | 155,688.13 | 128,932.65 |
| (% Growth year on year) | 2.82% | 1.05% | 1.58% | 20.75% | 28.37% |
| Profit Before Interest Depn. & Tax (PBDIT) | 13,542.34 | 11,129.86 | 10,272.47 | 12,414.66 | 8,334.05 |
| Profit Before Interest Depn. & Tax (PBDIT)-% | 8.24 | 6.97 | 6.50 | 7.97 | 6.46 |
| Interest | 44.54 | 270.32 | 716.57 | 1101.91 | 914.01 |
| Depreciation | 2,867.09 | 2,840.99 | 2,764.20 | 2,722.88 | 2,624.67 |
| Profit Before Tax (PBT) | 10,630.71 | 8,018.55 | 6,791.70 | 8,589.87 | 4,793.49 |
| Profit After Tax (PAT) | 7,562.89 | 6,970.09 | 6,068.06 | 6,712.90 | 3,401.91 |
| Earnings per Share (EPS) (Rs.) | 18.91 | 17.43 | 15.17 | 16.78 | 8.51 |
| Book Value per Share (Rs.) | 102.69 | 89.03 | 75.71 | 64.05 | 50.75 |
| Dividend Payout % | # 200.00% | 175.00% | 150.00% | 150.00% | 125.00% |
| Dividend per share | # 4.00 | 3.50 | 3.00 | 3.00 | 2.50 |

Recommended by Board of Directors

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 30TH ANNUAL GENERAL MEETING OF THE MEMBERS OF MUNJAL SHOWA LIMITED WILL BE HELD ON WEDNESDAY, THE 26TH DAY OF AUGUST, 2015 AT 11:00 AM AT THE COMPANY'S REGISTERED OFFICE SITUATED AT 9-11, MARUTI INDUSTRIAL AREA, SECTOR-18, GURGAON-122015 (HARYANA) TO TRANSACT THE FOLLOWING BUSINESS: -

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statement of the Company for the Financial Year ended March 31, 2015 including Audited Balance Sheet as at March 31, 2015 and the Statement of Profit and Loss for the Financial Year ended on that date together with the reports of the Board and Auditors thereon.

“RESOLVED THAT the audited Financial Statements of the Company including Balance Sheet as at 31 March, 2015 and the Statement of Profit and Loss, the cash flow statement for the year ended on that date and the reports of the Board of Directors (“the Board”) and Auditors thereon be and are hereby received, considered and adopted.”

2. To declare a dividend on equity shares for the financial year ending 2014-15.

“RESOLVED THAT a final dividend of Rs. 4.00/- per equity share on 39,995,000 equity shares of Rs. 2/- each fully paid up for the financial year 2014-15 be and is hereby approved and declared.”

3. To appoint Mr. Ashok Kumar Munjal (DIN 00003843), as Director liable to retire by rotation.

“RESOLVED THAT Mr. Ashok Kumar Munjal (DIN 00003843), who retires by rotation and being eligible offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company liable to retire by rotation.”

4. Ratification of Appointment of Statutory Auditors.

“RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, the appointment of M/s S R Batliboi & Company LLP, Chartered Accountants, Gurgaon (ICAI Firm registration No. 301003E), as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the thirty-first AGM of the Company to be held in the year 2016 be and is hereby ratified at such remuneration plus service tax, out-of-pocket, travelling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following Resolutions as Ordinary Resolutions:

As Ordinary Resolutions

5. **Appointment of Mr. Matsui Masanao (DIN 00340218) as Director of the Company**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. Matsui Masanao (DIN 00340218), who was appointed as an additional Director of the Company by the Board of Directors w.e.f. May 22, 2015 in terms of Section 161 of the Companies Act, 2013 and Article 89 of the Articles of Association of the Company and who holds office upto the date of forthcoming Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of directors by rotation.”

6. Variation in the Terms of Appointment of Mr. Isao Ito-Joint Managing Director

“RESOLVED THAT pursuant to the recommendations of the Nomination and Remuneration Committee and in partial modification of the earlier Resolution passed by the shareholders in the Twenty Ninth Annual General Meeting held on August 28, 2014, the consent of the Company be and is hereby accorded under Sections 196, 197, 203 with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under, and subject to the approval of the Central Government, if required the Basic Salary payable to Mr. Isao Ito- Joint Managing Director (DIN 05134031) be increased to Rs. 10,50,000/- per month from the existing Rs. 9,00,000/- per month and Special Pay of Rs. 1,00,000/- per month w.e.f. September 01, 2015 for the remaining period of his tenure.

RESOLVED FURTHER THAT all other terms and conditions of his appointment including remuneration (Including allowances, perquisites and benefits) shall remain unchanged.

RESOLVED FURTHER THAT the aggregate of the remuneration payable to him in any particular Financial Year will be subject to the overall ceiling limit laid down in Section 197 read with Schedule V of the Companies Act, 2013.”

To consider and, if thought fit, to pass the following Resolution as Special Resolution:

As Special Resolution**7. Variation in the Terms of Appointment of Mr. Yogesh Chander Munjal- Managing Director**

“RESOLVED THAT pursuant to the recommendations of the Nomination and Remuneration Committee and in partial modification of the earlier Resolution passed by the shareholders in the Twenty Ninth Annual General Meeting held on August 28, 2014, the consent of the Company be and is hereby accorded under Sections 196, 197, 203, read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under, and subject to the approval of the Central Government, if required the Basic Salary payable to Mr. Yogesh Chander Munjal- Managing Director (DIN 00003491) be increased to Rs. 14,50,000/- per month from Rs. 13,00,000/- per month w.e.f. September 01, 2015 for the remaining period of his tenure.

RESOLVED FURTHER THAT all other terms and conditions of his appointment including remuneration (Including allowances, perquisites and benefits) shall remain unchanged.

RESOLVED FURTHER THAT the aggregate of the remuneration payable to him in any particular Financial Year will be subject to the overall ceiling limit laid down in Section 197 read with Schedule V of the Companies Act, 2013.”

Place: New Delhi
Dated: May 22, 2015

By Order of the Board of Directors
For **MUNJAL SHOWA LIMITED**

Registered Office:
9-11, Maruti Industrial Area
Sector-18, Gurgaon, Haryana - 122 015
Email: msladmin@munjalshowa.net
Website: www.munjalshowa.net
CIN: L34101HR1985PLC020934
Phone No.: 0124-4783000, Fax: 0124-2341359

SAURABH AGRAWAL
COMPANY SECRETARY
Membership No. A36163

NOTES:-

- 01) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE (ON A POLL ONLY) INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXIES IN ORDER TO BE VALID MUST BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM IS ATTACHED.**

A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. IN CASE A PROXY IS PROPOSED TO BE APPOINTED BY A MEMBER HOLDING MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS, THEN SUCH PROXY SHALL NOT ACT AS A PROXY FOR ANY OTHER MEMBER.

- 02) Corporate members intending to send their authorised representatives to attend the meeting are advised to send a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the meeting.
- 03) In terms of Section 152 of the Companies Act, 2013, Mr. Ashok Kumar Munjal (DIN 00003843), Director, retire by rotation at the Meeting and being eligible, offer himself for re-appointment. The Board of Directors of the Company recommends his re-appointment. Brief resume of Mr. Ashok Kumar Munjal is given in Board's Report.
- 04) The Explanatory Statement setting out the material facts concerning Special Business at Item Nos. 5 to 7 of the accompanying notice as required by Section 102 of the Companies Act, 2013, is annexed hereto.
- 05) Pursuant to Section 91 of the Companies Act, 2013 and listing agreement, the Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, August 08, 2015 to August 26, 2015 (both days inclusive).
- 06) The dividend as recommended by the Board of Directors, if approved at the thirtieth Annual General Meeting, shall be paid to those members, who hold the shares in physical format, whose names appear on the Company's Register of Members of the Company on Wednesday, August 26, 2015. In respect of the shares held in electronic form, the dividend shall be paid on the basis of beneficial ownership as per details furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), depositories for this purpose as on close of working hours of Friday, August 07, 2015.
- 07) Pursuant to the provisions of Section 124 of the Companies Act, 2013, dividend for the financial year 2008-09 and thereafter, which remains unclaimed for a period of 7 years would be transferred by the Company to the "Investor Education and Protection Fund (IEPF)" established by the Central Government. Dividends declared upto 1994-95 to 2006-07 remaining unpaid/ unclaimed have already been transferred to the Investor Education and Protection Fund. Dividend declared for the financial year 2007-08 is in the process of transfer to IEPF and the last date of claim is August 13, 2015.
- 08) Information in respect of unclaimed dividend pertaining to subsequent financial years when due for transfer to the said Fund is given below:

| Financial year ended | Date of declaration of Dividend | Last date upto which claim can be lodged for unpaid Dividend |
|----------------------|---------------------------------|--|
| 31.03.2009 | 07.08.2009 | 13.08.2016 |
| 31.03.2010 | 11.08.2010 | 17.08.2017 |
| 31.03.2011 | 11.08.2011 | 17.08.2018 |
| 31.03.2012 | 09.08.2012 | 16.08.2019 |
| 31.03.2013 | 03.09.2013 | 09.09.2020 |
| 31.03.2014 | 28.08.2014 | 03.09.2021 |

Shareholders who have not so far en-cashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Company immediately. **Shareholders are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which remain unclaimed or unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claim.**

The Ministry of Corporate Affairs (MCA) on 10th May, 2012 notifies the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules), which are applicable to the Company. The objective of the IEPF rules is to help the shareholders ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation in transit. Unclaimed dividend information is on the website of IEPF viz. www.iepf.gov.in and also on the website of the company viz. www.munjalshowa.net.

- 09) Members are requested to notify immediately any change of address including email IDs.
- To their Depository Participants (DPs) in respect of their electronic share accounts, and
 - To the Company's Registrar, MCS Share Transfer Agent Limited, F-65 Okhla Industrial Area, Phase I, New Delhi 110 020 in respect of their physical share folios, if any, quoting their folio number.
- 10) Electronic Clearing Service (ECS) Facility
- The Company has provided a facility to the Members for remittance of dividend through Electronic Clearing System (ECS). The ECS facility is available at locations identified by Reserve Bank of India from time to time and covers most of the major cities and towns. Members holding shares in the physical form who wish to avail ECS facility may authorize the Company with their ECS mandate in the prescribed Form which can be obtained from the Company upon request.
- 11) Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend are requested to write to the Company.
- 12) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members / transferee(s) are required to furnish a copy of their PAN to the Company / Registrar & Transfer Agent, MCS Share Transfer Agent Limited.
- 13) Members are requested to bring their copy of the Annual Report and Attendance Slip duly filled in to the Annual General Meeting.
- 14) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

VOTING THROUGH ELECTRONIC MEANS

In compliance with the provisions of the Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the members are provided with the facility to cast their votes on resolutions through e-voting as amended from time to time, the Company is pleased to provide its members the facility of 'remote e-voting' (e-voting from a place other than venue of the AGM) to exercise their right to vote at the 30th Annual General Meeting (AGM). The business shall be transacted through e-voting services rendered by Central Depository Services (India) Limited (CDSL).

The facility for voting, either through ballot/polling paper shall also be made available at the venue of the 30th AGM. The members attending the meeting, who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote through remote e-voting may attend the meeting but shall not be entitled to cast their vote again at the AGM.

Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. August 19, 2015 have the option to request for physical copy of the Ballot Form by sending an e-mail to cs@munjalshowa.net by mentioning their Folio/DP-ID and Client-ID No. However, the duly completed Ballot Form should reach the Registered Office of the Company not later than one day before the General Meeting. Ballot Form received after this date will be treated as invalid. A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid. The Company has appointed Mr. Satyender Kumar (FCS 4087), Proprietor- Satyender Kumar & Associates, Company Secretaries, Gurgaon as the Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner.

The instructions to members for voting electronically are as under:-

- i. The voting period begins on Sunday, August 23, 2015 at 9.00 a.m. and ends on Tuesday, August 25, 2015 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. August 19, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after 5.00 p.m. on August 25, 2015.
- ii. Members holding shares in physical or in demat form as on August 19, 2015 shall only be eligible for e-voting.
- iii. The shareholders should log on to the e-voting website www.evotingindia.com.
- iv. Click on Shareholders.
- v. Now Enter your User ID;
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- vi. Next enter the Image Verification as displayed and Click on Login.
- vii. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- viii. If you are a first time user follow the steps given below:

| For Members holding shares in Demat Form and Physical Form | |
|---|--|
| PAN | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. if your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. |
| DOB | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. |
| Dividend Bank Details | Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id/folio number in the Dividend Bank details field as mentioned in instruction (v). |

- ix. After entering these details appropriately, click on “SUBMIT” tab.
- x. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- xi. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii. Click on the EVSN for the Munjal Showa Limited.
- xiii. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xvi. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xv. After selecting the Resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xvi. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xvii. You can also take out print of the voting done by you by clicking on “Click here to print” option on the voting page.
- xviii. If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xix. Note for Non-Individual Shareholders & Custodians:
 - a. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporate and Custodians respectively.
 - b. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - c. After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - d. The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - e. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xx. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

ANNEXURE TO THE NOTICE

A. EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESS PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No. 5

The Board of Directors of the Company in its meeting held on May 22, 2015 has appointed Mr. Matsui Masanao as an Additional Director of the Company w.e.f. May 22, 2015. A notice under Section 160 of the Companies Act, 2013 along with requisite deposit has been received from a member proposing the candidature of Mr. Matsui Masanao as a Director of the Company.

Mr. Matsui Masanao, aged 49 years, completed his graduation from National College of Technology Japan. He started his career in 1987 as Engineer of 2-wheel Suspension R&D. He served various stations in Japan and abroad during his tenure. Recently he has been promoted as General Manager of Production Planning Office. He is presently not holding the membership of the Board/ Committee(s) of any Company.

Except Mr. Matsui Masanao, and his relative none of the Director, Key Managerial Personnel (KMPs) and their relatives are interested /concerned either financial or otherwise in the Resolution under Item No. 5 of the notice. Mr. Matsui Masanao does not hold any equity shares in the Company.

The Board recommends the resolution to the members for their approval.

Item No. 6

The Members had approved basic salary of Mr. Isao Ito- Joint Managing Director as Rs. 9,00,000/- p.m. with effect from September 01, 2014 in the Twenty Ninth Annual General Meeting held on August 28, 2014. Under the leadership of Mr. Isao Ito, profitability of the Company grown during the year in spite of the challenging environment. In view of the vast experience and valuable contribution made by Mr. Isao Ito towards the growth of the Company and the job responsibilities handled by Joint Managing Director in the challenging environment, and on the basis of recommendation of Nomination and Remuneration Committee, your Board of Directors have, by passing a Resolution in their meeting held on May 22, 2015, revised the basic salary of Joint Managing Director to Rs. 10,50,000/- per month from Rs. 9,00,000/- per month and Special Pay Rs. 1,00,000/- per month w.e.f. September 01, 2015 for the remaining period of his tenure. All other terms and conditions of his appointment including remuneration (Including allowances, perquisites and benefits) will remain same.

Except Mr. Isao Ito, and his relative none of the Director, Key Managerial Personnel (KMPs) and their relatives are interested /concerned either financial or otherwise in the Resolution under Item No. 6 of the notice. Mr. Isao Ito does not hold any equity shares in the Company.

The Board recommends the resolution to the members for their approval.

Item No. 7

The Members had approved basic salary of Mr. Yogesh Chander Munjal- Managing Director as Rs. 13,00,000/- p.m. with effect from September 01, 2014 in the Twenty Ninth Annual General Meeting held on August 28, 2014. Under the leadership of Mr. Yogesh Chander Munjal, profitability of the Company grown during the year in spite of the challenging environment. In view of the vast experience and valuable contribution made by Mr. Yogesh Chander Munjal towards the growth of the Company and the job responsibilities handled by Managing Director in the challenging environment, and on the basis of recommendation of Nomination and Remuneration Committee, your Board of Directors have, by passing a Resolution in their meeting held on May 22, 2015, revised the basic salary of Managing Director to Rs. 14,50,000/- per month from Rs. 13,00,000/- per month w.e.f. September 01, 2015 for the remaining period of his tenure. All other terms and conditions of his appointment including remuneration (Including allowances, perquisites and benefits) will remain same.

Except Mr. Yogesh Chander Munjal himself and Mrs. Charu Munjal being related to him, and their relatives none of the Director, Key Managerial Personnel (KMPs) and their relatives are interested /concerned either financial or otherwise in the Resolution under Item no. 7 of the Notice. Mr. Yogesh Chander Munjal does not hold any equity shares in the Company.

The Board recommends the resolution to the members for their approval to be adopted as special resolution, since the age of Mr. Yogesh Chander Munjal is more than 70 years.

Place: New Delhi
Dated: May 22, 2015

By Order of the Board of Directors
For **MUNJAL SHOWA LIMITED**

Registered Office:
9-11, Maruti Industrial Area
Sector - 18, Gurgaon, Haryana - 122 015
Email: msladmin@munjalshowa.net
Website: www.munjalshowa.net
CIN: L34101HR1985PLC020934
Phone No.: 0124-4783000, **Fax:** 0124-2341359

SAURABH AGRAWAL
COMPANY SECRETARY
Membership No. A36163

BOARD'S REPORT

Dear Members,

Your Directors have great pleasure in presenting the 30th Annual Report together with the Audited Statement of Accounts for the financial year ended March 31, 2015.

FINANCIAL RESULTS AND APPROPRIATIONS

The salient features of the Company's Financial Results for the year under review are as follows:

| | Year Ended 31.03.15 | Year Ended 31.03.14 |
|--|------------------------|------------------------|
| | | (Rs. In Lacs) |
| Sales and other Income | 179,197.05 | 174,074.41 |
| Profit before Interest, Depreciation, Tax & Exceptional item | 13,474.60 | 11,129.85 |
| Financial Cost | 44.54 | 270.32 |
| Depreciation | 2,867.09 | 2,840.99 |
| Exceptional Item (interest expenses reversed) | (67.74) | - |
| Profit before Tax | 10,630.71 | 8,018.54 |
| Provision for Taxation | 3,067.82 | 1,048.46 |
| Profit after Tax | 7,562.89 | 6,970.08 |
| Net Profit brought forward | 12,905.08 | 9,572.73 |
| Net value of fixed assets transferred to retained earning whose useful life exceeded the specified useful life | 177.99 | - |
| Profit available for appropriation | 20,289.98 | 16,542.81 |
| Dividend (Recommended) | 1,599.80 | 1,399.83 |
| Dividend Tax (Net) | 325.68 | 237.90 |
| Transfer to General Reserve | 2,000.00 | 2,000.00 |
| Surplus carried to Balance Sheet | 16,364.50 | 12,905.08 |

OPERATIONS & STATE OF THE COMPANY'S AFFAIRS

The Company has achieved a sales turnover, including other income, of Rs. 179,197.05 lacs registering a growth of 2.94 per cent vis-à-vis Rs. 174,074.41 lacs in the previous year. The profit before tax in the current year was at Rs. 10,630.71 lacs as compared to Rs. 8,018.54 lacs in the previous year registering a growth of 32.58 per cent.

CREDIT RATING

The Company's financial discipline and prudence is reflected in the credit ratings ascribed by rating agency CRISIL as given below:

| | |
|------------------------------------|------------------------|
| INR 4,500 Long-Term Loans | AA/Stable (Reaffirmed) |
| INR 2,000 Cash Credit | AA/Stable (Reaffirmed) |
| INR 7,700 Letter of Credit | CRISIL A1+ |
| INR 225 Bank Guarantee | CRISIL A1+ |
| INR 600 Commercial Paper Programme | CRISIL A1+ |

TRANSFER TO GENERAL RESERVE

The Board proposes to transfer an amount of Rs. 2,000 lacs to General Reserve. The balance amount of Rs. 16,364.50 lacs (Previous year Rs. 12,905.08 lacs) will be retained as surplus in the statement of Profit and Loss.

DIVIDEND

Your directors are pleased to recommend a dividend of 200 per cent (i.e. Rs. 4/- Per equity share of Rs. 2/- each fully paid up) for the financial year ended March 31, 2015 amounting to Rs. 1,599.8 lacs in aggregate as compared to 175 per cent i.e. Rs. 3.50/- per share in the corresponding last year. Dividend will be tax free in the hands of shareholders, as the Company will bear the dividend distribution tax of Rs. 325.68 lacs (Previous year Rs. 237.90 lacs). The dividend, if approved, at the Annual General Meeting shall be payable to the shareholders registered in the books of the Company and the beneficial owners whose names are furnished by the depositories, determined with reference to the book closure from August 08, 2015 to August 26, 2015 (both days inclusive).

SHARE CAPITAL & DEBENTURES

The paid up Equity Share Capital as on March 31, 2015 was Rs. 7.99 Crore. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options or sweat equity. And also the Company has not accepted or repaid any Debentures, Preference Share Capital and any Bond & Security during the financial year, and none of the Directors of the Company hold any shares or security of the Company. The Company does not has any Debentures, Preferential Shares as on March 31, 2015.

FINANCE

Cash and cash equivalent as at March 31, 2015 was Rs. 156.41 lacs. The Company continues to focus on judicious management of its working capital. Receivables, inventories and other working capital parameters were kept under strict check through continuous monitoring.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The company has neither given any guarantee nor provided any security covered under the provision of Section 186 of the Companies Act, 2013. The Company has made investments in Mutual funds and given loan/advance to its vendors during ordinary course of business. Please refer note numbers 10 and 12 to the financial statements.

CORPORATE GOVERNANCE

Report on Corporate Governance and Management Discussion & Analysis Report along with Certificate of the Auditors of your Company pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, have been included in this Report as **Annexure-A**. Your Company has been practicing the principles of good Corporate Governance over the years.

In terms of part IX of Clause 49 of the Listing Agreement, Certificate of CEO/CFO is also enclosed as a part of the Report.

The Board of Directors has laid down a **Code of Conduct** to be followed by all the Directors and members of Senior Management of your Company. The Board of Directors support the broad principles of Corporate Governance. In addition to the basic governance issues, the Board also lays strong emphasis on transparency, accountability and integrity.

AUDITORS

M/s S.R. Batliboi & Co.LLP, Chartered Accountants, Gurgaon, the Auditors of the Company, appointed at 29th Annual General Meeting from the date of 29th Annual General Meeting up to the date of 32nd Annual General Meeting of the Company. Now at the 30th Annual General Meeting of the Company, their appointment will be the subject to ratification by shareholders of the Company. The Company has also received certificate from the auditors to the effect that their ratification of appointment, would be in accordance with Section 139 & 141 of the Companies Act, 2013 and the rules framed thereunder.

The Board recommends their ratification of appointment for your approval.

SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Satyender Kumar & Associates, a proprietorship firm of Company Secretaries to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit Report is annexed herewith as **Annexure -B**.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pursuant to Section 134(3)(m) of the Companies Act, 2013 and the rules made thereunder regarding Conservation of Energy, Technology Absorption and Foreign Exchange earnings & outgo are given in **Annexure-C** which forms part of Board's Report.

EXTRACT OF ANNUAL RETURN

The extract of annual return in Form MGT 9 as required under Section 92(3) and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as an **Annexure-D** to this Report.

PARTICULARS OF EMPLOYEES

The statement of particulars of employees as per Section 197 of the Companies Act, 2013 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the year ended March 31, 2015, is annexed hereto and forms part of this Report. **Annexure-E**

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

As part of its initiatives under Corporate Social Responsibility (CSR), the Company has undertaken projects in the areas of Education, Livelihood, Health, Water and Sanitation. These projects are largely in accordance with Schedule VII of the Companies Act, 2013. Please refer **Annexure-F to Board's Report**

The Company was required to spend Rs. 156 lacs under Corporate Social Responsibility activities (CSR Activities) but Company could spend only Rs. 28.33 Lacs under CSR Activities. As the CSR is a new concept for the Company so Company is trying to develop its CSR activities. Your Company will try to spend whole amount to be spent on CSR activities during the financial year 2015-2016.

MATERIAL CHANGES AND COMMITMENTS

There are no material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

ENVIRONMENT COMPLIANCE

We believe that "waste is a precious resource kept in a wrong place". We further believe that "there is no waste as per the law of the nature". Hence from the solid waste like Iron & Steel from old scrap machines, we are collecting the raw material and we are manufacturing "Lean and Low cost" machines with a philosophy of Easy to run, Easy to maintain, Easy to clean and Zero accident by meeting all the quality and productivity standard. Everything is done in house starting from design up to finishing of the machine. This concept of reuse of metallic waste is highly appreciated by CII, ACMA and international experts of our Japanese Collaborator. By Regular training for workers and staff to prevent accident related to mechanical, electrical, chemical, physiological and psychological safety the Company has made "Zero incidents" as acceptable standard. Hazard Identification and Risk Assessment (HIRA) is our primary focus to mitigate and prevent the abnormalities. Because of our dedicated and committed efforts in continual improvement of Safety, Health and Environment area, we had received two National Awards from Ministry of Labour and Employment, Government of India for safety. The Company is a regular member of Haryana Environment Management Society.

The Company has started Green Vendor Development Programme (GVDP) since 2009-10. The aim of the project is to conserve water and Energy, Minimize generation of waste, terminate hazardous chemicals with non-hazardous chemicals, minimize carbon foot print, generate pollution prevention awareness throughout

the plant and to achieve 100 percent legal compliance. The Company is rigorously improving to create a better place for our next generation.

TPM

The Company has taken up the journey of Total Productive Maintenance (TPM) with the help of JIPM (Japan Institute of Plant Maintenance) Japan and CII, TPM Club India. Major objectives of TPM are to increase (PQCDSME) Productivity, to improve Quality, to reduce Costs, to ensure in time Delivery, to increase Safety, to increase profitability, to build Morale and to protect environment by formation of small cross functional work groups and to improve overall Plant efficiency. The other objectives are to procure and install maintenance free plant and machinery; and to achieve zero defects, zero break down, zero losses and zero accidents. In nutshell, TPM is to identify 16 types of Losses & converts them into Profit.

We have achieved TPM Excellency Award “**category A**” for Gurgaon and Manesar Plant in the years 2008 and 2010 respectively from Japan Institute of Plant Maintenance. We have been awarded by JIPM TPM Excellence Consistency Award for both Gurgaon & Manesar Plants in the year 2013. Now we have started TPM Journey to our Haridwar Plant.

Lean TPM Activities:

We have clubbed TPM with lean manufacturing system. Our Company has conducted Lean Manufacturing System (Value Stream Mapping) Work Shop. We have converted huge & complicated machines to Lean Machines. These machines consumes very less Electricity, occupies less space, takes very less inputs like consumables, manpower, tools, oils, compressed air, less set-up time etc. These machines are 5S Machines. Simple, Small, Slim, Speed & Safe and helps us in reducing Cost of manufacturing.

ISO/TS 16949 ACCREDITATION

Your Company’s manufacturing facilities located at Gurgaon, Haridwar and Manesar continue to maintain and uphold the prestigious **ISO/TS 16949:2009**, **ISO 14001:2004** and **OHSAS 18001: 2007** (Occupational Health & Safety Assessment Series) certifications from reputed leading Indian and International Certification Institutions. These certifications help in continuous improvements, besides emphasis being laid on prevention of defects, reduction of wastes and variation in supply chain management.

LISTING

The shares of your Company are listed at The National Stock Exchange of India Limited and BSE Limited, and pursuant to Clause 38 of the Listing Agreement, the Annual Listing fees for the year 2015-16 have been paid to them well before the due date i.e. April 30, 2015. Annual Custody/Issuer fee for the year 2015-16 will be paid by the Company to NSDL and CDSL on receipt of the invoices.

HUMAN RESOURCES

Preventive Human Resources management is the strength of our Company and over a period of time, we have changed our vision of employees from “Human Resources Management” to “Human Capital Management”.

Your Company believes that employees form the fulcrum of growth and differentiation for the organization. The Company recognizes that people are its principal assets and that to continued growth is dependent upon the Company’s ability to attract and retain quality people. The total headcounts were 3,401 at the end of the year as compared to 3,525 of the previous year. The Company encourages long-term commitment to the Company by rewarding its people for the opportunities they create and the value generated for customers and shareholders. The Company conducts several training programmes to upgrade the skills of the workforce.

Many initiatives have been taken to support business through organizational efficiency, process change support and various employee engagement programmes which has helped the organization achieve higher productivity levels. A significant effort has also been undertaken to develop leadership as well as technical/functional capabilities in order to meet future talent requirement.

BUSINESS RISK MANAGEMENT

The Company has a Risk Management Policy to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting.

The Company regularly conducts a study to develop a comprehensive 360° view on the opportunities, risks and threats to the business. These include areas such as market trends, new competition, changing customer preferences, disruptions in supplies, product development, talent management etc.

The Board has identified following risks:-

Intensifying Competition, Declining margins, Imposition of strict environmental / safety / regulatory regulations, Increase in raw material/component prices , Dependence on Collaborators , Over dependence on limited user segment base, Economic downturn, Risk of natural or manmade disasters, Product liability / recall, Single vendor dependence for critical components , Investment risks in expansion projects, Sales Catering only to Domestic Market, Over Dependence on few customers base, Retention & development of personnel and Inappropriate addressing of customer grievances. We through qualitative products and brand image, import only in case of cost advantage, regular improvement in productivity, controls over overhead and labour cost through a robust control of approvals, internal audit of environmental safety and regulatory compliance, localization of components, insurance, TS 16949 certification, TPM certification, regular development of alternate vendors where only single source, capturing customer complaints and response to them, have effective risk mitigating plans.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has a vigil mechanism policy to deal with instance of fraud and mismanagement, if any. The details of the Policy is explained in the Corporate Governance Report and also posted on the website of the Company. The website link is given below-

<http://www.munjalshowa.net/pdf/Vigil%20Mechanism%20%20Whistle%20Blower%20Policy.pdf>

RECOMMENDATION OF THE AUDIT COMMITTEE

During the year, there was no such recommendation of the Audit Committee which was not accepted by the Board. Hence, there is no need for the disclosure of the same in this Report.

CHANGES IN THE NATURE OF BUSINESS

There is no change in the nature of the business of the Company during the Financial Year 2014-15

DIRECTORS & KEY MANAGERIAL PERSONNEL

Mr. Matsui Masanao (DIN 00340218) has been appointed as an additional director under Section 161(1) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Article 89 of the Articles of Association of the Company w.e.f May 22, 2015.

Mr. Ashok Kumar Munjal (DIN 00003843) non executive director of the Company is liable to retire by rotation at the ensuing Annual General Meeting. Mr. Ashok Kumar Munjal being eligible has offered himself for re-appointment.

Mr. Ashok Kumar Munjal aged about 64 years old, serves as the Managing Director of Sunbeam Auto Private Limited. Mr. Munjal has 33 years of experience in the field of engineering industry, investment, finance and auto component. He serves as a Director in Ledpra Infracon Private Limited, Radha Kishan Buildwell Private Limited And Privilege Estates Private Limited w.e.f. October 13, 2014. He is also a Director in Orient Craft Limited, SKH Education Private Limited., Chandernagar Chemicals And Minerals Private Limited, Hero Auto Components Private Limited, H & H Industries Private Limited and Sunglow Industries Private Limited. Mr. Munjal is a Commerce and Law Graduate from Punjab University, Chandigarh. He does not hold any share in the Company. He is the Member of Audit Committee and Share Transfer/Stakeholder Relationship Committee of the Company. He is also the member of the Audit Committee of Orient Kraft Limited. He is holding the position of directorship in twelve Companies including Munjal Showa Limited.

Your directors recommend his re-appointment at the ensuing Annual General Meeting.

Mr. Matsuura Katsuhiko (DIN 05276954) has resigned as Director of the Company w.e.f May 22, 2015. The Board placed its appreciation for the valuable services rendered by Mr. Matsuura Katsuhiko during his tenure as Director of the Company.

The shareholders approved the variation in the terms of appointment of Mr. Yogesh Chander Munjal (DIN 00003491) & Mr. Isao Ito (DIN 05134031) at the 29th Annual General Meeting of the Company. The Board of Directors in its meeting held on May 22, 2015 after recommendation of Nomination and Remuneration Committee recommended to the shareholders variation in the Terms of Appointment of Mr. Yogesh Chander Munjal & Mr. Isao Ito w.e.f. September 1, 2015.

Mr. Pankaj Gupta was looking after dual responsibility of Chief Financial Officer and Company Secretary of the Company after the resignation of Mr. Mahesh Taneja from the post of Chief Financial Officer and the company was searching for a Company Secretary who will take care of all secretarial functions. After completion of search Mr. Pankaj Gupta resigned from the post of Company Secretary & Compliance Officer and retained the post of Chief Financial Officer of the Company w.e.f. February 06, 2015.

Mr. Saurabh Agrawal was appointed as Company Secretary & Compliance Officer of the Company w.e.f. February 06, 2015.

The following employees were designated as whole-time key managerial personnel:

- a. Mr. Yogesh Chander Munjal- Managing Director
- b. Mr. Isao Ito- Joint Managing director
- c. Mr. Pankaj Gupta- Chief Financial Officer
- d. Mr. Saurabh Agrawal- Company Secretary

Pursuant to the section 149, 150, 152 of the Company Act 2013, the rules framed thereunder and the Listing Agreement, All the Independent Directors have been appointed for five years w.e.f. April 01, 2014 to March 31, 2019.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

The members of the Company at 29th Annual General Meeting held on August 28, 2014 approved the appointments of Mrs. Charu Munjal (DIN 03094545) as a non-executive Non-Independent Director who is liable to retire by rotation and of Mr. Krishan Chand Sethi, Mr. Vinod Kumar Agrawal, Mr. Devi Singh, Mr. Surinder Kumar Mehta and Mr. Nand Dhameja as Independent Directors who are not liable to retire by rotation.

The information under rule 5(1) of Companies (Appointment & Remuneration) Rules 2014 is given in **Annexure D-1**

SUBSIDIARY COMPANIES, JOINT VENTURES OR ASSOCIATE COMPANIES

The Company neither has any Subsidiaries, joint ventures or associate companies nor any company have become or ceased to be its Subsidiaries, joint ventures or associate companies during the year.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the other committees of the Board i.e. Audit Committee, Nomination & Remuneration Committee, Risk Management Committee and Share Transfer/ Stakeholders Relationship Committee. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

REMUNERATION POLICY AND REMUNERATION TO THE DIRECTORS

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Nomination and Remuneration Policy has been included in this Report as **Annexure-G**.

The details of remuneration, sitting fee etc. paid to directors are given in Corporate Governance Report. **(Please refer point no. IV of Corporate Governance Report)**

MEETINGS

A calendar of Meetings is prepared and circulated in advance to the Directors.

During the year four Board Meetings and four Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and Listing Agreement. **(Please refer point no. I & II of Corporate Governance Report)**

DIRECTORS' RESPONSIBILITY STATEMENT

Your Director's state that:

- a. in the preparation of the annual accounts for the year ended March 31, 2015, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b. the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the profit of the Company for the year ended on that date;
- c. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the Directors have prepared the annual accounts on a 'going concern' basis;
- e. the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

RELATED PARTY TRANSACTIONS

All contracts/ arrangements/ transactions entered by the Company during the financial year with related parties were on arm's length basis and were in the ordinary course of business. During the year the Company had not entered into any contract/ arrangement/ transaction with related parties which could be considered material. Hence, requirement of Form AOC-2 as required under section 188(1) of the Companies Act, 2013 is not applicable to the Company.

All transactions with related parties were placed before Audit Committee and Audit committee has given omnibus approval for repetitive and foreseen transactions. The Board also noted these transactions on quarterly basis. The detail with related party transactions is given in note number 28 and 28A of financial statement.

The Company has developed a policy on Related Party Transactions. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website. And the link of such policy is given below: <http://www.munjalshowa.net/pdf/Related%20Party%20Transaction%20Policy.pdf>

None of the Directors has any pecuniary relationships with the Company.

EXPLANATIONS OR COMMENTS BY THE BOARD ON QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE

The observations of the Auditors in their report read with the notes to accounts are self-explanatory and do not require any specific comments. However as pointed out by the Auditors in annexure to their report at point number vii(a), the slight delay in payment of undisputed statutory dues in few cases was on account of finalization of accounts beyond the due date of statutory dues and the same were paid with interest.

There is no other qualification, reservation or adverse remark or disclaimer made by the auditor in his report; and the company secretary in practice in his secretarial audit report.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has a comprehensive system of internal control to safeguard the Company's assets against any loss from unauthorized use and ensure proper authorization of financial transactions.

The Company has internal control systems commensurate with the size and nature of the business and has experienced personnel positioned adequately in the organization to ensure internal control processes and compliances. The Company takes abundant care in designing, reviewing and monitoring regularly the working of internal control systems and their compliances for all important financial internal control processes. The Audit findings are reported on quarterly basis to the Audit Committee of the Board headed by a Non-executive Independent Director.

The Company has robust ERP systems based on SAP platform. This ensures high degree of systems based checks and controls.

The Company maintains a system of internal controls designed to provide a high degree of assurance regarding the effectiveness and efficiency of operations, the reliability of financial controls and compliance with laws and regulations.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation of the co-operation and support extended to the Company by Government of India, State Governments of Haryana and Uttrakhand, other local authorities, bankers, suppliers, customers and other stakeholders whose continued support has been a source of strength to the Company. The continued dedication and sense of commitment shown by the employees at all levels during the year deserve special mention.

The Directors also place on record their appreciation for the valuable assistance and guidance extended to the Company by Showa Corporation, Japan and for the encouragement and assurance, which our collaborator has provided from time to time for the growth and development of the Company.

The Directors also take this opportunity to express their deep gratitude for the continued co-operation and support received from its valued shareholders.

For and on behalf of the Board

Place: New Delhi
Date: May 22, 2015

Yogesh Chander Munjal
(Managing Director)
(DIN 00003491)
B-175, Greater Kailash, Part I,
New Delhi, 110048

Krishan Chand Sethi
(Director)
(DIN 00004471)
9/304 East End Apartments,
Mayur Vihar Extn. Phase I,
New Delhi, 110096

CORPORATE GOVERNANCE REPORT

ANNEXURE-A TO BOARD'S REPORT

Report on Corporate Governance

The Directors have pleasure in presenting the Corporate Governance Report for the year ended March 31, 2015.

Company's Philosophy on Corporate Governance

Corporate Governance is a journey for constantly improving sustainable value creation and is an upward moving target. Munjal Showa Limited believes in the concept of good Corporate Governance involving transparency, empowerment, accountability, equity and integrity with a view to enhance stakeholders' value as Corporate Governance is a set of systems and practices which ensures fairness in all its transactions in the widest sense and meet its stakeholders aspirations and societal expectations.

This is demonstrated in shareholder returns, high credit ratings, governance processes and an entrepreneurial, performance focused work environment. Our customers have benefited from high quality products delivered at the most competitive prices. The basic ingredients of corporate governance require professionals to raise their competency and capability levels to meet the expectations in managing the enterprise and its resources effectively with the highest standards of ethics.

GOVERNANCE STRUCTURE

Munjal Showa Limited (MSL) Governance structure broadly comprises the Board of Directors and the Committees of the Board at the apex level and the Management structure at the operational level. The layered structure brings about a harmonious blend in governance as the Board sets the overall corporate objectives and gives direction and freedom to the Management to achieve these corporate objectives within a given framework, thereby bringing about an enabling environment for value creation through sustainable profitable growth.

I. BOARD OF DIRECTORS

A. Composition of Board

The Board plays a pivotal role in ensuring that the Company runs on sound and ethical business practices and that its resources are utilized for creating sustainable growth and societal wealth. The Board operates within the framework of a well defined responsibility matrix which enables it to discharge its fiduciary duties of safeguarding the interest of the Company, ensuring fairness in the decision making process, integrity and transparency in the Company's dealing with its Members and other stakeholders.

The Board of Directors of the Company consists of Twelve Directors having a pool of collective knowledge from various disciplines like Engineering, Finance, Treasury, Business Management, Corporate Planning, etc. The Board has been constituted in a manner resulting in an appropriate composition of Executive, Non-Executive and Independent Directors. The Non-executive Directors play an active role in the meetings of the Board and are associated with the various Board Committees. They also bring independent judgment in the Board's deliberations and decisions. The Board meets regularly and is responsible for the proper management of the Company. Two Director are executive; five directors, including the Chairman and one woman director, are non-executive and five directors are Non-Executive Independent directors. The independent Director of the Company is not serving as independent Director more than seven Listed Company.

The Board and its Committees formulate policy decisions, so as to lead and control the affairs of the Company. The Composition of the Board is in conformity with the provisions of the Listing Agreement. No Director is a member of more than 10 Committees or acts as Chairman of more than 5 Committees across all companies in which he is a director.

The details of the composition of the Board, number of meetings held during their tenure and attended by Directors during financial year 2014-15 are as follows:

| Name of Director | Number of Board Meetings held during their tenure and attended by them | | Attendance at last AGM | Number of Committee Memberships (Excluding Chairmanships) held | Number of Committee Chairmanships held | Number of Directorship (s) held In Indian Companies (Including Munjal Showa Limited) |
|--|--|----------|------------------------|---|--|--|
| | Held | Attended | | Including Munjal Showa Limited and excluding Private Companies, Foreign Companies and Section 8 Companies | | |
| Executive & Promoter Directors | | | | | | |
| Mr. Yogesh Chander Munjal | 4 | 4 | YES | 1 | None | 2 |
| Mr. Isao Ito | 4 | 4 | YES | 1 | None | 1 |
| Non-Executive Directors | | | | | | |
| Mr. Brijmohan Lall Munjal | 4 | 4 | YES | 1 | None | 11 |
| Mr. Katsuhiko Matsuura* | 4 | 1 | YES | None | None | 1 |
| Mr. Pankaj Munjal | 4 | 1 | YES | None | 1 | 20 |
| Mr. Ashok Kumar Munjal | 4 | 1 | YES | 3 | None | 12 |
| Mrs. Charu Munjal | 4 | 3 | No | None | None | 2 |
| Non-Executive Independent Directors | | | | | | |
| Mr. Krishan Chand Sethi | 4 | 4 | YES | 1 | None | 1 |
| Mr. Vinod Kumar Agrawal | 4 | 3 | YES | None | 1 | 1 |
| Mr. Surinder Kumar Mehta | 4 | 4 | NO | None | 1 | 3 |
| Mr. Nand Lal Dhameja | 4 | 4 | YES | 1 | 1 | 1 |
| Mr. Devi Singh | 4 | 4 | YES | None | None | 8 |

* Representative of Showa Corporation, Japan based at Japan. And Mr. Katsuhiko Matsuura has resigned from the Board w.e.f. May 22, 2015. And Mr. Matsui Masanao has been appointed as an additional director w.e.f May 22, 2015.

Chairmanship/Membership of the Audit Committee and Share Transfer/Stakeholders' Relationship Committee alone has been considered.

None of Directors held any shares or security of the Company as on March 31, 2015.

B. Meetings held in financial year 2014-15 and Attendance of Directors

The Board meets at least once in a quarter to consider, amongst other business, the quarterly performance of the Company and its financial results. The Board held four meetings during the financial year 2014-15 on May 23, 2014, July 31, 2014, November 05, 2014 and February 06, 2015.

Information supplied to the Board inter-alia includes:

- Annual operating plans and budgets of business, capital budgets and updates,
- Quarterly results of the Company,
- Minutes of the meetings of Audit Committee and other Committees of the Board,
- Information on recruitment and remuneration of senior officers just below the Board level,
- Any material defaults in financial obligation to and by the Company, or substantial non-payments for goods sold by the Company,
- Materially important show cause, demand, prosecution and penalty notices,
- Fatal or serious accidents or dangerous occurrences, any material effluent or pollution problems,
- Any issue which involves possible public or product liability claims of a substantial nature,
- Details of any joint venture or collaboration agreement,

- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property,
- Any significant development in Human Resources / Industrial relations, significant labour problems and proposed solutions,
- Quarterly details of foreign exchange exposure and the steps taken by management to limit the risk of adverse exchange rate,
- Sale of material nature, of investments and assets, which are not in normal course of business,
- Non-compliance of any regulatory or statutory provisions or listing requirements as well as shareholders services such as non-payment of dividend and delays in share transfer.

C. Code of Conduct

The Code Conduct for Directors/Management Personnel ('the Code'), as adopted by the Board, is a comprehensive Code applicable to all Directors and Management Personnel. The Company's Board of Directors and Management Personnel are responsible for and are committed to setting the standards of conduct contained in this Code and for updating these standards, as appropriate, to ensure their continuing relevance, effectiveness and responsiveness to the needs of investors and all other stakeholders as also to reflect corporate, legal and regulatory developments. This Code should be adhered to in letter and in spirit. A copy of the Code has been put on the Company's website www.munjalshowa.net. The Code has been circulated to all the Directors and Management Personnel and the compliance of the same is affirmed by them annually. A declaration signed by the Managing Director of the Company is given below:

I hereby confirm that the Company has obtained from all the members of the Board and Management Personnel, affirmation that they have complied with the Code of Business Conduct & Ethics for Directors/Management Personnel in respect of the financial year 2014-15.

D. Board Training and Induction

At the time of appointing a Director, a formal letter of appointment is given to him, which inter alia explains the role, functions, duties and responsibilities expected from him as a Director of the Company.

The web-link of Terms and Conditions for the appointment of Independent Director is as under:

<http://www.munjalshowa.net/pdf/TERMS%20AND%20CONDITIONS%20FOR%20THE%20APPOINTMENT%20OF%20INDEPENDENT%20DIRECTOR.pdf>

The Director is also explained in detail the compliances required from him under the Companies Act 2013, Clause 49 of the Listing Agreement and other relevant regulations.

By way of an introduction of the Company, the Director is presented with presentation on the Company which shows its history over 30 years of its existence, Annual Reports, policy on the CSR activities pursued by the Company etc.

Familiarization programme for Independent Directors:

| | |
|--|---|
| Objective | The Company follows a structured orientation and training programme for the Independent Directors to understand and get updated on the business and the Company operations on a continuous basis. |
| Familiarization Program for Independent Directors | Industry overview and Business model of the Company and an outline of Corporate Plan and Annual targets |
| | Introduction to Product profile |
| | Operations overview |
| | Financial Performance and budget & control processes |
| | Overview of Sales & Marketing |
| | Familiarization on Statutory compliances as a Board Member including their Roles, Rights and Responsibilities |

Note: The above programme was conducted for new and continuing Independent Directors of the Company during the year.

The web-link of Familiarization program for Independent Directors is as under:

<http://www.munjalshowa.net/pdf/Familiarization%20Program%20For%20Independent%20Directors.pdf>

COMMITTEES OF THE BOARD

With a view to have a more focused attention on business and for better governance and accountability, the Board has constituted the following mandatory committees viz. Audit Committee, Share Transfer/ Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and non mandatory committees viz. Risk Management Committee (*It is applicable for only top 100 companies to constitute Risk Management Committee as it is Non mandatory to our Company*). The terms of reference of these Committees are determined by the Board and their relevance reviewed from time to time. Meetings of each of these Committees are convened by the respective Chairman of the Committee, who also informs the Board about the summary of discussions held in the Committee Meetings. The Minutes of the Committee Meetings are sent to all Directors individually and tabled at the Board Meetings.

II. AUDIT COMMITTEE

The Audit Committee comprises of four Directors namely Mr. Krishan Chand Sethi, Mr. Ashok Kumar Munjal, Mr. Vinod Kumar Agrawal and Mr. Nand Dhameja, being Non- Executive Directors and majority of them are independent directors, to review various areas of audit and accounts. Mr. Vinod Kumar Agrawal, a non-executive and independent director is the Chairman of the Committee. All the members are having expertise in financial matters. All these Directors have good knowledge of Corporate & Project Finance, Accounts and Corporate Laws. Mr. Vinod Kumar Agrawal, Mr. Ashok Kumar Munjal and Mr. Nand Dhameja are having accounting and related financial management expertise. The terms of reference of the Audit Committee are in line with the Listing Agreement and the Companies Act, 2013. The Audit Committee assures to the Board the adherence of adequate internal control and financial disclosures and other acts conforming to the requirements of Listing Agreement with the Stock Exchanges. The Quarterly Financial Statements of the Company are reviewed by the Committee before submission to the Board for approval.

The terms of Reference of this Committee are wide enough covering the matters specified for Audit Committees under the Listing Agreement. The Audit Committee regularly reviews related party transactions, internal audit reports, appointment of Auditors, management discussion and analysis of financial condition and results of operations apart from other items of financial management and Company's business. The Constitution of Audit Committee also meets with the requirement of Section 177 of the Companies Act, 2013 and the rules made thereunder. The Company Secretary acts as the secretary of the Committee. The Auditors and Head of Finance generally attend the meetings on invitation by the Chairman. During the financial year 2014-15, the Audit Committee met four times, on May 22, 2014, July 30, 2014, November 04, 2014 and February 03, 2015. All the meetings were attended by auditors and Head of Finance.

Attendance of Members at the meetings of the Audit Committee held during 2014-15 was as under:

| Name of the Chairman and Member | Attendance at the Audit Committee Meetings held on | | | |
|--|--|---------------|-------------------|-------------------|
| | May 22, 2014 | July 30, 2014 | November 04, 2014 | February 03, 2015 |
| Non-Executive Directors | | | | |
| Mr. Ashok Kumar Munjal (Member) | No | No | No | Yes |
| Non-Executive and Independent Directors | | | | |
| Mr. Krishan Chand Sethi (Member) | Yes | Yes | Yes | Yes |
| Mr. Vinod Kumar Agrawal (Chairman) | Yes | Yes | Yes | Yes |
| Mr. Nand Lal Dhameja (Member) | Yes | Yes | Yes | Yes |

III. NOMINATION AND REMUNERATION COMMITTEE -

(Constituted in 2003 as Remuneration Committee)

In compliance with Section 178 of the Companies Act, 2013, the Board has renamed the existing “Remuneration Committee” as the “Nomination and Remuneration Committee”. The Committee is governed by a Charter.

The terms of reference of the Committee inter alia, include the following:

- a. Succession planning of the Board of Directors and Senior Management Employees;
- b. Identifying and selection of candidates for appointment as Directors / Independent Directors based on certain laid down criteria;
- c. Identifying potential individuals for appointment as Key Managerial Personnel and to other Senior Management positions;
- d. Formulate and review from time to time the policy for selection and appointment of Directors, Key Managerial Personnel and senior management employees and their remuneration;
- e. Review the performance of the Board of Directors and Senior Management Employees based on certain criteria as approved by the Board. In reviewing the overall remuneration of the Board of Directors and Senior Management, the Committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talent, the relationship of remuneration to performance is clear and meets appropriate performance benchmarks and that the remuneration involves a balance between fixed and incentive pay reflecting short term and long term objectives of the Company.

The present Nomination and Remuneration Committee consists of the following four non-executive & independent directors:

Mr. Krishan Chand Sethi-Chairman

Mr. Vinod Kumar Agrawal- Member

Mr. Surinder Kumar Mehta-Member

Mr. Devi Singh-Member

The meeting of the Remuneration Committee was held on May 22, 2014 under the Chairmanship of Mr. Krishan Chand Sethi. The meeting was attended by Mr. Krishan Chand Sethi, Mr. Vinod Kumar Agrawal, Mr. Surinder Kumar Mehta and Mr. Devi Singh. The meeting was held to consider and recommend increase in the remuneration payable to Mr. Yogesh Chander Munjal, Managing Director and Mr. Isao Ito, Joint Managing Director.

IV. REMUNERATION OF DIRECTORS

The remuneration structure of Executive Directors comprises of basic salary, commission, perquisites and other allowances. The Chairman and Non-executive Directors do not draw any remuneration from the Company except Sitting Fee for attending the meetings of Board of Directors and Committees thereof as may be determined by the Board of Directors from time to time. Payments of sitting fee to non-executive directors are made within the limits prescribed under the Companies Act, 2013. The details of the remuneration paid to Directors for the financial year 2014-15 are as under:

| Name | Salary, Allowances and Perquisites | Commission | Sitting Fee | Total |
|---------------------------|------------------------------------|------------|-------------|------------|
| Mr. Brijmohan Lall Munjal | Nil | Nil | 140,000 | 140,000 |
| Mr. Katsuhiko Matsuura | Nil | Nil | Nil | Nil |
| Mr. Yogesh Chander Munjal | 32,347,499 | 11,476,428 | Nil | 43,823,927 |

| | | | | |
|--------------------------|------------|------------|---------|------------|
| Mr. Isao Ito | 13,442,061 | 11,476,428 | Nil | 24,918,489 |
| Mr. Pankaj Munjal | Nil | Nil | 40,000 | 40,000 |
| Mr. Ashok Kumar Munjal | Nil | Nil | 120,000 | 120,000 |
| Mrs. Charu Munjal | Nil | Nil | 120,000 | 120,000 |
| Mr. Kishan Chand Sethi | Nil | Nil | 380,000 | 380,000 |
| Mr. Vinod Kumar Agrawal | Nil | Nil | 340,000 | 340,000 |
| Mr. Surinder Kumar Mehta | Nil | Nil | 200,000 | 200,000 |
| Mr. Nand Dhameja | Nil | Nil | 460,000 | 460,000 |
| Mr. Devi Singh | Nil | Nil | 200,000 | 200,000 |

V. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE -

The CSR Committee was constituted on May 23, 2014 under the provision of Section 135 of the Companies Act, 2013.

The terms of reference of the CSR Committee broadly comprises:

To review the existing CSR Policy and to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;

To provide guidance on various CSR activities to be undertaken by the Company and to monitor its progress.

The composition of the CSR Committee as at March 31, 2015 and the details of Members' participation at the Meetings of the Committee are as under:

| Name of the Chairman and Member | Attendance at the Corporate Social Responsibility Meetings held on November 04, 2014 |
|--|--|
| Non-Executive and Independent Directors | |
| Mr. Krishan Chand Sethi-Chairman | Yes |
| Mr. Vinod Kumar Agrawal- Member | Yes |
| Executive Directors | |
| Mr. Yogesh Chander Munjal- Member | Yes |

VI. RISK MANAGEMENT COMMITTEE

Business Risk Evaluation and Management is an ongoing process within the Organization.

The Company has a risk management framework to identify, monitor and minimize risks as also identify business opportunities.

The objectives and scope of the Risk Management Committee broadly comprises:

- Oversight of risk management performed by the executive management;
- Reviewing the Board Risk Management policy and framework in line with local legal requirements;
- Reviewing risks and evaluate treatment including initiating mitigation actions and ownership as per a pre-defined cycle;
- Defining framework for identification, assessment, monitoring, mitigation and reporting of risks.

Within its overall scope as aforesaid, the Committee reviews risks trends, exposure, and potential impact analysis and mitigation plan.

Such committee is comprises of Mr. Yogesh Chander Munjal (Managing Director), Mr. Pankaj Gupta (Chief Financial Officer) and Mr. K Chakravorty (GM- Commercial).

VII. SHARE TRANSFER/STAKEHOLDERS RELATIONSHIP COMMITTEE

The "Share Transfer/Stakeholders Relationship Committee" duly reconstituted has been looking into the transfer of shares, issue of share certificates, investor grievances and suggest remedies and measures for improvement etc. The Committee comprises of four directors, of whom two are Non-Executive Directors, namely Mr. Nand Dhameja and Mr. Ashok Kumar Munjal. The Chairman Mr. Nand Dhameja is a non-executive independent director. The Company Secretary Mr. Saurabh Agrawal acts as the Compliance Officer of the Company and any request / complaint can be forwarded to the Company at e-mail Id investorscomplaints@munjalshowa.net.

During the year, the Company received 76 requests/complaints from the shareholders. All the requests/complaints were attended promptly and resolved. The Company endeavors to reply to all complaints received from the shareholders within a period of ten days. As on date no complaints are pending except those, which are under litigation, dispute or court orders. There was no pending share transfer case as on March 31, 2015. Only one case of issue of duplicate share certificate was pending as on March 31, 2015.

List of requests/complaints received from shareholders during the financial year 2014-2015 is as under:

| Sr. No. | Nature of complaints received | Received | Solved | Pending |
|--------------|--|-----------|-----------|------------|
| 1. | Transfer / Transmission of shares | 0 | 0 | Nil |
| 2. | Non receipt of Annual Report | 24 | 24 | Nil |
| 3. | Non receipt of dividend warrants / Revalidation of dividend warrants | 47 | 47 | Nil |
| 4. | Miscellaneous | 05 | 05 | Nil |
| TOTAL | | 76 | 76 | Nil |

The composition of such Committee as at March 31, 2015 and details of the Members participation at the Meetings of the Committee are as under:

| Name of the Chairman and Member | Attendance at the Share Transfer/Stakeholders Relationship Committee Meetings held on | | | |
|--|---|---------------|-------------------|-------------------|
| | May 22, 2014 | July 30, 2014 | November 04, 2014 | February 03, 2015 |
| Non-Executive and Independent Directors | | | | |
| Mr. Nand Dhameja as Chairman | Yes | Yes | Yes | Yes |
| Non-Executive Directors | | | | |
| Mr. Ashok Kumar Munjal | No | No | No | Yes |
| Executive Directors | | | | |
| Mr. Yogesh Chander Munjal | Yes | Yes | Yes | Yes |
| Mr. Isao Ito | Yes | Yes | Yes | Yes |

The total number of shares transferred in physical form during the year under review was 13,505 shares.

VIII. SHARE TRANSFER SYSTEM / DIVIDEND AND OTHER RELATED MATTERS

Share transfers in physical form are processed and the share certificates are generally returned to the transferees within a period of fifteen days from the date of receipt of transfer, provided the transfer documents lodged with the Company are complete in all respects.

The Board of Directors has delegated the authority to approve the share transfers/ transmission to the Company Secretary and/or Head of Finance who attend the same every fortnight and in case of any dispute / difference, they forward the same to the Share Transfer/ Stakeholders Relationship Committee for their approval.

Reconciliation of Share Capital Audit

As required by the Securities & Exchange Board of India (SEBI) quarterly audit of the Company's share capital is being carried out by an independent external auditor with a view to reconcile the total share capital admitted with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and held in physical form, with the issued and listed capital. The Auditors' Certificate in regard to the same is submitted to BSE Limited and The National Stock Exchange of India Limited and is also placed before Share Transfer/Stakeholders' Relationship Committee and the Board of Directors.

IX. INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on March 21, 2015, inter alia, to discuss:

- a. To review the performance of non-independent Directors and the Board as a whole.
- b. To review the performance of Mr. Brijmohan Lall Munjal, Chairperson of the Company;
- c. To assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

X. POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Nomination and Remuneration Policy has been included in Board's Report as **Annexure-G**.

The web-link of Nomination and Remuneration Policy is given below.

<http://www.munjalshowa.net/pdf/Nomination%20And%20Remuneration%20Policy.pdf>

XI. PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. A structured parameters has been prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

Board has carried out an exercise to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

The Nomination and Remuneration Committee has formulated the criteria for evaluation of Independent Directors. The criteria are given below:

- 1. Initiative and Resourcefulness** Deals skillfully and promptly with new situations, difficulties or regularly assigned work. Demonstrates a readiness and ability to take actions within prescribed time.
- 2. Judgment** Applies sound logic in making decisions. Maintains awareness of Organizational realities and audience perspectives.
- 3. Adaptability** Able to adjust to changing responsibilities, work environment and other factors.
- 4 Decisiveness** Able to make decisions or resolve problems within reasonable time frames.
- 5. Innovation and Creativity** Able to develop new approaches or procedure, adapts existing procedures to meet new work demands.
- 6. Leadership** Able to guide others by example or by fostering Team work or by direct or indirect supervision.
- 7. Interpersonal Relationship** Works well with others. Resolves conflicts amicably and professionally. Maintains composure in stressful situation.
- 8. Oral Communication** Able to communicate clearly so that the listener can readily and fully understand.

- 9. Written Communication** Able to communicate information in writing at the level commensurate with the job.
- 10. Job knowledge and skills** Has the knowledge and skills to perform effectively. Adds to the organization through professional or vocational abilities, knowledge of legislation, regulations, use tools and equipment, etc.
- 11. Learning Ability** Keen in learning new and latest developments in the field of automobile sector w.r.t. laws, rules and regulations.
- 12. Evaluating subordinates** Regular Meetings with Manager level employee to discuss their teams performance and plans.
- 13. Self-Management** How well does they focus, manage their time, avoid distractions, etc.
- 14. Attendance and Grooming** Regularity to the visits of the office and presentation before the officials of other departments as Directors of the Company.

XII. RELATED PARTY TRANSACTIONS

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement during the financial year were in the ordinary course of business and on an arms length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year. And none of the transaction was in conflict with the interest of the Company. Suitable disclosure as required by the Companies Act, 2013 and Accounting Standards (AS18) has been made in the note no. 29 of notes to the Financial Statements. The Board has approved a policy for related party transactions which has been uploaded on the Company's website. The weblink is given below:

<http://www.munjalshowa.net/pdf/Related%20Party%20Transaction%20Policy.pdf>

A statement in summary form of transactions with related parties in the ordinary course of business is placed periodically before the Audit Committee and also noted in Board Meeting.

XIII. DISCLOSURES

Strictures and Penalties

No strictures or penalties have been imposed on the Company by the Stock Exchanges or by the Securities and Exchange Board of India (SEBI) or by any statutory authority on any matters related to capital markets during the last three years.

Compliance with Accounting Standards

In the preparation of the financial statements, the Company has followed all the Accounting Standards as amended up to date.

Internal Controls

The Company has a formal system of internal control testing which examines both the design effectiveness and operational effectiveness to ensure reliability of financial and operational information and all statutory / regulatory compliances. The Company's business processes are on SAP-ERP and SAP-HR platforms and has a strong monitoring and reporting process resulting in financial discipline and accountability.

CEO & MD / CFO Certification

The CEO&MD and the CFO have issued certificate pursuant to the provisions of Clause 49 of the Listing Agreement certifying that the financial statements do not contain any untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report.

XIV. FOREIGN EXCHANGE RISK

The Company is consulting foreign exchange experts on day-to-day basis for hedging /booking the import bill to manage the foreign exchange risks.

XV. PUBLIC ISSUES, RIGHT ISSUES OR PREFERENTIAL ISSUES

The Company has not raised any money from public issues, right issues or preferential issues etc. during the year.

XVI. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, the Company encourages its employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. A Vigil (Whistle Blower) mechanism provides a channel to the employees and Directors to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Codes of conduct or policy. The mechanism provides for adequate safeguards against victimization of employees and Directors to avail of the mechanism and also provide for direct access to the Managing Director/ Chairman of the Audit Committee in exceptional cases. This neither releases employees from their duty of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations against people in authority and / or colleagues in general.

Vigilance and Ethics Officer is as under:-

Name and Address - Shri R K Arora, Head Personnel
Munjal Showa Limited
9-11, Maruti Industrial Area, Gurgaon-122015
Email- rkarora@munjalshowa.net

The contact details of the Managing Director, and the Chairman of the Audit Committee are as under:

Name and Address of Managing Director - Shri Yogesh Chander Munjal
Munjal Showa Limited
9-11, Maruti Industrial Area, Gurgaon-122015
Email- yogesh_munjal@munjalshowa.net

Name and Address of the Chairman of Audit Committee- Shri V K Agrawal
Munjal Showa Limited
9-11, Maruti Industrial Area, Gurgaon-122015
Email- agrawalnagrawal@yahoo.co.in

The website link of Vigil Mechanism / Whistle Blower Policy, is given below:

<http://www.munjalshowa.net/pdf/Vigil%20Mechanism%20%20Whistle%20Blower%20Policy.pdf>

XVII. PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Company Secretary is responsible for implementation of the Code.

All Board Directors and the designated employees have confirmed compliance with the Code.

XVIII. COMMUNICATION WITH THE MEMBERS/SHAREHOLDERS

The unaudited quarterly / half yearly results are announced within forty-five days of the close of the quarter. The audited annual results are announced within two months from the close of the financial year as per the requirements of the Listing Agreement with the Stock Exchanges. The aforesaid financial results are sent to BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE) where the Company's securities are listed, immediately after these are approved by the Board. The results are thereafter given by way of a Press Release to various news agencies/analysts and are published within forty eight hours in leading English and Hindi daily newspapers such as The Economic Times (English edition) and Navbharat Times (Hindi edition). The audited financial statements form a part of the Annual Report which is sent to the Members well in advance of the Annual General Meeting.

The Company also informs by way of intimation to BSE and NSE all price sensitive matters or such other matters, which in its opinion are material and of relevance to the members and subsequently issues a Press Release in regard to the same.

The Annual Report of the Company, the quarterly / half yearly and the annual results and the press releases of the Company are also placed on the Company's website: www.munjalshowa.net and can be downloaded.

In compliance with Clause 52 of the Listing Agreement, the quarterly results, shareholding pattern, quarterly compliances and all other corporate communication to the Stock Exchanges viz. BSE Limited and National Stock Exchange of India Limited are filed electronically on BSE's on-line portal and through Corporate Filing and Dissemination System (CFDS) website www.corpfiling.co.in. Likewise, the said information is also filed electronically with NSE through NSE's NEAPS portal. The Company has complied with filing submissions through BSE's BSE Online Portal.

XIX. GENERAL INFORMATION TO SHAREHOLDERS

Investor Services

Share transfers and other communication regarding change of address, dividends, share certificates, investor complaints, etc. may be addressed to

MCS Share Transfer Agent Limited
F-65, 1st Floor, Okhla Industrial Area, Phase I,
New Delhi- 110 020
Tel: 011-41406149-52; Fax; 41709881
Email: admin@mcsdel.com

Members who hold shares in dematerialized form should correspond with the Depository Participant with whom they maintain Demat Accounts, for their queries relating to shareholding, change of address, credit of dividend through NECS. However, queries relating to non-receipt of dividend, non-receipt of annual reports, or on matters relating to the working of the Company should be sent to the Company. Members who hold shares in physical form should address their queries to the Company. Members are requested to ensure that correspondence for change of address, change in bank details, processing of unclaimed dividend, sub-division of shares, renewals / split / consolidation of share certificates, issue of duplicate share certificates should be signed by the first named Member as per the specimen signature registered with the Company. The Company may also, with a view to safeguard the interest of its Members and that of the Company, request for additional supporting documents such as certified copies of PAN Cards and other proof of identity and/or address. Members are requested to indicate their DP ID & Client ID/ Ledger Folio number in their correspondence with the Company and also to provide their Email addresses and telephone numbers/FAX numbers to facilitate prompt response from the Company.

Market Information

Listing on Stock Exchanges

The Company's shares are listed on the following Stock Exchanges and the Listing Fees have been paid to the Exchanges:

| Name & Address of the Stock Exchanges | Stock Code / Scrip Code | ISIN Number for NSDL/ CDSL (Dematerialised shares) |
|---|-------------------------|--|
| BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001 | 520043 | INE577A01027 |
| The National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai 400051 | MUNJALSHOW | |

Munjal Showa Limited Share Price on BSE April- March 2015

| Month | High Price | Low Price | No. of Shares | No. of Trades | Total Turnover (Rs.) |
|--------|------------|-----------|---------------|---------------|----------------------|
| Apr-14 | 94.70 | 82.15 | 331,215 | 7,860 | 29,707,327 |
| May-14 | 118.00 | 87.55 | 623,930 | 15,994 | 65,985,276 |
| Jun-14 | 148.00 | 110.00 | 576,474 | 17,778 | 77,720,746 |
| Jul-14 | 147.80 | 119.15 | 330,481 | 11,434 | 46,260,226 |
| Aug-14 | 158.70 | 137.50 | 549,654 | 16,424 | 82,549,302 |
| Sep-14 | 219.80 | 159.35 | 1,362,011 | 46,059 | 257,559,470 |
| Oct-14 | 226.70 | 172.05 | 350,740 | 12,766 | 70,025,552 |
| Nov-14 | 252.00 | 205.50 | 500,681 | 22,377 | 115,706,964 |
| Dec-14 | 232.00 | 181.10 | 627,439 | 22,455 | 128,965,519 |
| Jan-15 | 232.55 | 196.35 | 369,699 | 14,217 | 79,253,192 |
| Feb-15 | 222.00 | 181.05 | 614,278 | 22,985 | 126,211,627 |
| Mar-15 | 206.00 | 166.60 | 227,520 | 9,927 | 42,286,469 |

Stock Performance of Munjal Showa Limited Vs. Bombay Stock Exchange (BSE) Indices:

| BSE Sensex | | | Munjal Showa Limited | | |
|------------|-----------|----------|----------------------|--------|----------|
| Year | Sensex | % Change | Year | Close | % Change |
| 2015 | 26,832.66 | - | 2015 | 163.20 | - |
| 2014 | 27,499.42 | -2.42 | 2014 | 204.75 | -20.29 |
| 2013 | 21,170.68 | 26.74 | 2013 | 70.45 | 131.65 |
| 2012 | 19,426.71 | 38.12 | 2012 | 66.70 | 144.68 |
| 2011 | 15,454.92 | 73.62 | 2011 | 62.15 | 162.59 |
| 2010 | 20,509.09 | 30.83 | 2010 | 54.80 | 197.81 |

NSE Share Details

| Month | High Price | Low Price | No. of Shares | No. of Trades | Total Turnover (In Lacs) |
|--------|------------|-----------|---------------|---------------|--------------------------|
| Apr-14 | 94.95 | 82.50 | 802,083 | 9,923 | 726.13 |
| May-14 | 118.80 | 86.50 | 1,844,226 | 20,109 | 1,956.66 |
| Jun-14 | 147.35 | 111.20 | 1,500,168 | 21,179 | 2,018.44 |
| Jul-14 | 147.60 | 116.65 | 727,142 | 13,317 | 1,007.29 |
| Aug-14 | 163.00 | 136.95 | 1,215,545 | 19,818 | 1,826.16 |
| Sep-14 | 220.00 | 158.55 | 3,744,965 | 61,468 | 7,062.17 |
| Oct-14 | 226.55 | 172.15 | 1,357,390 | 23,703 | 2,716.65 |
| Nov-14 | 252.00 | 202.25 | 1,803,403 | 33,683 | 4,170.71 |
| Dec-14 | 232.40 | 180.00 | 1,849,545 | 31,533 | 3,862.75 |
| Jan-15 | 232.90 | 197.00 | 1,119,662 | 25,037 | 2,396.30 |
| Feb-15 | 223.70 | 181.00 | 1,431,877 | 32,294 | 2,977.08 |
| Mar-15 | 205.00 | 170.00 | 642,803 | 14,987 | 1,194.47 |

Distribution of Shareholding as on 31.03.2015

| | | |
|-------------------------------|-------------------|----------------|
| No of Shares held with NSDL | 34,226,506 | 85.57% |
| No of Shares held with CDSL | 5,025,845 | 12.57% |
| No of Shares held in Physical | 742,649 | 1.85% |
| Total | 39,995,000 | 100.00% |

Shareholding pattern as on March 31, 2015:

| Category of shareholder | Number of shareholders | Total number of shares | Number of shares held in dematerialized form | Total shareholding as a percentage of total number of shares |
|--|------------------------|------------------------|--|--|
| Indian Promoters | 2 | 15,604,000 | 15,604,000 | 39.01 |
| Foreign Promoters | 1 | 10,400,000 | 10,400,000 | 26.00 |
| Public Shareholding | | | | |
| Institutions | | | | |
| Mutual Funds/ UTI | 9 | 602,478 | 598,978 | 1.51 |
| Financial Institutions/ Banks | 7 | 14,617 | 7,617 | 0.04 |
| Insurance Companies | 0 | 0 | 0 | 0.00 |
| Foreign Institutional Investors | 7 | 199,018 | 199,018 | 0.50 |
| Non-institutions | | | | |
| Bodies Corporate | 458 | 3,539,618 | 3,527,618 | 8.85 |
| Individuals - | | | | |
| i. Individual shareholders holding nominal share capital up to Rs. 1 lakh. | 11,671 | 7,997,245 | 7,282,096 | 20.00 |
| ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh. | 10 | 1,376,273 | 1,376,273 | 3.44 |
| Any Other-NRI | 204 | 196,571 | 191,571 | 0.49 |
| Any Other-Trust & foundation | 2 | 65,180 | 65,180 | 0.16 |
| GRAND TOTAL | 12,371 | 39,995,000 | 39,252,351 | 100.00 |
| % of Dematerialization | | | 98.14 | |

Statement showing Shareholding of persons belonging to the category “Promoter and Promoter Group” as on March 31, 2015:

| Sr. No. | Name of the shareholder | Total Shares held | |
|---------|--------------------------------------|-------------------|------------------------------|
| | | Number | As a % of total shareholding |
| (I) | (II) | (III) | (IV) |
| 1 | DAYANAND MUNJAL INVESTMENT P LIMITED | 15,600,000 | 39.00 |
| 2 | SHOWA CORPORATION | 10,400,000 | 26.00 |
| 3 | NIDHI KAPOOR (RELATIVE OF DIRECTOR) | 4,000 | 0.01 |
| | TOTAL | 26,004,000 | 65.01 |

Statement showing Shareholding of persons belonging to the category “Public” and holding more than 1% of the total number of shares

| Sr. No. | Name of the shareholder | Number of shares | As a % of total Shareholding |
|---------|--|------------------|------------------------------|
| 1. | ENAM SHARES & SECURITIES PRIVATE LIMITED | 2,154,508 | 5.39 |
| 2. | ANIL KUMAR GOEL | 493,000 | 1.23 |
| | TOTAL | 2,647,508 | 6.62 |

No shares have been pledged by the promoters.

(1) Nomination Facility:

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

(2) Outstanding GDRs/ADRs/Warrants or any convertible instruments, if any : Not Applicable

(3) Plant Locations : - 9-11, Maruti Industrial Area, Sector-18, Gurgaon-122015, Haryana
- 26 E & F, Sector-3, IMT Manesar, Gurgaon-122050, Haryana
- Plot No. 1, Industrial Park-2, Phase-1 Salempur Mehdood, Haridwar- 249403 Uttarakhand

(4) Address for Correspondence : - 9-11, Maruti Industrial Area, Sector-18, Gurgaon-122015, Haryana
Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.
RTA may be contacted for any query related to Share Transfer and other matters.

A. Distribution of Shareholding as on March 31, 2015:

| Shares Holding on Nominal Value of Rs. 2/- | No. of Shares | No. Shareholders | % of Shares | % of Shareholders |
|--|-------------------|------------------|-------------|-------------------|
| 1 to 500 | 1,368,798 | 9,272 | 3.42 | 74.95 |
| 501 to 1000 | 1,343,562 | 1,493 | 3.36 | 12.07 |
| 1001 to 2000 | 1,436,246 | 827 | 3.59 | 6.69 |
| 2001 to 3000 | 623,764 | 240 | 1.56 | 1.94 |
| 3001 to 4000 | 577,991 | 155 | 1.45 | 1.25 |
| 4001 to 5000 | 496,115 | 104 | 1.24 | 0.84 |
| 5001 to 10000 | 1,079,698 | 144 | 2.70 | 1.16 |
| 10001 to 50000 | 2,421,851 | 114 | 6.06 | 0.92 |
| 50001 to 100000 | 893,752 | 13 | 2.23 | 0.11 |
| | 29,753,223 | 9 | 74.39 | 0.07 |
| Total | 39,995,000 | 12,371 | 100 | 100 |

The Annual General Meetings of the Company in the last three years have been held as under:

| For the Year | Location | Day and Date | Time | No. of Special Resolutions passed |
|--------------|---|-----------------------------|-----------|-----------------------------------|
| 2013-2014 | 9-11, Maruti Industrial Area, Sec-18, Gurgaon | Thursday, August 28, 2014 | 11.00A.M. | 01 |
| 2012-2013 | 9-11, Maruti Industrial Area, Sec-18, Gurgaon | Tuesday, September 03, 2013 | 11.00A.M. | 01 |
| 2011-2012 | 9-11, Maruti Industrial Area, Sec-18, Gurgaon | Thursday, August 09, 2012 | 11.00A.M. | 01 |

No resolution has been passed by the Company's shareholders through postal ballot during the Financial Year 2014-15 and there is no resolution proposed to be passed through postal ballot in the ensuing Annual General Meeting.

Extraordinary General Meeting (EGM)

No EGM was held during the Financial Year 2014-15

Other General Information to the members of the Company

1) Annual General Meeting

- Day, Date and Time : Wednesday, August 26, 2015, 11:00 A. M.
- Venue : 9-11, Maruti Industrial Area, Sector 18, Gurgaon-122015 (HR)

2) Financial Calendar

- (a) Financial Year 2015-2016 : April to March
- (b) Financial reporting for the quarter ending June' 2015 : By August 14, 2015
- (c) Financial reporting for the half year ending September' 2015 : By November 14, 2015
- (d) Financial reporting for the quarter ending December' 2015 : By February 14, 2016
- (e) Financial reporting for the year ending March' 2016. : End May, 2016
- (f) Annual General Meeting for the year ending March 31, 2016 : End September, 2016

3) Face Value of the Equity Share : Rs. 2/- per share

4) Date of Book Closure : August 08, 2015 to August 26, 2015 (both days inclusive)

5) Dividend Payment Date : 30 days from the date of AGM

6) - Company Identification Number (CIN) : L34101HR1985PLC020934
- Permanent Account Number (PAN) : AAACM0070D

XX. SEPARATE POST OF CHAIRMAN AND CEO

The Company appointed a separate person on the Post of Chairman and Managing Director. Mr. Brijmohan Lall Munjal is the Chairman of the Company. He is a non-executive Director of the Company. Mr. Yogesh Chander Munjal and Mr. Isao Ito are the Managing Directors of the Company.

XXI. REPORTING OF INTERNAL AUDITOR

The Internal Auditor of the Company directly reports to the Audit Committee.

XXII. NON-COMPLIANCE OF LISTING AGREEMENT

The Company have complied with all the Mandatory requirements as stated in Annexure XII of the Listing Agreement. And the Company has not adopted any Non Mandatory Requirements as stated in Annexure XIII except Separate posts of Chairman and CEO and Reporting of Internal Auditor of the Listing Agreement.

COMPLIANCE WITH CODE OF CONDUCT

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended March 31, 2015.

For and on behalf of the Board

Place: New Delhi
Date: May 22, 2015

Yogesh Chander Munjal
(Managing Director)
(DIN 00003491)

B-175, Greater Kailash, Part I, New Delhi, 110048

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To,

The Board of Directors
Munjal Showa Limited

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

- a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2015 and that to the best of our knowledge and belief, we state that:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We hereby declare that all the members of the Board of Directors and Executive Committee have confirmed compliance with the Code of Conduct as adopted by the Company.
- d) We are responsible 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 of the Company and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- e) We have indicated, based in our most recent evaluation, wherever applicable, to the Auditors and the Audit Committee;
 - i) significant changes, if any, in internal control over financial reporting during the year;
 - ii) significant changes, if any, in the accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over the financial reporting.

Place: New Delhi
Date: May 22, 2015

Yogesh Chander Munjal
(Managing Director)
(DIN 00003491)
B-175, Greater Kailash, Part I,
New Delhi, 110048

Pankaj Gupta
(Chief Financial Officer)
(PAN ABCPG8127F)
House no. 408, Sector 4, Urban Estate
Gurgaon, 122001, Haryana

XXIII. MANAGEMENT

Management Discussion and Analysis Report Industry Structure and Development

The Indian Auto industry started in the form of joint venture model in the 1980s and witnessed remarkable growth over the last three decades. The initial cautious phase involved the setting up of businesses mainly by India players with small investments and technology tie-ups with global players. Later on several Indian and Global players have decided to setup or expand the business independently without partners. The Indian two-wheeler (2W) industry, the largest in the world in terms of volumes, had demonstrated positive volume growth in the last three years (2011-14) even when some of the other automobile segments such as passenger vehicles and commercial vehicles experienced volume contraction in at least one of the last three fiscals. The sector has witnessed nominal growth rates which are in line with overall economic activity. India's low vehicular penetration makes it one of the most attractive auto markets in the world. Indian Auto Component players and global auto component players setting up joint venture in new segments which are expected to see localization in medium term and also setting up global export hubs. Auto and Auto component are key sectors for the success of 'Make in India' campaign. These sectors may be major contributors to India's growth story and help India to become a world leader.

Opportunities and Threats

The Government and the Reserve Bank of India (RBI) acted proactively in the recent period to ensure better macroeconomic management and reduce financial volatilities which resulted in tightening of Fiscal deficit, Current Account Deficit (CAD) being contained, Inflation being moderated and stability in exchange rates. India's GDP is expected to grow from USD 950 Billion in 2010 to USD 1390 Billion in 2016. In order to fulfill aim of National Manufacturing Policy and to raise contribution of Automotive Industry to 25% of GDP focus should be both on Domestic markets as well as exports.

The Indian auto components industry has experienced healthy sequential growth over the last tone-and-a-half years. The growth can be attributed to factors such as strong buoyancy in the end-user industry, recovery of the global economy, improved consumer sentiment and return of adequate liquidity in the financial system.

The Indian auto-components industry can be broadly classified into the organised and unorganised sectors. The organised sector caters to the original equipment manufacturers (OEMs) and consists of high-value precision instruments while the unorganised sector comprises low-valued products and caters mostly to the aftermarket category.

The Indian auto component industry is expected to register a turnover of US\$ 66 billion by FY 15–16 with the likelihood to touch US\$ 115 billion by FY 20–21 depending on favourable conditions, as per the estimates by Automotive Component Manufacturers Association of India (ACMA). In addition, industry exports are projected to reach US\$ 12 billion by FY 15–16 and add up to US\$ 30 billion by FY 20–21.

The rapidly globalising world is opening new avenues for the transportation industry, generating the need for more efficient, safe and reliable modes of transportation, which is subsequently adding to the auto component industry's growing opportunities. According to a report by the Confederation of Indian Industry (CII), the Indian auto component industry is set to become the third largest in the world by 2025. Also, by that time, newer verticals and opportunities for component manufacturers will open up as the automobile market will shift towards electric, electronic and hybrid cars and newer technologies will have to be adopted via systematic research and development.

There are some significant difficulties that the auto component industry has been facing since 2012, and we hope that the potential interest rate reduction and incentives will aid the development and financial growth of the industry. The excise duty concession on auto components expired and in this budget the tax rate has gone upto 12.50 per cent."

The current instability in rupee value is hindering the growth of the industry. The fluctuating currency against the greenback has been a major concern for the industry. There is a constant effort to achieve zero defect, zero waste and zero rejections through initiatives like smart design, and by applying various Total Productive Maintenance and Total Quality Management techniques.

CRISIL's ratings affirmation on the bank facilities and commercial paper programme of the Company continue to reflect Company's healthy operating efficiencies, and continuing strong business linkages with its customers, including Hero MotoCorp Ltd (HMCL; rated 'CRISIL AAA/FAAA/Stable/CRISIL A1+') and Honda Motorcycle & Scooter India (Pvt) Ltd (HMSI), the largest players in the two-wheeler industry in India. The ratings also factor in the company's healthy financial risk profile, supported by zero debt and healthy cash accruals.

Product Wise Performance

All products of the Company come under single primary business segment i.e. Shock Absorber. Its variants are Front Forks, Rear Cushions, Struts and Gas Spring/Rear Door Lifters etc. Therefore requirement for analyzing segment-wise or product wise performance does not arise.

Outlook

Auto component production is forecast to rise at a steady pace in 2015-16, mainly due to improved demand from OEMs and healthy growth in exports. Demand for auto components recovered in 2014-15, helped by a modest rise in domestic automobile production and strong pick up in exports. The industry's long-term growth prospects remain healthy as domestic and global OEM demand continues to rise.

The Company will continue to benefit over the medium term from its strong business linkages with large motorcycle OEMs and its healthy operating efficiencies. The company will maintain its healthy financial risk profile over this period, supported by steady cash accruals and modest capex plans.

The Company's financial risk profile remains healthy, supported by steady cash accruals and nil outstanding debt. Steady cash generation, prudent working capital management, and moderate capital expenditure (capex) in 2014-15 have enabled the company to maintain its debt-free status.

Our key customers are planning to establish Greenfield facilities in Gujarat with their respective suppliers of Key Components being currently at various stages of making investments in close proximity to these new facilities.

The Rural demand for automobiles has been adversely impacted by unseasonal rains in the month of March. Poor Crop realization and slowdown in the rural wages have pulled back the rural economy impacting retail off-takes. However, our major customer, Hero MotoCorp Limited has sold more than 6.6 million two wheeler in the financial year 2014-15 and also over five lakhs vehicles in the non festive month of April 2015.

The outlook of the company appears promising as our key customers Hero MotoCorp Limited, Honda Motorcycles and Scooters India Private Limited and Maruti Suzuki India Limited have strong presence in the market inspite of the current economic key performance indicators.

Risks and Concerns

The Company regularly conducts a study to develop a comprehensive 360° view on the opportunities, risks and threats to the business. These include areas such as market trends, new competition, changing customer preferences, disruptions in supplies, product development, talent management etc.

Key risks identified unit are as follows:-

- Inability to timely ramp-up production to meet market demand and planned growth.
- Entry of new players in the premium segment that may pose direct/ indirect competition.
- Loss of Customer Satisfaction and brand image due to quality issues

The management has put in place a comprehensive 'Risk Management Mechanism' to manage these risks. To manage and mitigate the same, these mitigation plans are embedded in the various initiatives that the management will execute in 2015 and beyond. These plans are reviewed periodically with the Risk Management Committee of the Company. There is no legal requirement to constitute Risk Management Committee. But for better mitigation of the Risk your Company has made a Risk Management Committee. The Committee periodically reviews the concern risk. The Company reviews the effectiveness of the mitigation strategies and their implementation progress.

Internal Control System and its Adequacy

With new Company Law 2013 coming into operation and reforms in various other Laws, more emphasis has been laid on Internal Control Systems and Vigilance Systems to ensure efficacy and monitoring of Company's Operations. Your company is dedicated to improve and strengthen system as and when required to ensure efficacy of operations, Compliance with applicable legislation, Safeguarding of assets, Promotion of ethical code.

The Company has in place an adequate system of internal controls to ensure efficacy of operations, compliance with applicable legislation, safeguarding of assets, adherence to management policies and promotion of ethical conduct. Audit Committee is reviewing the internal control systems & procedures periodically. A dedicated Legal Compliance cell ensures that the Company conducts its business with high standards of legal, statutory and regulatory compliances. The company has instituted a legal compliance programme in conformity with best international standards, supported by a robust online system that covers all manufacturing units of the Company.

The Company has robust ERP systems based on SAP platform. This ensures high degree of systems based checks and controls.

The Company maintains a system of internal controls designed to provide a high degree of assurance regarding the effectiveness and efficiency of operations, the reliability of financial controls and compliance with laws and regulations.

Discussion on financial performance with respect to operational performance

The Financial statements have been prepared in compliance with requirements of Companies Act 2013, Indian Generally Accepted Accounting Policies (IGAAP) and Schedule III. All mandatory accounting standards have been complied with.

The turnover of the Company for the year under review has increased to Rs.17,9197.05 lakhs as against Rs. 17,4074.41 lakhs during the previous year showing a growth of 2.94% and profit before tax was Rs. 10,630.71 lakhs as against Rs. 8,018.54 lakhs of previous year .

Material Development in Human Resources/Industrial Relations, including number of people employed

The human resources received commensurate attention during the year considering the growth of the organisation and the need arising therefrom. The relation at all levels were cordial throughout the year and the Company has initiated many programs on up-skilling / training its manpower. As an ongoing exercise, the Company has continued to look at, identify, create and execute seamlessly, initiatives which enhance productivity and efficiency.

While direct employment is by way of workers engaged in production of automobiles & auto components, indirect employment is generated in feeder and supplier industry to automotive industry.

The Company continues to invest in people through various initiatives which enable the work force to meet the production requirements and challenges related thereto and to infuse positive enthusiasm towards the organization.

The Company's strength of employees stood at 3,401 as on March 31, 2015.

Cautionary Statement

Certain statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the markets, exchange rate variations, global economic, social & demographic factors, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.

For and on behalf of the Board

Place: New Delhi
Date: May 22, 2015

Yogesh Chander Munjal
(Managing Director)
(DIN 00003491)
B-175, Greater Kailash, Part I,
New Delhi, 110048

Krishan Chand Sethi
(Director)
(DIN 00004471)
9/304 East End Apartments,
Mayur Vihar Extn. Phase I,
New Delhi, 110096

AUDITORS' CERTIFICATE

To,

The Members of Munjal Showa Limited

We have examined the compliance of conditions of corporate governance by Munjal Showa Limited, for the year ended on March 31, 2015, 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 was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm registration number: 301003E

per Sanjay Vij

Partner

Membership Number:95169

Place of Signature: Gurgaon

Date: May 22, 2015

ANNEXURE 'B' TO BOARD'S REPORT**SECRETARIAL AUDIT REPORT**

For The Financial Year ended on 31st March, 2015

(Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,

The Members,

Munjal Showa Limited

9-11, Maruti Industrial Area

Gurgaon-122015

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Munjal Showa Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering financial year ended on 31st March, 2015 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
 - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
(Not applicable to the Company during the audit period)
 - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
(Not applicable to the Company during the audit period)
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable to the Company during the audit period)**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
(Not applicable to the Company during the audit period)
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and **(Not applicable to the Company during the audit period)**
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the audit period)**
- We have also examined compliance with the applicable clauses of the following:
1. Secretarial Standards issued by The Institute of Company Secretaries of India. **(Not notified hence not applicable during the audit period)**
 2. The Listing Agreements entered into by the Company with the Stock Exchange(s),

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that, having regard to compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

- (a) The Explosive Act, 1884
- (b) The Petroleum Act, 1934
- (c) The Environment (Protection) Act, 1986
- (d) The Water (Prevention and Control of Pollution) Act, 1974
- (e) The Air (Prevention and Control of Pollution) Act, 1981

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes (during the year under review there were no instance recorded in the minutes where any director has dissented to any particular resolution).

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For **SATYENDER KUMAR & ASSOCIATES**
Company Secretaries

Place: New Delhi
Date : May 22, 2015

Satyender Kumar
(Proprietor)
C.P. No. 5189

ANNEXURE 'C' TO BOARD'S REPORT CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

(A) CONSERVATION OF ENERGY-

(i) The steps taken or impact on conservation of energy;

The Company is making continuous efforts to conserve and optimise energy wherever practicable by economising on fuel and power.

The following new initiatives were taken to conserve energy during the year 2014-15:

1. PNG type Gas Burner used instead of Diesel Fired Burner. Thus saving in diesel cost and improving environment conditions.
2. 10 nos of IGBT type rectifiers provided in place of conventional type rectifiers. Thus saving in energy used in plating.
3. Total 130 nos of LED lights provided in place of 250 watts Helogen lights. Thus saving in electricity bill.
4. 4 nos of 30 HP AC Motors changed to 15 HP AC Motor.
5. Power factor improved to .984 from 0.95. Thus Saving in Electricity Bill.
6. Solar Water heater of 5,000 ltr. per day capacity Commissioned for Canteen and Plating shop.
7. 80 Tube Lights of 40W (conventional type) changed to 18W LED type tube lights. Thus saving in electricity bill.

(ii) The steps taken by the company for utilising alternate sources of energy;

The Company use Sate Power Board Electricity and Generators. Your Company is in the process to order solar power plant for Manesar Plant. The Company is trying to reduce Energy for using LED Lights and Solar Water Heater etc.

(iii) The capital investment on energy conservation equipments is given below:

| Description of Machines | Amount (In Rs.) |
|---------------------------------|------------------------|
| AIR COOLING SYSTEM | 4,135,514 |
| EXHAUST SYSTEM | 304,000 |
| RAFTREC 12V | 7,996,800 |
| MODULAR REC12V | 8,440,500 |
| P2 POWER-HYBRID FILTER-500 AMPS | 1,890,811 |
| FLEXKRAFT RECTIFIER | 23,358,000 |
| Total | 46,125,625 |

(B) TECHNOLOGY ABSORPTION

(I) RESEARCH AND DEVELOPMENT (R & D)

Specific areas in which R & D carried out by the Company

New product Technology absorption
Indigenization of CKD Parts

Benefits derived as a result of above R & D activities

Process / product improvements for consistency of performance Supply to the existing customers for their new models.

Future plan of action

R & D efforts will be focused on catering the requirement of our existing customers for their new models and indigenization of various components.

Expenditure on R & D

| | |
|--------------|------------------------|
| Capital | Rs. NIL |
| Recurring | Rs. 6,276,857/- |
| Total | Rs. 6,276,857/- |

Total expenditure as a percentage of total turnovers 0.03 per cent.

(II) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Your Company has absorbed the technology received from collaborator Showa Corporation, Japan, continuously. As in the past, the Company has successfully implemented indigenisation of various components as an import substitution in order to fulfill the continuous demand of the customers for price reduction with the prior approval of our collaborators on quality issues. The cost reduction was possible because of material reduction, standardisation, application engineering, product engineering & manufacturing and reduction in manufacturing cycle time.

In the last five years, the Company has imported various drawings with right to use for getting the orders from existing and new customers for their new models.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Activities relating to exports, initiatives taken to increase exports, development of new export markets for product and services and export plans

The Company is not doing any export directly to those countries where our collaborator M/s Showa Corporation has manufacturing base. However, the Company has started exporting certain components to Showa/its joint ventures/ its associates wherever they find our price competitive. Further, the Company is catering to the requirement of Shock Absorbers, Struts and Window Balancers for export models of Hero MotoCorp Limited, Honda Motorcycles and Scooter India Pvt. Limited and for Maruti Suzuki India Limited.

Total Foreign Exchange used and earned

The foreign exchange earnings during the year were Rs. 4,633,370/- and foreign exchange outgo during the year was Rs. 1,690,012,134/-. Details of earnings from exports and foreign exchange outgo on account of imports, Technician fee, royalty, travelling & conveyance, interest expense, design & drawings & miscellaneous expenses are shown in Note numbers 33, 34 and 37 of Notes to Accounts.

For and on behalf of the Board

Place: New Delhi
Date: May 22, 2015

Yogesh Chander Munjal
(Managing Director)
(DIN 00003491)
B-175, Greater Kailash, Part I,
New Delhi, 110048

Krishan Chand Sethi
(Director)
(DIN 00004471)
9/304 East End Apartments,
Mayur Vihar Extn. Phase I,
New Delhi, 110096

ANNEXURE 'D' TO BOARD'S REPORT

FORM NO. MGT – 9
EXTRACT OF ANNUAL RETURN
(As on the financial year ended on 31.03.2015)
[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | |
|---|--|
| CIN | L34101HR1985PLC020934 |
| Registration Date | May 16 th , 1985 |
| Name of the Company | MUNJAL SHOWA LIMITED |
| Category / Sub-Category of the Company | Company limited by shares/ Indian- non Government Company |
| Address of the Registered Office and contact details | 9-11, Maruti Industrial Area, Sector 18, Gurgaon, Haryana 122015 Phone : +91-124-4783000, 4783100, +91-124-2341001 to 03, Fax : +91-124-2341359 |
| Whether listed company | Yes |
| Name, address and contact details of Registrar and Transfer Agent, if any | MCS Share Transfer Agent Limited, Regd. office: 12/1/5 Manoharpukur Road Kolkata West Bengal 700026. Delhi Office/Communication address: F-65, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi -1100 20. Ph:- 011-4140 6149 (Hunting), Fax:- 011-4170 9881 admin@mcsdel.com |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| S. No. | Name and Description of main products / service | NIC Code of the Product/ company | % to total turnover of the services |
|--------|---|----------------------------------|-------------------------------------|
| 1 | Shock absorbers | 29301 | 85.58 |
| 2 | Struts | 29301 | 10.09 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| S. NO | NAME AND ADDRESS OF THE COMPANY | CIN/GLN | HOLDING/ SUBSIDIARY / ASSOCIATE | % OF SHARES HELD | APPLICABLE SECTION |
|-------|---------------------------------|---------|---------------------------------|------------------|--------------------|
| 1 | Nil | | | | |
| 2 | | | | | |

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|----------|-----------------|-------------------|---|----------|-----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| 1 Indian | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| a) Individual / HUF | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) Central Govt. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) State Govt.(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) Bodies Corporate | 15600000 | 0 | 15600000 | 39.00 | 15600000 | 0 | 15600000 | 39.00 | 0.00 |
| e) Banks / FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f) Any Other (Relative of director) | 4000 | 0 | 4000 | 0.01 | 4000 | 0 | 4000 | 0.01 | 0.00 |
| Sub- Total (A)(1): | 15604000 | 0 | 15604000 | 39.01 | 15604000 | 0 | 15604000 | 39.01 | 0.00 |
| 2 Foreign | | | | | | | | | |
| a) NRIs - Individuals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) Other - Individuals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) Bodies Corporate | 10400000 | 0 | 10400000 | 26.00 | 10400000 | 0 | 10400000 | 26.00 | 0.00 |
| d) Banks / FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e) Any Others.... | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub- Total (A)(2): | 10400000 | 0 | 10400000 | 26.00 | 10400000 | 0 | 10400000 | 26.00 | 0.00 |
| Total Shareholding of Promoters (A)= (A)(1)+(A)(2) | 26004000 | 0 | 26004000 | 65.01 | 26004000 | 0 | 26004000 | 65.01 | 0.00 |
| B. Public Shareholding | | | | | | | | | |
| 1 Institutions | | | | | | | | | |
| a) Mutual Funds / UTI | 457656 | 3500 | 461156 | 1.15 | 598978 | 3500 | 602478 | 1.51 | 0.36 |
| b) Banks / FI | 1500 | 7000 | 8500 | 0.02 | 7617 | 7000 | 14617 | 0.04 | 0.02 |
| c) Central Govt. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) State Govt.(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e) Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f) Insurance Companies | 10000 | 0 | 10000 | 0.03 | 0 | 0 | 0 | 0.00 | (0.03) |
| g) FII's | 101725 | 0 | 101725 | 0.25 | 199018 | - | 199018 | 0.50 | 0.25 |

| | | | | | | | | | | | | | |
|-----------|---|-----------------|---------------|-----------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|-------------|
| h) | Foreign Venture Capital Funds | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0.00 |
| i) | Other (specify) | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0.00 |
| | Sub-Total (B)(1): | 570881 | 10500 | 581381 | 10500 | 1.45 | 805613 | 10500 | 816113 | 2.05 | 816113 | 2.05 | 0.60 |
| 2 | Non- Institutions | | | | | | | | | | | | |
| a) | Bodies Corporate | | | | | | | | | | | | |
| i) | Indian | 4389684 | 12000 | 4401684 | 12000 | 11.01 | 3527618 | 12000 | 3539618 | 8.85 | 3539618 | 8.85 | (2.16) |
| ii) | Overseas | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0.00 |
| b) | Individuals | | | | | | | | | | | | |
| i) | Individual Shareholders holding nominal share capital upto Rs. 1 lakh | 6737822 | 752654 | 7490476 | 7490476 | 18.73 | 7282096 | 715149 | 7997245 | 20.00 | 7997245 | 20.00 | 1.27 |
| ii) | Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh | 1311022 | 0 | 1311022 | 1311022 | 3.28 | 1376273 | 0 | 1376273 | 3.44 | 1376273 | 3.44 | 0.16 |
| c) | Other (specify) | | | | | | | | | | | | |
| i) | NRI / OCBs | 193191 | 5000 | 198191 | 198191 | 0.50 | 191571 | 5000 | 196571 | 0.49 | 196571 | 0.49 | (0.01) |
| ii) | Trusts | 8246 | 0 | 8246 | 8246 | 0.02 | 65180 | 0 | 65180 | 0.16 | 65180 | 0.16 | 0.14 |
| | Sub- Total (B)(2): | 12639965 | 769654 | 13409619 | 13409619 | 33.54 | 12442738 | 732149 | 13174887 | 32.94 | 13174887 | 32.94 | 0.60 |
| | Total Public Shareholding (B)= (B)(1)+(B)(2) | 13210846 | 780154 | 13991000 | 13991000 | 34.99 | 13248351 | 742649 | 13991000 | 34.99 | 13991000 | 34.99 | |
| C. | Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0.00 |
| | Grand Total (A+B+C) | 39214846 | 780154 | 39995000 | 39995000 | 100.00 | 39252351 | 742649 | 39995000 | 100.00 | 39995000 | 100.00 | |

(ii) Shareholding of Promoters

| S. No. | Shareholder's Name | Shareholding at the beginning of the year | | | | Shareholding at the end of the year | | | | % change in Shares holding during the year | |
|--------|---|---|----------------------------------|--|-----------------|-------------------------------------|--|--|--------------|--|------------|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | % change in Shares holding during the year | | | |
| 1 | DAYANAND MUNJAL INVESTMENTS PRIVATE LIMITED | 15600000 | 39.00 | Nil | 15600000 | 39.00 | Nil | 15600000 | 39.00 | Nil | Nil |
| 2 | SHOWA CORPORATION | 10400000 | 26.00 | Nil | 10400000 | 26.00 | Nil | 10400000 | 26.00 | Nil | Nil |
| 3 | NIDHI KAPOOR (RELATIVE OF DIRECTOR) | 4000 | 0.01 | Nil | 4000 | 0.01 | Nil | 4000 | 0.01 | Nil | Nil |
| | Total | 26004000 | 65.01 | Nil | 26004000 | 65.01 | Nil | 26004000 | 65.01 | Nil | Nil |

(iii) Change in Promoters' Shareholding :
There are no changes in the Promoter's shareholding during the Financial Year 2014-15.
(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| S.No. | Name | Shareholding | | Date | Increase/ (Decrease) In Shareholding | Reason | Cumulative Shareholding During The year (01-04-14 to 31-03-15) | |
|-------|--|---|--|-----------|--|----------|---|--|
| | | No. of share at the beginning (01-04-14)/ end of the year (31-03-15) | % ge total Shares of the Company | | | | No of shares | % ge total shares if the Company |
| 1 | ENAM SHARES & SECURITIES PRIVATE LIMITED | 2737000 | 6.84 | 01-Apr-14 | | | 2737000 | 6.84 |
| | | | | 16-May-14 | (200000) | Transfer | 2537000 | 6.34 |
| | | | | 25-Jul-14 | 200000 | Transfer | 2737000 | 6.84 |
| | | | | 07-Nov-14 | (52580) | Transfer | 2684420 | 6.71 |
| | | | | 14-Nov-14 | (5804) | Transfer | 2678616 | 6.70 |
| | | | | 21-Nov-14 | (97909) | Transfer | 2580707 | 6.45 |
| | | | | 05-Dec-14 | (346326) | Transfer | 2234381 | 5.59 |
| | | | | 12-Dec-14 | (15262) | Transfer | 2219119 | 5.55 |
| | | | | 16-Jan-15 | (19708) | Transfer | 2199411 | 5.50 |
| | | | | 06-Feb-15 | (25998) | Transfer | 2173413 | 5.43 |
| | | 27-Feb-15 | (18905) | Transfer | 2154508 | 5.39 | | |
| 2 | UTI - RETIREMENT BENEFIT PENSION FUND | 455656 | 1.14 | 01-Apr-14 | | | 455656 | 1.14 |
| | | | | 23-May-14 | (50000) | Transfer | 405656 | 1.01 |
| | | | | 13-Jun-14 | (16000) | Transfer | 389656 | 0.97 |
| | | | | 12-Sep-14 | (15000) | Transfer | 374656 | 0.94 |
| | | | | 19-Sep-14 | (45441) | Transfer | 329215 | 0.82 |
| | | | | 31-Mar-15 | | | 329215 | 0.82 |
| 3 | MOHAN GUPTA | 400000 | 1.00 | 01-Apr-14 | | | 400000 | 1.00 |
| | | | | 06-Jun-14 | (20000) | Transfer | 380000 | 0.95 |
| | | | | 04-Jul-14 | (30000) | Transfer | 350000 | 0.88 |
| | | | | 11-Jul-14 | (50000) | Transfer | 300000 | 0.75 |
| 4 | ANIL KUMAR GOEL | 300000 | 0.75 | 31-Mar-15 | | | 300000 | 0.75 |
| | | 324000 | 0.81 | 01-Apr-14 | | | 324000 | 0.81 |
| | | | | 25-Apr-14 | 1420 | Transfer | 325420 | 0.81 |

| | | | | | | | | |
|----|---|--------|------|-----------|---------|------------------------------|--------|------|
| 7 | OPTIMUM STOCK TRADING COMPANY PVT LTD | 150000 | 0.38 | 01-Apr-14 | 0 | Nil Movement during the year | 150000 | 0.38 |
| | | 150000 | 0.38 | 31-Mar-15 | | | | |
| 8 | SWISS FINANCE CORPORATION (MAURITIUS) LIMITED | 101725 | 0.25 | 01-Apr-14 | | | 101725 | 0.25 |
| | | | | 30-May-14 | 191 | Transfer | 101916 | 0.25 |
| | | | | 06-Jun-14 | 22166 | Transfer | 124082 | 0.31 |
| | | | | 19-Sep-14 | (8101) | Transfer | 115981 | 0.29 |
| | | | | 31-Oct-14 | (3000) | Transfer | 112981 | 0.28 |
| | | | | 07-Nov-14 | (14000) | Transfer | 98981 | 0.25 |
| | | 98981 | 0.25 | 31-Mar-15 | 0 | | 98981 | 0.25 |
| 9 | PREM FATEHCHAND VAZIRANI | 96091 | 0.24 | 01-Apr-14 | | | 96091 | 0.24 |
| | | | | 04-Jul-14 | (20338) | Transfer | 75753 | 0.19 |
| | | | | 11-Jul-14 | (4662) | Transfer | 71091 | 0.18 |
| | | | | 18-Jul-14 | (2990) | Transfer | 68101 | 0.17 |
| | | | | 08-Aug-14 | (25797) | Transfer | 42304 | 0.11 |
| | | | | 12-Sep-14 | (19250) | Transfer | 23054 | 0.06 |
| | | | | 30-Sep-14 | (5599) | Transfer | 17455 | 0.04 |
| | | | | 10-Oct-14 | (17455) | Transfer | 0 | 0.00 |
| | | 0 | 0.00 | 31-Mar-15 | 0 | | 0 | 0.00 |
| 10 | G SHANKAR | 78000 | 0.20 | 01-Apr-14 | | | 78000 | 0.20 |
| | | | | 18-Apr-14 | (7000) | Transfer | 71000 | 0.18 |
| | | | | 16-May-14 | (2000) | Transfer | 69000 | 0.17 |
| | | | | 23-May-14 | (16305) | Transfer | 52695 | 0.13 |
| | | | | 30-May-14 | (1000) | Transfer | 51695 | 0.13 |
| | | | | 06-Jun-14 | (7695) | Transfer | 44000 | 0.11 |
| | | | | 13-Jun-14 | (5055) | Transfer | 38945 | 0.10 |
| | | | | 20-Jun-14 | (38945) | Transfer | 0 | 0.00 |
| | | | | 04-Jul-14 | 29000 | Transfer | 29000 | 0.07 |
| | | | | 01-Aug-14 | (1000) | Transfer | 28000 | 0.07 |
| | | | | 08-Aug-14 | (10000) | Transfer | 18000 | 0.05 |
| | | | | 14-Aug-14 | 11000 | Transfer | 29000 | 0.07 |
| | | | | 22-Aug-14 | (11000) | Transfer | 18000 | 0.05 |
| | | | | 29-Aug-14 | (18000) | Transfer | 0 | 0.00 |
| | | 0 | 0.00 | 31-Mar-15 | 0 | | 0 | 0.00 |
| 11 | JNJ HOLDINGS PVT. LTD. | 0 | 0.00 | 01-Apr-14 | | | | |

V. INDEBTEDNESS

The Company had no indebtedness with respect to Secured or Unsecured Loans or Deposits during the financial year 2014-15. Indebtedness of the Company including interest outstanding/accrued but not due for payment.

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | Nil | Nil | Nil | Nil |
| ii) Interest due but not paid | Nil | Nil | Nil | Nil |
| iii) Interest accrued but not due | 13,202/- | Nil | Nil | 13,202/- |
| Total (i+ii+iii) | 13,202/- | Nil | Nil | 13,202/- |
| Change in Indebtedness during the financial year | | | | |
| • Addition | Nil | Nil | Nil | Nil |
| • Reduction | Nil | Nil | Nil | Nil |
| Net Change | Nil | Nil | Nil | Nil |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | Nil | Nil | Nil | Nil |
| ii) Interest due but not paid | Nil | Nil | Nil | Nil |
| iii) Interest accrued but not due | 33,147/- | Nil | Nil | 33,147/- |
| Total (i+ii+iii) | 33,147/- | Nil | Nil | 33,147/- |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

| S. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | Total Amount |
|--------|--|---------------------------------|--------------------------------|---------------------------------|
| | | Yogesh Chander Munjal | Isao Ito | |
| 1. | Gross salary (a) Salary as per provisions contained in section 17(1) of the income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961 | 18,450,000 11,868,788 Nil | 10,050,000 1,905,161 Nil | 28,500,000 13,773,949 Nil |
| 2. | Stock Option | Nil | Nil | Nil |

| | | | | | |
|----|---|-------------------|-------------------|-------------------|-----|
| 3. | Sweat Equity | Nil | Nil | Nil | Nil |
| 4. | Commission - as % of profit - other, specify... | 11,476,429 Nil | 11,476,429 Nil | 22,952,858 Nil | |
| 5. | Other, please specify | Nil | Nil | Nil | |
| | Total (A) | 41,795,217 | 23,431,590 | 65,226,807 | |

B. Remuneration to other directors:

| S. No. | Particulars of Remuneration | Name of Directors | | | | | | | | | | Total Amount | | | |
|--------|---|-----------------------|--------------------|---------------|--------------|--------------|---------------------|-----------------|------------|------------------|--------------|--------------|--|--|----------|
| | | Bijimohan Lall Munjal | Katsuhiko Matsuura | Pankaj Munjal | Ashok Munjal | Charu Munjal | Krishan Chand Sethi | Vinod K Agrawal | Devi Singh | Surinder K Mehta | Nand Dhameja | | | | |
| | 1. Independent Directors | | | | | | | | | | | | | | |
| | • Fee for attending board/ committee meetings | - | - | - | - | - | 380000 | 340000 | 200000 | 200000 | 460000 | 1580000 | | | |
| | • Commission | - | - | - | - | - | - | - | - | - | - | - | | | |
| | • Others, please specify | - | - | - | - | - | - | - | - | - | - | - | | | |
| | Total (1) | - | - | - | - | - | 380000 | 340000 | 200000 | 200000 | 460000 | 1580000 | | | |
| | 2. Other Non-Executive Directors | | | | | | | | | | | | | | |
| | • Fee for attending board/ committee meetings | 140000 | Nil | 40000 | 120000 | 120000 | - | - | - | - | - | 420000 | | | |
| | • Commission | - | - | - | - | - | - | - | - | - | - | - | | | |
| | • Others, please specify | - | - | - | - | - | - | - | - | - | - | - | | | |
| | Total (2) | 140000 | Nil | 40000 | 120000 | 120000 | - | - | - | - | - | 420000 | | | |
| | Total (B)=(1+2) | 140000 | Nil | 40000 | 120000 | 120000 | 380000 | 340000 | 200000 | 200000 | 460000 | 2000000 | | | |
| | Total Managerial Remuneration | | | | | | | | | | | | | | 67226807 |

Note: Overall Ceiling as per the Act Rs. 126,240,714.

REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

| S. No. | Particulars of Remuneration | Key Managerial Personnel | | | TOTAL |
|--------|---|--------------------------|-------------------|-------------|-------------|
| | | CEO | Company Secretary | CFO | |
| 1 | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | NA | 55,684/- | 2,223,670/- | 2,279,354/- |

| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | | | | |
|----|---|--|---|----------|-------------|-------------|
| 2. | Stock Option | NA | - | NIL | 48,854/- | 48,854/- |
| 3. | Sweat Equity | NA | - | NIL | - | NIL |
| 4. | Commission - as % of profit - others, specify... | NA | - | NIL | NIL | NIL |
| 5. | Others, please specify | NA | - | NIL | NIL | NIL |
| | Total | NA | - | 55,684/- | 2,272,524/- | 2,328,208/- |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty/Punishment/ Compounding fees imposed | Authority (RD/NCLT/COURT) | Appeal Made (If any) |
|-------------------------------------|------------------------------|-------------------|---|---------------------------|----------------------|
| A. COMPANY | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | NIL | | |
| Compounding | | | NIL | | |
| B. Director | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | NIL | | |
| Compounding | | | NIL | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | NIL | | |
| Compounding | | | NIL | | |

For and on behalf of the Board

Place: New Delhi
Date: May 22, 2015

Yogesh Chander Munjal
(Managing Director)
(DIN 00003491)
B-175, Greater Kailash, Part I,
New Delhi, 110048

Krishan Chand Sethi
(Director)
(DIN 00004471)
9/304 East End Apartments,
Mayur Vihar Extn. Phase I,
New Delhi, 110096

ANNEXURE 'D-1' TO BOARD'S REPORT

THE RATIO OF THE REMUNERATION OF EACH DIRECTOR TO THE MEDIAN REMUNERATION OF THE EMPLOYEES OF THE COMPANY FOR THE FINANCIAL YEAR 2014-2015

| S.No. | Name | Designation | RATIO |
|-------|-----------------------|-------------------------|--------|
| 1. | Yogesh Chander Munjal | Managing Director | 178.28 |
| 2. | Isao Ito | Joint Managing Director | 101.37 |

The Company pays only sitting fees to Non Executive Directors.

THE PERCENTAGE INCREASE IN REMUNERATION OF EACH DIRECTOR, CHIEF FINANCIAL OFFICER, CHIEF EXECUTIVE OFFICER, COMPANY SECRETARY OR MANAGER, IN THE FINANCIAL YEAR 2014-2015

The changes made in the remuneration of each director, chief financial officer, chief executive officer, company secretary or manager in the financial year is as follows:-

| S.No. | Name | Designation | Percentage Change |
|-------|-----------------------|-------------------------|-------------------|
| 1. | Yogesh Chander Munjal | Managing Director | 11.10 |
| 2. | Isao Ito | Joint Managing Director | 40.74 |
| 3. | Pankaj Gupta | Chief Financial Officer | 19.24 |
| 4. | Saurabh Agrawal* | Company Secretary | NA |

* Since this information is for part of the current year, the same is not comparable.
THE PERCENTAGE INCREASE IN THE MEDIAN REMUNERATION OF EMPLOYEES IN THE FINANCIAL YEAR 2014-15: (-0.78%)

THE NUMBER OF PERMANENT EMPLOYEES ON THE ROLLS OF COMPANY

There were 1,474 employees on the rolls of the Company as on March 31, 2015 as compare to 1,337 employee as on March 31, 2014.

THE EXPLANATION ON THE RELATIONSHIP BETWEEN AVERAGE INCREASE IN REMUNERATION AND COMPANY PERFORMANCE

The overall remuneration paid by the company has gone up by 4.98% as compared to previous financial year while revenue has gone up by 2.94%. The Company has the policy of increase in remuneration of permanent employees as per the agreement entered by the Company with its employees. Generally these agreements are for three years. Apart from these agreements annual increments are based on the performance of individual employee. The company has the practice of having a long term relationship with its employees and thus does not have a major impact on account of increase/decrease in revenue annually. However, the Company considers very carefully the performance of the Company during the negotiation of agreements with its employees. The company evaluates its employees, KMP's as per nomination and remuneration and evaluation policy adopted by the board.

COMPARISON OF THE REMUNERATION OF THE KEY MANAGERIAL PERSONNEL AGAINST THE PERFORMANCE OF THE COMPANY

The total remuneration of Key Managerial Personnel increased by 11.83 % from Rs. 63,752,201 in 2013-14 to Rs. 71,293,886 in 2014-15 whereas the net sales has increased by 2.82 per cent from Rs. 159,797.31 in 2013-14 to Rs. 164,296.67 in 2014-15 and profit before tax has increased by 32.58 percent from Rs.8,018.55 lacs in 2013-14 to Rs. 10,630.71 lacs in 2014-15.

VARIATIONS IN THE MARKET CAPITALISATION OF THE COMPANY, PRICE EARNINGS RATIO AS AT THE CLOSING DATE OF THE CURRENT FINANCIAL YEAR AND PREVIOUS FINANCIAL YEAR:

| Particulars | March 31, 2015 | March 31, 2014 | % Change |
|-----------------------------|-------------------|-------------------|----------|
| Market Capitalisation (BSE) | Rs. 3,347,581,500 | Rs. 7,023,122,000 | 109.80% |
| Price Earnings Ratio | 9.29% | 4.80% | 93.54% |

Percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:

| Particulars | March 31, 2015 | 1987 (IPO) | 1987 (IOP)* | % Change* |
|--------------------|----------------|------------|-------------|-----------|
| Market Price (BSE) | 175.60 | 10 | 1 | 17,460% |
| Market Price (NSE) | 174.90 | 10 | 1 | 17,390% |

* Adjusted for 1:1 bonus issue in 1998 and split of shares 5:1 in 2006

AVERAGE PERCENTILE INCREASE ALREADY MADE IN THE SALARIES OF EMPLOYEES OTHER THAN THE MANAGERIAL PERSONNEL IN THE LAST FINANCIAL YEAR AND ITS COMPARISON WITH THE PERCENTILE INCREASE IN THE MANAGERIAL REMUNERATION AND JUSTIFICATION THEREOF AND POINT OUT IF THERE ARE ANY EXCEPTIONAL CIRCUMSTANCES FOR INCREASE IN THE MANAGERIAL REMUNERATION

The average percentile increase in the salaries of employees was around 3.37% and the percentile increase in the managerial remuneration for the year was 11.83%. The Company except Managing Director and Joint Managing Director gives general increase to all its permanent employees after every three years as per the practice followed by the Company after making wage agreements with its permanent workers for three years. The last increase was effective from July 2013. Apart from this the Company gives 3 to 5 percent every year on the basis of the individual employee's performance.

THE KEY PARAMETERS FOR ANY VARIABLE COMPONENT OF REMUNERATION AVAILED BY THE DIRECTORS:

The key parameters for the variable component of remuneration availed by the executive directors are considered by the Board of Directors based on the recommendations of the, Nomination and Remuneration Committee as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees and after the approval of shareholders in the Annual General Meetings. The Company pays only fixed sitting fee to non-executive directors for attending the meeting of the Board or Committee thereof within the limits specified in the rule 4 of the Companies (Appointment and remuneration of managerial personnel) Rules, 2014.

THE RATIO OF REMUNERATION OF THE HIGHEST PAID DIRECTORS TO THAT OF THE EMPLOYEES WHO ARE NOT DIRECTORS BUT RECEIVE REMUNERATION IN EXCESS OF THE HIGHEST PAID DIRECTORS DURING THE YEAR

There is no employee in the Company who receive remuneration in excess of the highest paid Director during the Year.

It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

For and on behalf of the Board

Place: New Delhi
Date: May 22, 2015

Yogesh Chander Munjal
(Managing Director)
(DIN 00003491)

B-175, Greater Kailash, Part I,
New Delhi, 110048

Krishan Chand Sethi
(Director)
(DIN 00004471)
9/304 East End Apartments,
Mayur Vihar Extn. Phase I,
New Delhi, 110096

ANNEXURE-'E' TO BOARD'S REPORT
STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 FORMING PART OF THE BOARD'S REPORT FOR THE YEAR ENDED MARCH 31, 2015

| S. No. | Name | Designation | Gross Remuneration (Rs.) | Nature of employment | Qualification | Experience (Years) | Nature of duties | Date of Commencement of Employment | Age (Years) | Last employment held before joining the Company, designation | Percent age / Nos. of Equity Share | Whether any such employee is a relative of any director or manager of the company |
|--------|------|-------------|--------------------------|----------------------|---------------|--------------------|------------------|------------------------------------|-------------|--|------------------------------------|---|
|--------|------|-------------|--------------------------|----------------------|---------------|--------------------|------------------|------------------------------------|-------------|--|------------------------------------|---|

Employed throughout the period and in receipt of remuneration not less than Rs. 6,000,000/-per annum

| | | | | | | | | | | | | |
|----|-----------------------|-------------------------|------------|-------------|----------|----|--|------------|----|--|-----|----|
| 1. | Yogesh Chander Munjal | Managing Director | 43,823,927 | Contractual | B. Arch | 51 | Overall management of the affairs of the Company | 01.09.1986 | 75 | Chief Executive Rockman Cycle Inds. Ltd. | NIL | No |
| 2. | Isao Ito | Joint Managing Director | 24,918,489 | Contractual | Graduate | 32 | Overall management of the affairs of the Company | 24.05.2013 | 51 | Showa India Private Limited | NIL | No |

NOTES

- Information has been furnished on the basis of employees employed throughout the financial year, who were in receipt of remuneration for that year which, in the aggregate, was not less than Rs. 6,000,000/- (Rs. Sixty Lacs). None of the employees worked for a part of the Financial Year, who were in receipt of remuneration for any part of that year at a rate which, in the aggregate was not less than Rs. 500,000 (Five Lacs) per month. And none of the Employee who was in receipt of remuneration in excess of that drawn by the Managing Director or whole time director or manager and holds by himself or along with his spouse and dependent children, not less than 2% of the equity shares of the Company
- Gross remuneration includes Salary, Commission, Company's contribution to Provident Fund and Superannuation Fund, Medical Reimbursement, Monetary Value of Perquisites & value of Rent Free Accommodation.
- The above employees are not related to any Director of the Company.
- The appointment is contractual as per the policy/rules of the Company.
- Terms and conditions are as per the Appointment Letter given to the appointee from time to time.
- All the employees have adequate experience to discharge the responsibilities assigned to them.

For and on behalf of the Board

Place: New Delhi
 Date: May 22, 2015

Yogesh Chander Munjal
 (Managing Director)
 (DIN 00003491)
 B-175, Greater Kailash, Part I,
 New Delhi, 110048

Krishan Chand Sethi
 (Director)
 (DIN 00004471)
 9/304 East End Apartments,
 Mayur Vihar Extn. Phase I,
 New Delhi, 110096

**ANNEXURE-'F' TO BOARD'S REPORT
ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**

A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes. CSR Policy is stated herein below:

Weblink: <http://www.munjalshowa.net/pdf/Corporate%20Social%20Responsibility%20Policy.pdf>

Composition of the CSR Committee: Mr. Krishan Chand Sethi-Chairman, Mr. Yogesh Chander Munjal-Member and Mr. Vinod Kumar Agrawal- Member

Average net profit of the Company for last three financial years: Rs. 780,004,324/-

Prescribed CSR Expenditure (two percent of the amount as in item 3 above): The Company is required to spend towards CSR: Rs. 15,600,086/-

Details of CSR spend for the financial year:

a. Total amount spent for the financial year: Rs. 2,833,032/-

b. Amount unspent: Rs. 12,767,054/-

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|-------|---|--|---|---|---|---|---|
| S.No. | CSR project or activity identified | Sector in which the project is covered | Project or program (1) local area or other (2) specify the state and the district where the projects or programs was undertaken | Amount outlay (budget) project or programs wise | Amount spent on the project or program Subheads: (1) Direct expenditure on project or programs (2) Overheads: | Cumulative expenditure upto the reporting period. | Amount Spent: Direct or through Implementing agency |
| 1 | Construction of Class Room At Sarhaul Village | Promoting Education | Local Area (Gurgaon) | 3,000,000 | 2,833,032 | 2,833,032 | Directly Rs. 2,833,032 |
| | TOTAL | | | 3,000,000 | 2,833,032 | 2,833,032 | Directly Rs. 2,833,032 |

For and on behalf of the Board

Place: New Delhi
Date: May 22, 2015

Yogesh Chander Munjal
(Managing Director)
(DIN 00003491)
B-175, Greater Kailash, Part I,
New Delhi, 110048

Krishan Chand Sethi
(Director)
(DIN 00004471)
9/304 East End Apartments,
Mayur Vihar Extn. Phase I,
New Delhi, 110096

CSR POLICY**(Approved by the Board of Directors on November 05, 2014)**

Our aim is to be one of the most respected companies in India delivering superior and sustainable value to all our customers, business partners, shareholders, employees and host communities. The CSR initiatives focus on holistic development of host communities and create social, environmental and economic value to the society. To pursue these objectives we will continue to:

- a. Uphold and promote the principles of inclusive growth and equitable development.
- b. Develop Community Development Plans based on needs and priorities of host communities and measure the effectiveness of community development programmes.
- c. Work actively in areas of preventive health and sanitation, education, skills for employability, livelihoods and income generation, waste resource management and water conservation for host communities for enhancing Human Development Index.
- d. Collaborate with like minded bodies like governments, voluntary organizations and academic institutes in pursuit of our goals.
- e. Interact regularly with stakeholders, review and publicly report our CSR initiatives

**ANNEXURE 'G' TO BOARD'S REPORT
NOMINATION AND REMUNERATION POLICY**

Our policy on the appointment and remuneration of directors and key managerial personnel provides a framework based on which our human resources management aligns their recruitment plans for the strategic growth of the Company. The nomination and remuneration policy is provided herewith pursuant to Section 178(4) of the Companies Act and Clause 49(IV)(B)(4) of the Listing Agreement. The policy is also available on our website: <http://www.munjalshowa.net/pdf/Nomination%20And%20Remuneration%20Policy.pdf>

1. Preamble

The Nomination and Remuneration Policy of Munjal Showa Limited (the "Company") is designed to attract, motivate, improve productivity and retain manpower by creating a congenial work environment, encouraging initiatives, personal growth, team work and inculcating a sense of belongingness and involvement, besides offering appropriate remuneration packages and superannuation benefits.

2. Objective

- 2.1 The policy provides a framework for remuneration paid to the members of the Board of Directors ("Board"), Key Managerial Personnel ("KMP"), Senior Management Personnel ("SMP") and other employees.
- 2.2 To make recommendations to the Board for the appointment, removal and performance evaluation of directors.
- 2.3 To maintain the level and composition of remuneration so that it is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully.
- 2.4 To ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

3. Effective Date of the Policy

This policy shall be effective from the date of approval by the Board or any amendment made thereof from time to time.

4. Regulatory provisions under which the policy has been formulated:

- 4.1 Section 178 of the Companies Act, 2013
- 4.2 Clause 49 of the Listing Agreement

5. Definitions

- 5.1 **Act** means the Companies Act 2013 and Rules framed there under, as amended from time to time.
- 5.2 **Board or Board of Directors** in relation to a company means the collective body of the directors of the Company
- 5.3 **Company** means Munjal Showa Limited
- 5.4 **Director** means directors appointed to the Board of the Company
- 5.5 **Independent Director** means a director referred to in Section 149 (6) of the Companies Act, 2013
- 5.6 **Key Managerial Personnel** in relation to a company means
- 5.6.1 Chief Executive Officer or the Managing Director and Joint Managing Director
- 5.6.2 Whole time Director
- 5.6.3 Chief Financial Officer
- 5.6.4 Company Secretary
- 5.6.5 Such other officer as may be prescribed
- 5.7 **Nomination and Remuneration Committee or Committee** shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement
- 5.8 **Policy** means Nomination and Remuneration Policy
- 5.9 **Remuneration** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961
- 5.10 **Senior Management** means personnel of the Company who are members of its core management team excluding the Board of Directors including Functional Heads.

6. Interpretation of the Policy

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, Listing Agreement and/or any other SEBI Regulation(s) as amended from time to time

7. Role of Committee

- 7.1 Formulating framework or policy for remuneration, terms of employment including service contracts, policy for pension arrangements and reviewing it on periodic basis.
- 7.2 Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board, relating to the remuneration for the Director, key managerial personnel and other employees.
- 7.3 To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management in order to maintain a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
- 7.4 To retain, motivate and promote talent and to ensure succession planning for long term sustainability of talented managerial persons and competitive advantage.
- 7.5 Formulating terms for cessation of employment and ensure that any payments made are fair to the individual and the Company.
- 7.6 To create appropriate performance benchmarks in order to maintain a justified relationship between performance and remuneration.
- 7.7 Term/Tenure
- 7.7.1 Managing Director /Whole time Director, etc:
- The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

7.7.2 Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. At the time of appointment of Independent Director it should be ensured that the number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed Companies as an Independent Director in case such person is serving as a Whole time Director of a listed company or such other number as may be prescribed under the Act.

7.8 Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and SMP at regular interval (yearly or as deemed fit).

The generic criteria for evaluation can be as follows:

- Profitability
- New Alliances / New Launches
- CAGR of the organization
- Business volumes
- Company turnover
- Customers feedback (Internal and External)
- Shareholders interest

7.9 Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under and Articles of Association of the Company, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director and SMP subject to the provisions and compliance of the said Act, rules and regulations.

7.10 Retirement

The Director, KMP and SMP shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, and SMP in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

7-A. Appointment of director and senior management

7-A.1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director and Senior Management level and recommend to the Board his / her appointment.

7-A.2. Appointment of Independent Directors is subject compliance of provisions of section 149 of the Companies Act, 2013, read with schedule IV and rules thereunder

7-A.3. The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

8. Constitution of Committee

The Remuneration and Compensation Committee of the Board of Directors shall be named as Nomination and Remuneration Committee (NRC). Members of the Committee shall be appointed by the Board and shall comprise of three or more non-executive Directors out of which not less than one-half shall be independent directors.

8.1 Composition of Committee

8.1.1 Members

8.1.1.1 The Committee shall comprise at least three (3) Directors, all of whom shall be non-executive Directors and at least half shall be Independent.

8.1.1.2 The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirement.

8.1.2 Chairperson

8.1.2.1 Chairman of the Committee shall be an Independent Director.

8.1.2.2 Chairperson of the Company may be appointed as a member of the Committee but shall not Chair the Committee.

8.1.2.3 In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.

8.1.2.4 Chairman of the Nomination and Remuneration Committee shall be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

8.2 Frequency of Meetings

The meeting of the Committee shall be held at such regular intervals as may be required.

8.3 Quorum

Minimum two (2) members shall constitute a quorum for the Committee meeting.

8.4 Minutes of Committee Meeting

Proceedings of all meetings must be minutes and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

8.5 Voting

8.5.1 Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

8.5.2 In the case of equality of votes, the Chairman of the meeting will have a casting vote.

9. Committee Members' Interest

9.1 A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

9.2 The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

10. Applicability of Policy:

10.1 Directors (Executive and Non Executive)

10.2 Key Managerial Personnel

10.3 Senior Management Personnel

10.4 Other Employees as may be identified by the Committees from time to time

Any departure from the policy can be undertaken with the approval of the Board of Directors.

11. Remuneration

Total remuneration comprises of:

11.1 A fixed base salary –

Set at a level aimed at attracting and retaining executives with professional and personal competence, showing good performance towards achieving Company goals.

11.2 Variable Pay/ Performance Linked Incentive –

A performance appraisal is carried out annually and promotions /increments/ rewards are decided by CMD based on the appraisal and recommendation of the concerned Whole Time Director, where applicable.

11.3 Perquisites /Allowances –

In the form of house rent allowance / accommodation, furnishing allowance, reimbursement of medical expenses, conveyance, telephone, LTA etc.

11.4 Retirement Benefits –

Contribution to PF, superannuation, gratuity etc. as per Company Rules

11.5 Severance payments –

In accordance with terms of employment and applicable statutory requirements, if any

11.6 Remuneration to Managing / Whole time / Executive / Managing Director and SMP –

The Remuneration / Compensation / Commission etc. to be paid to Director / Managing Director shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

11.7 Remuneration to Non – Executive / Independent Director –

The Non – Executive Independent Director may receive remuneration / compensation / commission as per the provisions of Companies Act, 2013.

11.8 Sitting Fees –

The amount of sitting fees shall be subject to ceiling / limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force as may be decided by the Board of Directors of the Company from time to time.

11.9 ESOP

Pursuant to the provisions of the Act, an Independent Director shall not be entitled to any stock option of the Company. Only such employees of the Company and its subsidiaries as approved by the Nomination and Remuneration Committee will be granted ESOPs.

12. Policy for Appointment and Removal of Director and SMP

12.1 Appointment of Directors and senior management personnel and cessation of their service are subject to approval of the NRC and Board of Directors.

12.2 Remuneration of CFO and other senior management personnel is decided by the Chairman & Managing Director (CMD) on the recommendation of the Whole Time Director concerned, where applicable, broadly based on the Remuneration Policy in respect of Whole Time Directors.

13. Review and Amendment

13.1 The NRC or the Board may review the Policy as and when it deems necessary.

13.2 The NRC may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.

13.3 This Policy may be amended or substituted by the Board as and when required.

13.4 This Policy shall be hosted on the Company's website.

13.5 The right to interpret this Policy vests in the Board of Directors of the Company.

14. Disclosures

Appropriate disclosures shall be made in the Board's Report of the Company.

15. Deviations from the Policy

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

For and on behalf of the Board

Place: New Delhi
Date: May 22, 2015

Yogesh Chander Munjal
(Managing Director)
(DIN 00003491)
B-175, Greater Kailash, Part I,
New Delhi, 110048

Krishan Chand Sethi
(Director)
(DIN 00004471)
9/304 East End Apartments,
Mayur Vihar Extn. Phase I,
New Delhi, 110096

INDEPENDENT AUDITOR'S REPORT**To the Members of Munjal Showa Limited
Report on the Financial Statements**

We have audited the accompanying financial statements of Munjal Showa Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

- (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 6 and 30 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm registration number: 301003E

per Sanjay Vij

Partner

Membership Number:95169

Place of Signature: Gurgaon

Date: May 22, 2015

Annexure referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date

Re: Munjal Showa Limited (‘the Company’)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
 - (b) 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) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company and hence, not commented upon
- (iv) In our opinion and according to the information and explanations given to us and having regard to the explanation that purchases of items of inventories and certain fixed assets are of proprietary nature and alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas. There was no sale of services during the year.
- (v) The Company has not accepted any deposits from the public.

- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products of the Company.
- (vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

| Name of the statute | Nature of dues | Amount (Rs.) | Period to which the amount relates | Forum where dispute is pending |
|----------------------|--------------------------------|--------------|---|---|
| Income Tax Act, 1961 | Income Tax demand | 62,587,830 | Financial year 2008-09 | Income Tax Appellate Tribunal |
| | Income Tax demand | 110,872,448 | Financial year 2009-10 | Income Tax Appellate Tribunal |
| Finance Act, 1994 | Service Tax demand and penalty | 160,122,857 | April 2007 to March 2009 and April 2006 to March 2010 | Customs, Excise, Service Tax Appellate Tribunal |
| | Service Tax demand and penalty | 3,454,035 | February 2004 to March 2009 and August 2009 to March 2011 | Customs, Excise, Service Tax Appellate Tribunal |

- (d) According to the information and explanations given to us, the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time.
- (viii) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (ix) The Company did not have any outstanding dues to any financial institution, banks or debenture holders during the year.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) The Company did not have any term loans outstanding during the year.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number: 301003E

per **Sanjay Vij**
Partner
Membership Number:95169

Place of Signature: Gurgaon
Date: May 22, 2015

BALANCE SHEET AS AT MARCH 31, 2015

| | Notes | March 31, 2015 Rs. | March 31, 2014 Rs. |
|--|-------|-----------------------------|-----------------------------|
| Equity and liabilities | | | |
| Shareholders' funds | | | |
| Share capital | 3 | 79,992,500 | 79,992,500 |
| Reserves and surplus | 4 | 4,027,234,434 | 3,481,292,908 |
| | | <u>4,107,226,934</u> | <u>3,561,285,408</u> |
| Non-Current Liabilities | | | |
| Deferred tax liabilities (net) | 5 | 84,678,080 | 118,633,201 |
| Long-term provisions | 6 | 25,156,986 | 14,574,540 |
| | | <u>109,835,066</u> | <u>133,207,741</u> |
| Current Liabilities | | | |
| Trade payables | 7 | 1,551,831,792 | 1,656,546,158 |
| Other current liabilities | 7 | 106,579,343 | 157,872,804 |
| Short-term provisions | 6 | 252,030,947 | 233,778,974 |
| | | <u>1,910,442,082</u> | <u>2,048,197,936</u> |
| TOTAL | | <u><u>6,127,504,082</u></u> | <u><u>5,742,691,085</u></u> |
| Assets | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 8 | 2,092,622,839 | 2,309,510,888 |
| Intangible assets | 9 | 18,183,422 | 19,690,338 |
| Capital work-in-progress | | 17,440,967 | 5,363,715 |
| Loans and advances | 10 | 394,428,606 | 440,196,528 |
| Other non-current assets | 11.2 | 70,080 | 61,843 |
| | | <u>2,522,745,914</u> | <u>2,774,823,312</u> |
| Current assets | | | |
| Current investments | 12 | 680,000,000 | 300,000,000 |
| Inventories | 13 | 665,252,222 | 493,886,298 |
| Trade receivables | 11.1 | 2,033,591,641 | 1,768,736,193 |
| Cash and bank balances | 14 | 15,641,113 | 155,569,293 |
| Loans and advances | 10 | 174,186,367 | 208,708,650 |
| Other current assets | 11.2 | 36,086,825 | 40,967,339 |
| | | <u>3,604,758,168</u> | <u>2,967,867,773</u> |
| TOTAL | | <u><u>6,127,504,082</u></u> | <u><u>5,742,691,085</u></u> |
| Summary of significant accounting policies | 2.1 | | |

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R.Batliloi & Co. LLP For and on behalf of the Board of Directors of Munjal Showa Limited
Chartered Accountants
Firm Registration No.: 301003E

per Sanjay Vij
Partner
Membership No. 95169

Yogesh Chander Munjal
Managing Director
DIN 00003491

Krishan Chand Sethi
Director
DIN 00004471

Vinod Kumar Agrawal
Director
DIN 00004463

Place: Gurgaon
Dated: May 22, 2015

Pankaj Gupta
Chief Financial Officer

Saurabh Agrawal
Company Secretary
Membership No. A36163

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

| | Notes | March 31, 2015 Rs. | March 31, 2014 Rs. |
|--|-------|-----------------------|-----------------------|
| Income | | | |
| Revenue from operations (gross) | 15 | 17,838,248,997 | 17,346,650,876 |
| Less : Excise duty | | 1,408,581,633 | 1,366,919,652 |
| Revenue from operations (net) | | 16,429,667,364 | 15,979,731,224 |
| Other income | 16 | 81,455,901 | 60,789,783 |
| Total revenue (I) | | 16,511,123,265 | 16,040,521,007 |
| Expenses | | | |
| Cost of raw materials and components consumed | 17 | 12,144,478,532 | 11,943,011,542 |
| (Increase)/Decrease in inventories | 18 | (25,245,737) | (54,591,700) |
| Employee benefits expense | 19 | 924,262,416 | 880,437,818 |
| Other expenses | 20 | 2,120,168,513 | 2,158,677,820 |
| Depreciation and amortization expense | 21 | 286,708,910 | 284,098,892 |
| Financial costs | 22 | 4,453,828 | 27,031,774 |
| Exceptional item | 23 | (6,774,393) | - |
| Total expenses (II) | | 15,448,052,069 | 15,238,666,146 |
| Profit before tax | | 1,063,071,196 | 801,854,861 |
| Tax expense | | | |
| Current tax [including Rs. Nil (March 31,2014: Rs.345,434) relating to earlier year] | | 260,554,566 | 168,045,434 |
| MAT credit utilised/(entitlement) | | 74,345,434 | (39,145,434) |
| Adjustment of tax relating to earlier years | | (3,364,322) | (305,095) |
| Deferred tax expense/ (credit) | | (24,752,990) | (23,748,586) |
| Total tax expense | | 306,782,688 | 104,846,319 |
| Profit for the year | | 756,288,508 | 697,008,542 |
| Earnings per share | | | |
| Basic and diluted [Nominal value of shares Rs. 2/- (March 31, 2014: Rs. 2/-)] | 24 | 18.91 | 17.43 |

Summary of significant accounting policies 2.1

The accompanying notes are integral part of the financial statements.

As per our report of even date

For S.R.Batliboi & Co. LLP For and on behalf of the Board of Directors of Munjal Showa Limited
Chartered Accountants
Firm Registration No.: 301003E

per Sanjay Vij
Partner
Membership No. 95169

Yogesh Chander Munjal
Managing Director
DIN 00003491

Krishan Chand Sethi
Director
DIN 00004471

Vinod Kumar Agrawal
Director
DIN 00004463

Place: Gurgaon
Dated: May 22, 2015

Pankaj Gupta
Chief Financial Officer

Saurabh Agrawal
Company Secretary
Membership No. A36163

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

| | March 31, 2015 Rs. | March 31, 2014 Rs. |
|--|-----------------------|-----------------------|
| A. Cash flow from operating activities | | |
| Profit before tax | 1,063,071,196 | 801,854,861 |
| Adjustments for: | | |
| Depreciation and amortisation expense | 286,708,910 | 284,098,892 |
| (Profit)/Loss on disposal of fixed assets (net) | (193,321) | 2,253,808 |
| Net (gain)/loss on sale of current investments | (34,584,776) | (23,267,459) |
| Interest Income | (22,579,916) | (31,330,108) |
| Interest expense | 4,453,828 | 25,219,948 |
| Exchange differences (net) (unrealised) | (28,186,106) | 12,556,481 |
| Amortisation of borrowing costs | - | 1,811,826 |
| Bad Debts | 1,653,264 | - |
| Operating profit before working capital changes | 1,270,343,079 | 1,073,198,249 |
| Movements in working capital : | | |
| Decrease/(Increase) in trade receivables | (266,508,712) | (352,635,825) |
| Decrease/(Increase) in inventories | (171,365,924) | (93,976,478) |
| Decrease/(increase) in long term loans and advances | (4,310,213) | 403 |
| Decrease in short term loans and advances | 34,522,283 | (22,372,733) |
| Decrease/(increase) in other assets | 4,880,514 | (22,056,562) |
| (Decrease)/ increase in trade payables | (76,528,261) | 136,126,587 |
| (Decrease)/ increase in other current liabilities | 45,868,618 | (5,224,993) |
| Increase/ (decrease) in short term provisions | (10,523,665) | 23,345,201 |
| Increase in long term provisions | 10,582,446 | 7,340,469 |
| Cash generated form operations | 836,960,165 | 743,744,318 |
| Direct taxes paid (net of refunds) | (282,356,663) | (192,390,048) |
| Net cash generated form operating activities (A) | 554,603,502 | 551,354,270 |
| B. Cash flow from investing activities | | |
| Purchase of fixed assets, intangible assets, Capital work in progress and capital advances | (160,704,522) | (135,472,874) |
| Proceeds from disposal of fixed assets | 8,255,431 | 3,824,121 |
| Purchase of current investments | (7,791,819,453) | (5,990,000,000) |
| Proceeds from sale of current investments | 7,446,404,230 | 5,913,267,459 |
| Interest received | 22,571,679 | 31,325,733 |
| Net cash used in investing activities (B) | (475,292,635) | (177,055,561) |
| C. Cash flow from financing activities | | |
| Repayment of long term borrowings | - | (211,087,141) |
| Interest paid | (55,965,227) | (47,028,192) |
| Dividend paid | (139,483,794) | (119,570,891) |
| Tax on dividend paid | (23,790,026) | (20,391,451) |
| Net cash used in financing activities (C) | (219,239,047) | (398,077,675) |
| Net decrease in cash and cash equivalents (A+B+C) | (139,928,180) | (23,778,966) |
| Cash and cash equivalents at the beginning of the year | 155,569,293 | 179,348,259 |
| Cash and cash equivalents at the end of the year | 15,641,113 | 155,569,293 |
| Components of cash and cash equivalents | | |
| Cash on hand | 708,511 | 656,251 |
| Cheques on hand | - | 2,222,956 |
| Balances with scheduled banks: | | |
| On current accounts | 6,376,626 | 9,002,124 |
| On cash credit accounts | 3,568,744 | 139,199,437 |
| On unpaid dividend accounts (refer note 2 below) | 4,987,232 | 4,488,525 |
| Total cash and equivalents (note 14) | 15,641,113 | 155,569,293 |

Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as stated in Accounting Standard 3 on Cash Flow Statements, prescribed under the Companies Act, 2013.
- These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities.
- Negative Figures have been shown in brackets.

As per our report of even date

For S.R.Batliboi & Co. LLP

Chartered Accountants

Firm Registration No.: 301003E

per Sanjay Vij

Partner

Membership No. 95169

Place: Gurgaon

Dated: May 22, 2015

For and on behalf of the Board of Directors of Munjal Showa Limited

Yogesh Chander Munjal

Managing Director

DIN 00003491

Pankaj Gupta

Chief Financial Officer

Krishan Chand Sethi

Director

DIN 00004471

Saurabh Agrawal

Company Secretary

Membership No. A36163

Vinod Kumar Agrawal

Director

DIN 00004463

Notes to financial statements for the year ended March 31, 2015.**1. Corporate information**

Munjal Showa Limited ('the Company') is a Public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. It was established in 1985 as a result of technical and financial collaboration between Hero Group and Showa Corporation, Japan. The Company operates as an ancillary and manufactures auto components for the two-wheeler and four-wheeler industry, primary products being front forks, shock absorbers, struts, gas springs and window balancers for sale in domestic market. The Company has three manufacturing locations, two in the state of Haryana and one in the state of Uttarakhand. These units are located at Gurgaon, Manesar and Haridwar.

2. Basis of preparation

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies**a) Change in accounting estimates**

Depreciation on fixed assets

Till the year ended March 31, 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets. Unless stated otherwise, the impact mentioned for the current year is likely to hold good for future years also.

(i) Useful lives/ depreciation rates

Till the year ended March 31, 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the Company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act, 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

From April 1, 2014, Schedule II of the Companies Act, 2013 has become applicable to the Company. Accordingly, the Company has revised the estimated useful life of its assets from rates prescribed under Schedule XIV of the Companies Act, 1956 to the rates and useful life prescribed under Schedule II of Companies Act, 2013 except for certain class of assets, mentioned in (d) below. The written down value of fixed assets as at April 01, 2014 is being depreciated on prospective basis at the rate prescribed under Schedule II of the Companies Act, 2013. This change in accounting estimate has resulted in increase in depreciation and amortization expenses and correspondingly decreases in profit (before tax) for the current year by Rs 19,266,966.

(ii) Depreciation on assets costing less than Rs. 5,000

Till year ended March 31, 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the Company was charging 100% depreciation on assets costing less than Rs.5,000 in the year of purchase. However, Schedule II to the Companies Act 2013, applicable from the current year, does not recognize such practice. Hence, to comply with the requirement of Schedule II to the Companies Act,2013, the Company has changed its accounting practise for depreciation of assets costing less than Rs.5,000. Consequent to the change, the Company is depreciating such assets over their useful life as assessed by the management. The management has decided to apply the change prospectively from accounting periods commencing on or after April 01, 2014.

The change in accounting for depreciation of assets costing less than Rs. 5,000 did not have any material impact on financial statements of the Company for the current year.

b) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c) Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

d) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The company has used the following rates to provide depreciation on its fixed assets:

| S. No. | Assets | Useful lives estimated by the management (years) |
|--------|------------------------------|--|
| (i) | Buildings | 30 |
| (ii) | Plant and Machinery | 2 to 15 |
| (iii) | Furniture and fixtures | 10 |
| (iv) | Office Equipment | 5 |
| (v) | Computes- Servers & networks | 6 |
| (vi) | Computes- End user devices | 3 |
| (vii) | Vehicles | 6 |

The management has estimated, supported by assessment by technical experts, the useful lives of the following classes of assets:

- The useful lives of certain plant and machinery is estimated as ranging between 2 to 15 years, which is lower than those indicated in schedule II.
- Vehicles are depreciated over the estimated useful lives of 6 years, which is lower than those indicated in schedule II.

e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the

date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the Company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5- "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies."

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the company can demonstrate all the following:

1. The technical feasibility of completing the intangible asset so that it will be available for use or sale
2. Its intention to complete the asset
3. Its ability to use or sell the asset
4. How the asset will generate future economic benefits
5. The availability of adequate resources to complete the development and to use or sell the asset
6. The ability to measure reliably the expenditure attributable to the intangible asset during development.

Designs and Drawings

Amounts paid towards acquisition of designs and drawings for specifically identified products, is carried forward based on assessment of benefits arising from such expenditure. Such expenditure is amortised on straight line basis over the period of expected future sales from the related product, which the management has determined to be 24 months based on past trends, commencing from the month of commencement of commercial production.

Computer Software

Costs relating to software, which are acquired, are capitalized and amortised on a straight line basis over the management's estimated useful life of four years.

f) Leases

Where the Company is lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

g) Borrowing Costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

h) Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined

for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses, including impairment on inventories, are recognized in the statement of profit and loss.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss.

i) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

j) Inventories

Inventories are valued as follows:

| | |
|--|---|
| Raw materials, components, stores and spares | Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of Raw materials, components and stores and spares is determined on a weighted average basis. |
| Work-in-progress and finished goods | Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads, including depreciation, based on normal capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis. |
| Scrap | At net realizable value |

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

k) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

l) Foreign currency translation

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange differences

The Company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

1. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.
2. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
3. All other exchange differences are recognized as income or as expenses in the period in which they arise. For the purpose of 1 and 2 above, the Company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated 09 August 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period.

Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period. Any gain/ loss arising on forward contracts which are long-term foreign currency monetary items is recognized in accordance with paragraph 1 and 2 above.

m) Retirement and other benefits

Retirement benefit in the form of provident fund and superannuation fund (maintained as per the scheme of Life Insurance Corporation) is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the funds. The Company recognizes contribution payable to the fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If

the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit plan for its employees, viz., gratuity. The costs of providing benefits under this plan are determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out for the plan using the projected unit credit method. Actuarial gains and losses for the defined benefit plan are recognized in full in the period in which they occur in the statement of profit and loss. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

n) Income taxes

Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the income tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits.

In the situation where the Company is entitled to a tax holiday under the Income Tax Act, 1961 enacted in India, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

o) Segment reporting

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

p) Earnings per share

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

q) Provisions

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Warranty provisions

Provisions for warranty-related costs are recognized when the product is sold. Provision is based on historical experience. The estimate of such warranty-related costs is revised annually.

r) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non- occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

s) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

t) Derivative instruments

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the statement of profit and loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

| 3. Share Capital | March 31, 2015 | | March 31, 2014 | |
|--|--------------------|--|--------------------|--|
| | Rs. | | Rs. | |
| Authorised shares | | | | |
| 75,000,000 (March 31, 2014: 75,000,000) equity shares of Rs.2 each | <u>150,000,000</u> | | <u>150,000,000</u> | |
| Issued shares | | | | |
| 39,997,500 (March 31, 2014: 39,997,500) equity shares of Rs. 2 each | <u>79,995,000</u> | | <u>79,995,000</u> | |
| Subscribed and Fully Paid up shares | | | | |
| 39,995,000 (March 31, 2014: 39,995,000) equity shares of Rs.2 each | <u>79,990,000</u> | | <u>79,990,000</u> | |
| Share forfeited (amount originally paid up) | <u>2,500</u> | | <u>2,500</u> | |
| Total paid-up share capital | <u>79,992,500</u> | | <u>79,992,500</u> | |

(a) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year

| Equity shares | March 31, 2015 | | March 31, 2014 | |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | No. of shares | Rs. | No. of shares | Rs. |
| At the beginning of the year | 39,995,000 | 79,992,500 | 39,995,000 | 79,992,500 |
| Outstanding at the end of the year | <u>39,995,000</u> | <u>79,992,500</u> | <u>39,995,000</u> | <u>79,992,500</u> |

(b) Terms/ rights attached to equity shares

- The Company has only one class of equity shares having par value of Rs. 2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- During the year ended March 31, 2015, the amount of per share dividend recognized as distributions to equity shareholders is Rs. 4 (March 31, 2014: Rs. 3.50).
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Detail of shareholders holding more than 5% shares in the Company

| Equity shares of Rs. 2 each fully paid | March 31, 2015 | | March 31, 2014 | |
|---|----------------|-----------|----------------|-----------|
| | No. of shares | % holding | No. of shares | % holding |
| | in the class | | in the class | |
| (i) Dayanand Munjal Investments Private Limited | 15,600,000 | 39.00% | 15,600,000 | 39.00% |
| (ii) Showa Corporation, Japan | 10,400,000 | 26.00% | 10,400,000 | 26.00% |
| (iii) Enam Shares & Securities Private Limited | 2,154,508 | 5.39% | 2,737,000 | 6.84% |

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

4. Reserves and Surplus

| | March 31, 2015 Rs. | March 31, 2014 Rs. |
|---|-----------------------|-----------------------|
| General reserve | | |
| Balance as per the last financial statements | 2,190,784,601 | 1,990,784,601 |
| Add: Amount transferred from surplus balance in the statement of profit and loss | 200,000,000 | 200,000,000 |
| Closing Balance | 2,390,784,601 | 2,190,784,601 |
| Surplus in the statement of profit and loss | | |
| Balance as per the last financial statements | 1,290,508,307 | 957,272,291 |
| Profit for the year | 756,288,508 | 697,008,542 |
| Less: Amount of net value of fixed assets transferred to retained earnings whose useful life has exceeded the specified useful life (as per Schedule II of Companies Act 2013) (net of deferred tax) - [Refer note 2.1(a) and note 8] | (17,798,818) | - |
| Less: Appropriations | | |
| Proposed final dividend amount per share Rs. 4.00 (March 31, 2014 Rs 3.50) | (159,980,000) | (139,982,500) |
| Tax on proposed dividend | (32,568,164) | (23,790,026) |
| Transfer to general reserve | (200,000,000) | (200,000,000) |
| Total appropriations | (392,548,164) | (363,772,526) |
| Net surplus in the statement of profit and loss | 1,636,449,833 | 1,290,508,307 |
| Total reserves and surplus | 4,027,234,434 | 3,481,292,908 |

5. Deferred tax liabilities (net)

| | March 31, 2015 Rs. | March 31, 2014 Rs. |
|---|-----------------------|-----------------------|
| Deferred tax liabilities | | |
| Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting | 111,536,985 | 145,225,403 |
| Gross deferred tax liabilities | 111,536,985 | 145,225,403 |
| Deferred tax assets | | |
| Impact of expenditure charged to the statement of profit and loss in the current year and earlier years but allowable for tax purposes on payment basis | 16,963,063 | 16,873,071 |
| Provision for doubtful debts and advances | 9,895,842 | 9,719,131 |
| Gross deferred tax asset | 26,858,905 | 26,592,202 |
| Net deferred tax liabilities | 84,678,080 | 118,633,201 |

6. Provisions

| | Long term | Short term | Long term | Short term |
|--|-------------------|--------------------|-------------------|--------------------|
| | March 31, 2015 | | March 31, 2014 | |
| | Rs. | | Rs. | |
| Provision for employee benefits | | | | |
| Provision for gratuity (note 25) | - | 3,356,646 | - | 18,270,944 |
| Provision for leave benefits | - | 36,496,636 | - | 35,313,849 |
| | - | 39,853,282 | - | 53,584,793 |
| Other provisions | | | | |
| Provision for wealth tax | - | 222,670 | - | 261,624 |
| Provision for warranties | 25,156,986 | 11,906,831 | 14,574,540 | 8,660,031 |
| Provision for contingency | - | 7,500,000 | - | 7,500,000 |
| Proposed dividend | - | 159,980,000 | - | 139,982,500 |
| Tax on proposed dividend | - | 32,568,164 | - | 23,790,026 |
| | 25,156,986 | 212,177,665 | 14,574,540 | 180,194,181 |
| | 25,156,986 | 252,030,947 | 14,574,540 | 233,778,974 |

Provision for warranties

A provision is recognized for expected warranty claims on products sold during the last one to five years as per warranty period on respective models, based on past experience of level of repairs and returns. Assumption used to calculate the provision for warranties are based on current sales level and current information available about returns based on the warranty period for all products sold. The table below gives information about movement in warranty provision:

| | March 31, 2015 | March 31, 2014 |
|-------------------------------|-------------------|-------------------|
| | Rs. | Rs. |
| At the beginning of the year | 23,234,571 | 20,717,689 |
| Additions during the year | 41,728,997 | 19,320,018 |
| Utilized during the year | 27,899,751 | 16,803,136 |
| Unused amount reversed | - | - |
| At the end of the year | 37,063,817 | 23,234,571 |
| Current portion | 11,906,831 | 8,660,031 |
| Non-current portion | 25,156,986 | 14,574,540 |

Provision for contingency

The Company had received a show-cause notice from Haryana State Pollution Control Board ('HSPCB') in 2009-10 towards contamination of ground water caused due to higher concentration of chromium used by the Company as compared to the minimum expected level. Pursuant to the show cause notice, the management had submitted a time bound remediation plan as per which specified milestones were to be achieved at the end of each quarter till December 2010. A bank guarantee of Rs. 50,000,000 had also been submitted to HSPCB. The management had initiated adequate steps suggested by the experts and had completed the plan within the overall time frame. Against the appeal filed by the Company with Appellate Authority, HSPCB, the case had been decided by the appellate authority on November 4, 2011 and as per the order of the appellate authority, bank guarantee of Rs. 37,500,000 had been released and bank guarantee of Rs. 12,500,000 had been forfeited by HSPCB. The Company had filed a writ petition against the order of the appellate authority before the Hon'ble High Court of Punjab and Haryana, which gave the decision for transfer of the case to National Green Tribunal, New Delhi. Since the matter is sub-judice and pending at Tribunal level, provision of Rs. 7,500,000 (March 31, 2014: Rs. 7,500,000), over and above the amount already forfeited by HSPCB, had been retained towards any contingency, as per management's assessment of the costs to be incurred. The table below gives information about movement in provision :

| | March 31, 2015 | March 31, 2014 |
|-------------------------------|------------------|------------------|
| | Rs. | Rs. |
| At the beginning of the year | 7,500,000 | 7,500,000 |
| Additions during the year | - | - |
| Utilized during the year | - | - |
| Unused amount reversed | - | - |
| At the end of the year | 7,500,000 | 7,500,000 |
| Current portion | 7,500,000 | 7,500,000 |
| Non-current portion | - | - |

7. Other current liabilities

| | March 31, 2015 | March 31, 2014 |
|--|----------------------|----------------------|
| | Rs. | Rs. |
| Trade payables (including acceptances) (note 32 for details of dues to micro and small enterprises) | 1,551,831,792 | 1,656,546,158 |
| Other liabilities | | |
| Interest accrued but not due on cash credit account | 33,147 | 13,202 |
| Investor Education and Protection Fund shall be credited by following amount (as and when due): | | |
| Unpaid dividend | 4,987,232 | 4,488,525 |
| Others: | | |
| Payable towards capital goods (refer note 39) | - | 46,149,388 |
| Security deposit from customers / others* | 4,313,770 | 4,738,770 |
| Interest on land cost enhancement payable (note 39) | 47,597 | 51,578,941 |
| Book Overdraft | 54,607,466 | - |
| Service tax payable | 1,176,274 | 2,209,141 |
| Sales tax/ VAT payable | 15,190,939 | 21,853,589 |
| Tax Deducted at Source and Tax Collected at Source payable | 15,333,076 | 16,807,056 |
| Cess payable | 276,408 | 196,629 |
| Works Contract Tax payable | 82,286 | 41,797 |
| Provident Fund and Employee State Insurance payable | 7,323,447 | 6,803,464 |
| Other dues | 3,207,701 | 2,992,302 |
| | 106,579,343 | 157,872,804 |
| | 1,658,411,135 | 1,814,418,962 |

*Security deposits are repayable on demand.

8. Tangible assets

| | Amount in Rs. | | | | | | | | Total |
|--|--------------------|--------------------|----------------------|----------------------|-------------------|-------------------|-------------------|--|----------------------|
| | Freehold Land | Buildings | Plant & Machinery | Furniture & Fixtures | Office equipment | Computers | Vehicles | | |
| Cost | | | | | | | | | |
| At April 01, 2013 | 527,500,946 | 712,640,057 | 2,941,684,419 | 14,694,869 | 15,588,364 | 21,356,913 | 38,973,868 | | 4,272,439,436 |
| Additions | - | 1,870,200 | 107,400,403 | 86,636 | 3,380,287 | 5,367,636 | 17,949,914 | | 136,055,076 |
| Disposals | - | - | 27,014,969 | - | 5,300 | 1,332,516 | 14,167,280 | | 42,520,065 |
| At March 31, 2014 | 527,500,946 | 714,510,257 | 3,022,069,853 | 14,781,505 | 18,963,351 | 25,392,033 | 42,756,502 | | 4,365,974,447 |
| Additions | - | 716,689 | 74,890,822 | 995,879 | 1,374,851 | 1,333,819 | 1,246,392 | | 80,558,452 |
| Disposals | 7,762,931 | - | - | - | 492,020 | - | 1,749,463 | | 10,004,414 |
| At March 31, 2015 | 519,738,015 | 715,226,946 | 3,096,960,675 | 15,777,384 | 19,846,182 | 26,725,852 | 42,253,431 | | 4,436,528,485 |
| Depreciation | | | | | | | | | |
| At April 01, 2013 | - | 146,136,441 | 1,637,019,753 | 8,064,637 | 6,077,409 | 15,752,484 | 19,896,053 | | 1,832,946,777 |
| Charge for the year | - | 23,809,878 | 224,995,878 | 687,673 | 1,121,453 | 2,020,963 | 7,323,073 | | 259,958,918 |
| Disposals | - | - | 22,988,578 | - | 1,253 | 1,251,121 | 12,201,184 | | 36,442,136 |
| At March 31, 2014 | - | 169,946,319 | 1,839,027,053 | 8,752,310 | 7,197,609 | 16,522,326 | 15,017,942 | | 2,056,463,559 |
| Adjusted out of Retained earnings under Note 4 (also refer 2.1(a)) | - | - | 21,919,728 | 137,794 | 3,502,324 | 1,414,471 | 26,632 | | 27,000,949 |
| Charge for the year | - | 27,382,814 | 218,569,173 | 3,218,791 | 3,574,315 | 2,562,514 | 7,075,835 | | 262,383,442 |
| Disposals | - | - | - | - | 466,786 | - | 1,475,518 | | 1,942,304 |
| At March 31, 2015 | - | 197,329,133 | 2,079,515,954 | 12,108,895 | 13,807,462 | 20,499,311 | 20,644,891 | | 2,343,905,646 |
| Net Block | | | | | | | | | |
| At March 31, 2014 | 527,500,946 | 544,563,938 | 1,183,042,800 | 6,029,195 | 11,765,742 | 8,869,707 | 27,738,560 | | 2,309,510,888 |
| At March 31, 2015 | 519,738,015 | 517,897,813 | 1,017,444,721 | 3,668,489 | 6,038,720 | 6,226,541 | 21,608,540 | | 2,092,622,839 |

Notes :

- Freehold land costing Rs. 237,735,700 (March 31, 2014: Rs. 245,498,631) allotted to the Company by Haryana State Industrial and Infrastructure Development Corporation Limited, is not yet registered in the name of the Company. Deletion to freehold land of Rs. 7,762,931 (March 31, 2014: Rs. Nil) represent price adjustment pursuant to order passed by Hon'ble High Court of Punjab and Haryana (refer note 39).
- Tangible assets having purchase cost of Rs.2,241,483, March 31, 2014: Rs. 28,261,151, (Written down value Rs.299,179 & March 31, 2014: Rs. 4,099,971) were discarded during the year.

9. Intangible assets

| | Amount in Rs. | | |
|--------------------------|-------------------|----------------------|--------------------|
| | Computer Software | Designs and drawings | Total |
| Gross block | | | |
| At April 1, 2013 | 8,952,866 | 103,321,965 | 112,274,831 |
| Purchase | 214,230 | 23,436,300 | 23,650,530 |
| Deletions | - | - | - |
| At March 31, 2014 | 9,167,096 | 126,758,265 | 135,925,361 |
| Purchase | 1,037,052 | 21,781,500 | 22,818,552 |
| Deletions | - | - | - |
| At March 31, 2015 | 10,204,148 | 148,539,765 | 158,743,913 |
| Amortization | | | |
| At April 1, 2013 | 6,582,249 | 85,512,798 | 92,095,047 |
| Charge for the year | 1,132,330 | 23,007,646 | 24,139,976 |
| Deletions | - | - | - |
| At March 31, 2014 | 7,714,579 | 108,520,444 | 116,235,023 |
| Charge for the year | 1,017,371 | 23,308,097 | 24,325,468 |
| Deletions | - | - | - |
| At March 31, 2015 | 8,731,950 | 131,828,541 | 140,560,491 |
| Net Block | | | |
| At March 31, 2014 | 1,452,517 | 18,237,821 | 19,690,338 |
| At March 31, 2015 | 1,472,198 | 16,711,224 | 18,183,422 |

10. Loans and advances

| | Non-current | Current | Non-Current | Current |
|--|-----------------------|---------------------|-------------------|---------------------|
| | March 31, 2015 | | March 31, 2014 | |
| | Rs. | | Rs. | |
| Capital advances | | | | |
| Unsecured, considered good | 3,617,204 | - | 4,516,324 | - |
| | (A) 3,617,204 | - | 4,516,324 | - |
| Security deposits | | | | |
| Unsecured, considered good | 28,292,105 | 470,000 | 27,719,354 | 470,000 |
| | (B) 28,292,105 | 470,000 | 27,719,354 | 470,000 |
| Advances recoverable in cash or in kind or for value to be received | | | | |
| Unsecured, Considered good | - | 39,794,458 | - | 36,196,361 |
| Unsecured, Considered doubtful | - | 24,213,552 | - | 24,213,552 |
| | - | 64,008,010 | - | 60,409,913 |
| Less: Provision for doubtful advances | (C) - | (24,213,552) | - | (24,213,552) |
| | (C) - | 39,794,458 | - | 36,196,361 |
| Other loans & advances | | | | |
| Secured considered good | | | | |
| Loan to suppliers (secured by hypothecation of vehicles) | - | - | - | 2,466,666 |

| | Non-current | Current | Non-Current | Current |
|--|------------------------|----------------------|--------------------|----------------------|
| | March 31, 2015 | | March 31, 2014 | |
| | Rs. | | Rs. | |
| Unsecured, considered good | | | | |
| Advance income tax/tax deducted at source (net of provision for taxation) | 347,607,682 | - | 322,441,263 | - |
| MAT credit entitlement | - | - | 74,345,434 | - |
| Prepaid expenses | - | 14,735,523 | - | 17,212,746 |
| Loan to employees/suppliers | 14,911,615 | 8,771,719 | 11,174,153 | 9,400,638 |
| Balances with statutory/government authorities | - | 110,414,667 | - | 142,962,239 |
| Unsecured, considered doubtful | | | | |
| Loan to employees/suppliers | - | 489,676 | - | 498,676 |
| | 362,519,297 | 134,411,585 | 407,960,850 | 172,531,965 |
| Less : Provision for doubtful advances | - | (489,676) | - | (489,676) |
| | (D) 362,519,297 | 133,921,909 | 407,960,850 | 172,042,298 |
| Total (A+B+C+D) | 394,428,606 | 174,186,367 | 440,196,528 | 208,708,650 |
| Loan and advances include: | | | | |
| Due from a Private Limited Company in which two directors of the Company are interested as directors | - | 2,864,822 | - | 3,730,547 |
| 11. Trade receivables and other assets | | | | |
| 11.1 Trade receivables | | | | |
| | Non-current | Current | Non-Current | Current |
| | March 31, 2015 | | March 31, 2014 | |
| | Rs. | | Rs. | |
| Debts outstanding for a period exceeding six months from the date they are due for payment | | | | |
| Unsecured, considered good | - | - | - | 2,426,716 |
| Unsecured, considered doubtful | - | 3,890,861 | - | 3,890,861 |
| | - | 3,890,861 | - | 6,317,577 |
| Provision for doubtful receivables | - | (3,890,861) | - | (3,890,861) |
| | (A) - | - | - | 2,426,716 |
| Other receivables | | | | |
| Unsecured, considered good | - | 2,033,591,641 | - | 1,766,309,477 |
| | (B) - | 2,033,591,641 | - | 1,766,309,477 |
| Total (A+B) | - | 2,033,591,641 | - | 1,768,736,193 |
| 11.2 Other assets | | | | |
| Unsecured, considered good unless otherwise stated | | | | |
| Non-current bank balances (note 14) | 50,000 | - | 50,000 | - |
| | (C) 50,000 | - | 50,000 | - |
| Others | | | | |
| Interest accrued but not due on deposit | 20,080 | - | 11,843 | - |
| Unbilled revenue | - | 36,086,825 | - | 40,967,339 |
| | (D) 20,080 | 36,086,825 | 11,843 | 40,967,339 |
| Total (C+D) | 70,080 | 36,086,825 | 61,843 | 40,967,339 |

12. Current investments

| | March 31, 2015 Rs. | March 31, 2014 Rs. |
|--|-----------------------|-----------------------|
| Current investments (valued at lower of cost and fair value, unless stated otherwise) | | |
| <i>Unquoted mutual funds</i> | | |
| Nil (March 31, 2014: 119,238.675) units of Rs. 1,000/- each fully paid-up of Morgan Stanley Liquid Fund-Growth Plan | - | 150,000,000 |
| Nil (March 31, 2014: 102,448.618) units of Rs. 1,000 each fully paid-up of Baroda Pioneer Liquid Fund - Plan A Growth | - | 150,000,000 |
| 1,02,978.061 (March 31, 2014: Nil) units of Rs. 1,000/- each fully paid-up of Reliance Liquid Fund- Treasury Plan- Growth Option | 350,000,000 | - |
| 17,304,454.284 (March 31, 2014: Nil) units of Rs. 10/- each fully paid-up of Sundaram Ultra Short-Term Fund Regular Growth | 330,000,000 | - |
| | <u>680,000,000</u> | <u>300,000,000</u> |
| Aggregate amount of unquoted investments | 680,000,000 | 300,000,000 |
| Net assets value of above investment | 681,973,201 | 300,919,177 |

13. Inventories (valued at lower of cost and net realisable value)

| | March 31, 2015 Rs. | March 31, 2014 Rs. |
|--|-----------------------|-----------------------|
| Raw materials and components [Including stock in transit: Rs.197,257,888 (March 31, 2014: Rs. 96,388,359)] | 426,094,729 | 270,638,209 |
| Work in progress (refer note 18) | 90,610,211 | 77,316,851 |
| Finished goods (refer note 18) | 99,660,416 | 87,682,805 |
| Stores and spares [Including stock in transit: Rs. 2,953,158 (March 31, 2014: Rs.5,667,227)] | 48,539,486 | 57,875,819 |
| Scrap | 347,380 | 372,614 |
| | <u>665,252,222</u> | <u>493,886,298</u> |

14. Cash and bank balances

| | Non-current March 31, 2015 Rs. | Current March 31, 2015 Rs. | Non-Current March 31, 2014 Rs. | Current March 31, 2014 Rs. |
|---|--------------------------------------|----------------------------------|--------------------------------------|----------------------------------|
| Cash and cash equivalents | | | | |
| Balances with banks: | | | | |
| On current accounts | - | 6,376,626 | - | 9,002,124 |
| On cash credit accounts | - | 3,568,744 | - | 139,199,437 |
| On unpaid dividend accounts | - | 4,987,232 | - | 4,488,525 |
| Cheques on hand | - | - | - | 2,222,956 |
| Cash on hand | - | 708,511 | - | 656,251 |
| | <u>-</u> | <u>15,641,113</u> | <u>-</u> | <u>155,569,293</u> |
| Other bank balances: | | | | |
| Deposits with original maturity for more than 12 months | 50,000 | - | 50,000 | - |
| Margin money deposit | 50,000 | - | 50,000 | - |
| | <u>100,000</u> | <u>-</u> | <u>100,000</u> | <u>-</u> |
| Amount disclosed under non-current assets (note 11.2) | (50,000) | - | (50,000) | - |
| | <u>-</u> | <u>15,641,113</u> | <u>-</u> | <u>155,569,293</u> |

Fixed deposit receipt of Rs.50,000 (March 31, 2014: Rs. 50,000) has been pledged with VAT authorities.

15. Revenue from operations

| | March 31, 2015 Rs. | March 31, 2014 Rs. |
|--|-----------------------|-----------------------|
| Revenue from operations | | |
| Sale of products: | | |
| Finished goods | 17,588,629,878 | 17,093,964,475 |
| Other operating revenue: | | |
| Scrap Sales | 249,619,119 | 252,686,401 |
| Revenue from operations (gross) | 17,838,248,997 | 17,346,650,876 |
| Less : Excise duty # | 1,408,581,633 | 1,366,919,652 |
| Revenue from operations (net) | 16,429,667,364 | 15,979,731,224 |

In accordance with explanations below Para 10 of Notified Accounting Standard 9 - Revenue Recognition, excise duty on sales amounting to Rs.1,408,581,633 (March 31, 2014: Rs.1,366,919,652) has been reduced from sales in the statement of profit and loss and excise duty on variation of opening and closing stock of finished goods and scrap amounting to Rs. 3,569,389 (March 31, 2014: Rs. 2,245,117) has been considered as (income)/ expense in note 20 of the financial statements.

Details of product sold

| | March 31, 2015 Rs. | March 31, 2014 Rs. |
|----------------------------|-----------------------|-----------------------|
| Finished goods sold | | |
| Shock absorbers | 15,265,507,006 | 15,507,254,684 |
| Struts | 1,800,126,064 | 1,092,138,334 |
| Window balancer | 89,438,519 | 92,564,693 |
| Other components | 433,558,289 | 402,006,764 |
| | 17,588,629,878 | 17,093,964,475 |

16. Other Income

| | March 31, 2015 Rs. | March 31, 2014 Rs. |
|---|-----------------------|-----------------------|
| Interest income on : | | |
| Bank deposits | 8,237 | 4,375 |
| Income-tax refunds | 12,489,895 | 28,393,541 |
| Loans to employees | 622,086 | 561,856 |
| Others | 2,685,305 | 2,370,336 |
| Net gain on sale of current investments | 34,584,776 | 23,267,459 |
| Profit on disposal of tangible assets (net) | 193,321 | - |
| Exchange differences (net) | 28,186,106 | - |
| Liabilities no longer required written back (net) | 1,530,320 | 2,129,031 |
| Miscellaneous income | 1,155,855 | 4,063,185 |
| | 81,455,901 | 60,789,783 |

17. Cost of raw materials and components consumed

| | March 31, 2015 Rs. | March 31, 2014 Rs. |
|--|-----------------------|-----------------------|
| Inventory at the beginning of the year | 270,638,209 | 232,535,774 |
| Add : Purchases during the year | 12,299,935,052 | 11,981,113,977 |
| | 12,570,573,261 | 12,213,649,751 |
| Less : Inventory at the end of the year | 426,094,729 | 270,638,209 |
| Cost of raw materials and components consumed | 12,144,478,532 | 11,943,011,542 |

| Details of raw material and components consumed | March 31, 2015 Rs. | March 31, 2014 Rs. |
|---|-------------------------------|-------------------------------|
| Fork pipe | 1,842,589,676 | 1,827,586,503 |
| Bottom case | 2,686,939,766 | 2,499,746,753 |
| Main spring cushion | 1,728,118,628 | 1,399,022,289 |
| Oil seal | 742,368,648 | 745,849,277 |
| Dust seal | 135,215,999 | 142,809,712 |
| Other materials and components | 5,009,245,815 | 5,327,997,008 |
| | 12,144,478,532 | 11,943,011,542 |
| Details of inventory | March 31, 2015 Rs. | March 31, 2014 Rs. |
| Raw materials and components | | |
| Fork pipe | 4,742,670 | 4,265,992 |
| Bottom case | 192,345,483 | 82,251,478 |
| Main spring cushion | 7,061,774 | 6,333,830 |
| Oil seal | 43,888,981 | 36,181,258 |
| Dust seal | 1,257,899 | 1,069,183 |
| Other materials and components | 176,797,922 | 140,536,468 |
| | 426,094,729 | 270,638,209 |
| 18. (Increase)/Decrease in inventories | March 31, 2015 Rs. | March 31, 2014 Rs. |
| Inventories at the beginning of the year | | |
| Work-in-Progress | 77,316,851 | 82,160,289 |
| Finished goods | 87,682,805 | 28,278,763 |
| Scrap | 372,614 | 341,518 |
| | 165,372,270 | 110,780,570 |
| Inventories at the end of the year | | |
| Work-in-progress | 90,610,211 | 77,316,851 |
| Finished goods | 99,660,416 | 87,682,805 |
| Scrap | 347,380 | 372,614 |
| | 190,618,007 | 165,372,270 |
| | (25,245,737) | (54,591,700) |
| Details of inventory | March 31, 2015 Rs. | March 31, 2014 Rs. |
| Work-in-Progress | | |
| Shock absorbers | 85,402,773 | 72,605,578 |
| Struts | 4,930,292 | 3,200,976 |
| Window balancer | 277,146 | 1,510,297 |
| | 90,610,211 | 77,316,851 |
| Finished goods | | |
| Shock absorbers | 85,329,973 | 78,986,311 |
| Struts | 13,686,845 | 8,491,316 |
| Window balancer | 643,598 | 205,178 |
| | 99,660,416 | 87,682,805 |

| 19. Employee benefits expense | March 31, 2015 Rs. | March 31, 2014 Rs. |
|---|-----------------------|-----------------------|
| Salaries, wages and bonus | 792,462,799 | 754,998,635 |
| Contribution to provident and other funds | 31,436,084 | 29,254,458 |
| Gratuity expense (note 25) | 8,401,700 | 23,899,364 |
| Contribution to superannuation fund | 5,561,841 | 4,233,996 |
| Staff welfare expenses | 86,399,992 | 68,051,365 |
| | 924,262,416 | 880,437,818 |
| | | |
| 20. Other expenses | March 31, 2015 Rs. | March 31, 2014 Rs. |
| Consumption of stores and spares | 477,903,809 | 498,247,540 |
| Job work expenses | 248,548,710 | 244,702,360 |
| Differential excise duty on opening and closing inventories | 3,569,389 | 2,245,117 |
| Power and fuel | 559,660,953 | 576,494,340 |
| Freight and forwarding charges | 63,115,459 | 58,727,640 |
| Rent | 2,392,500 | 2,307,750 |
| Hire charges | 486,000 | 369,000 |
| Rates and taxes | 13,154,965 | 13,130,356 |
| Insurance | 16,397,229 | 14,860,461 |
| Repairs and maintenance: | | |
| Plant and machinery | 132,670,118 | 133,065,754 |
| Buildings | 17,787,385 | 8,728,630 |
| Others | 25,853,850 | 31,599,423 |
| Advertising and sales promotion | 1,539,831 | 1,457,891 |
| Cash discounts | 651,999 | 30,864,650 |
| Royalty | 416,325,036 | 411,949,297 |
| Technician fee | 1,271,940 | 3,384,482 |
| Warranty expense | 41,728,997 | 19,320,018 |
| Legal and professional fees | 14,383,722 | 16,659,415 |
| Travelling and conveyance | 37,599,973 | 36,334,786 |
| Communication costs | 4,646,106 | 4,236,364 |
| Printing and stationery | 2,794,242 | 3,356,964 |
| Directors' sitting fees | 2,000,000 | 940,000 |
| Payment to statutory auditors' (Refer details below) | 3,806,050 | 3,676,791 |
| Donations and contributions to charitable institutions | 1,391,092 | 415,259 |
| Bad debts | 1,653,264 | - |
| Bank charges | 1,740,705 | 1,591,474 |
| Exchange differences (net) | - | 12,556,481 |
| Loss on disposal of tangible and intangible assets (net) | - | 2,253,808 |
| CSR Expenditure (Refer Note 38) | 2,833,032 | - |
| Miscellaneous expenses | 24,262,157 | 25,201,769 |
| | 2,120,168,513 | 2,158,677,820 |
| | | |
| Payment to statutory auditor | | |
| As auditors': | | |
| Audit fee | 2,200,000 | 2,000,000 |
| Tax audit fee | 300,000 | 300,000 |
| Limited review | 900,000 | 900,000 |
| In other capacity: | | |
| Other services (Certification etc.) | 235,000 | 280,000 |
| Reimbursement of expences | 171,050 | 196,791 |
| | 3,806,050 | 3,676,791 |

21. Depreciation and amortization expense

| | March 31, 2015 Rs. | March 31, 2014 Rs. |
|-----------------------------------|-----------------------|-----------------------|
| Depreciation of tangible assets | 262,383,442 | 259,958,918 |
| Amortisation of intangible assets | 24,325,468 | 24,139,974 |
| | 286,708,910 | 284,098,892 |

22. Finance costs

| | March 31, 2015 Rs. | March 31, 2014 Rs. |
|---|-----------------------|-----------------------|
| Interest expense [including interest on income tax of Rs. 566,585 (March 31, 2014: Rs. 66,713)] | 4,453,828 | 25,219,948 |
| Amortization of borrowing costs | - | 1,811,826 |
| | 4,453,828 | 27,031,774 |

23. Exceptional item

| | March 31, 2015 Rs. | March 31, 2014 Rs. |
|---|-----------------------|-----------------------|
| Interest expense written back being no longer payable (Refer note 39) | 6,774,393 | - |
| | 6,774,393 | - |

24. Earning per share (EPS)

| | March 31, 2015 | March 31, 2014 |
|--|----------------|----------------|
| Net profit as per statement of profit and loss (Rs.) | 756,288,508 | 697,008,542 |
| Weighted average number of equity shares for calculating basic and diluted EPS | 39,995,000 | 39,995,000 |
| Nominal value per share (Rs.) | 2.00 | 2.00 |
| Basic and Diluted earnings per share (Rs.) | 18.91 | 17.43 |

25. Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service or part thereof in excess of six months. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

Statement of profit and loss

Net employee benefit expense recognized in employee cost:

| | March 31, 2015 Rs. | March 31, 2014 Rs. |
|--|-----------------------|-----------------------|
| Current service cost | 7,960,687 | 7,424,390 |
| Interest cost on benefit obligation | 8,927,540 | 5,633,738 |
| Expected return on plan assets | (6,473,916) | (5,529,097) |
| Net actuarial (gain) / loss recognized in the year | (2,012,611) | 16,370,333 |
| Net benefit expense | 8,401,700 | 23,899,364 |
| Actual return on plan assets | 8,251,386 | 6,261,141 |

Balance Sheet

Benefit asset/ liability

| | March 31, 2015 | March 31, 2014 |
|---------------------------------------|--------------------|---------------------|
| | Rs. | Rs. |
| Defined benefit obligation | (113,670,420) | (99,194,889) |
| Fair value of plan assets | 110,313,774 | 80,923,945 |
| | (3,356,646) | (18,270,944) |
| Less : Unrecognized past service cost | - | - |
| Plan liability | (3,356,646) | (18,270,944) |

Changes in present value of the defined benefit obligation are as follows :

| | March 31, 2015 | March 31, 2014 |
|---|--------------------|-------------------|
| | Rs. | Rs. |
| Opening defined benefit obligation | 99,194,889 | 70,421,727 |
| Interest Cost | 8,927,540 | 5,633,738 |
| Current Service Cost | 7,960,687 | 7,424,390 |
| Benefits paid | (2,177,555) | (1,387,343) |
| Actuarial losses on obligation | (235,141) | 17,102,377 |
| Closing defined benefit obligation | 113,670,420 | 99,194,889 |

Changes in the fair value of plan assets are as follows:

| | March 31, 2015 | March 31, 2014 |
|--|--------------------|-------------------|
| | Rs. | Rs. |
| Opening fair value of plan assets | 80,923,945 | 69,113,707 |
| Expected return | 6,473,916 | 5,529,097 |
| Contributions by employer | 23,315,998 | 6,936,440 |
| Benefits paid | (2,177,555) | (1,387,343) |
| Actuarial gains | 1,777,470 | 732,044 |
| Closing fair value of plan assets | 110,313,774 | 80,923,945 |

The Company expects to contribute Rs. 10,602,764 (March 31, 2014: Rs. 11,064,117) to gratuity fund in the year 2015-16.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

| | March 31, 2015 | March 31, 2014 |
|--------------------------|----------------|----------------|
| | % | % |
| Investments with insurer | 100 | 100 |

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to the improved debt market scenario.

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below :

| | March 31, 2015 | March 31, 2014 |
|-----------------------------------|----------------|----------------|
| | % | % |
| Discount rate | 8.00 | 8.00 |
| Expected rate of return on assets | 8.00 | 8.00 |
| Increase in compensation cost | 7.00 | 7.00 |
| Employee turnover | | |
| -upto 30 years | 3.00 | 3.00 |
| -above 30 years but upto 44 years | 2.00 | 2.00 |
| -above 44 years | 1.00 | 1.00 |

Note :

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amount for the current and previous four years are as follows :

| | March 31, 2015 | March 31, 2014 | March 31, 2013 | March 31, 2012 | March 31, 2011 |
|--|----------------|----------------|----------------|----------------|----------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. |
| Defined benefit obligation | 113,670,420 | 99,194,889 | 70,421,727 | 60,685,370 | 53,307,149 |
| Fair value of plan assets | 110,313,774 | 80,923,945 | 69,113,707 | 58,157,751 | 30,716,476 |
| Deficit | 3,356,646 | 18,270,944 | 1,308,020 | 2,527,619 | 22,590,673 |
| Experience adjustments on plan liabilities | (8,126,164) | 17,106,581 | (253,554) | (98,498) | (9,873,231) |
| Experience adjustments on plan assets | 1,777,470 | 732,044 | 953,953 | 2,082,083 | 68,924 |

Defined Contribution Plan :

| | March 31, 2015 | March 31, 2014 |
|---|----------------|----------------|
| Contribution to Provident Fund (Rs.) | 28,802,706 | 26,798,003 |
| Contribution to Superannuation Fund (Rs.) | 5,561,841 | 4,233,996 |

26. Leases

Operating lease : Company as lessee

The Company has taken various residential properties under operating lease agreements. These are cancellable leases and are renewable by mutual consent on mutually agreed terms. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases.

| | March 31, 2015 | March 31, 2014 |
|-----------------------------|----------------|----------------|
| | Rs. | Rs. |
| Lease payments for the year | 2,392,500 | 2,307,750 |

27. Segment Information

Based on the guiding principles given in Accounting Standard on 'Segmental Reporting' (AS-17), notified under the Companies Account Rules, 2014, the Company's primary business segment is manufacturing of auto components for two-wheeler and four-wheeler industry. The business comprises manufacturing and selling of various auto components, viz, front fork, shock absorbers, struts, gas springs and window balancers, having similar risks and rewards because of similar nature of these items. The Company operates only in India i.e. only one business and geographical segment and thus, no further disclosures are required to be made as per Accounting Standard (AS-17).

28. Related party disclosures

(i) Names of related parties and related party relationship

- (a) Key management personnel and their relatives
 - Mr. Yogesh Chander Munjal – Managing Director
 - Mr. Isao Ito - Joint Managing Director
 - Mrs. Nidhi Kapoor – Daughter of Mr. Yogesh Chander Munjal
- (b) Enterprise with significant influence over the Company
 - Showa Corporation, Japan
- (c) Enterprises owned or significantly influenced by key management personnel and their relatives
 - Dayanand Munjal Investments Private Limited
 - Majestic Auto Limited
 - Shivam Autotech Limited
- (d) Additional related parties as per Companies Act 2013, with whom transactions have taken during the year
 - Key managerial personnel
 - Mr. Mahesh Chand Taneja - Chief Financial Officer (till February 28, 2014)
 - Mr. Pankaj Gupta- Chief Financial Officer & Company Secretary* (w.e.f. March 1, 2014)
 - Mr. Saurabh Agrawal- Company Secretary (w.e.f February 6, 2015)
 - Enterprises in which Director is a member/partner
 - Sunbeam Auto Private Limited
 - Munjal Castings (Partnership firm)

* Resigned from the post of Company Secretary effective February 6, 2015

Related party transactions

(ii) The following table provides the total value of transactions that have been entered into with related parties for the relevant financial year: (Amount in Rs.)

| | Enterprises with significant influence over the Company | | Key management personnel & their relatives | | Enterprises over which Directors and their relatives have significant influence | | Total |
|---|---|--------------------|--|----------|---|----------------------|----------------------|
| | 2014-15 | 2013-14 | 2014-15 | 2013-14 | 2014-15 | 2013-14 | |
| Transactions during the year : | | | | | | | |
| Sale of goods | | | | | | | |
| Majestic Auto Limited | - | - | - | - | - | 347,827 | 347,827 |
| Showa Corporation, Japan | 564,065 | 1,221,193 | - | - | - | - | 1,221,193 |
| | 564,065 | 1,221,193 | - | - | - | 347,827 | 1,569,020 |
| Purchase of goods | | | | | | | |
| Majestic Auto Limited | - | - | - | - | 6,533,199 | 3,953,253 | 3,953,253 |
| Shivam Autotech Limited | - | - | - | - | 137,451,008 | 118,264,837 | 118,264,837 |
| Showa Corporation, Japan | 380,548,484 | 313,834,150 | - | - | - | - | 313,834,150 |
| Sunbeam Auto Private Limited | - | - | - | - | 1,408,528,075 | 1,768,596,179 | 1,768,596,179 |
| Munjal Castings | - | - | - | - | 20,671,797 | 4,895,468 | 4,895,468 |
| | 380,548,484 | 313,834,150 | - | - | 1,573,184,079 | 1,895,709,737 | 2,209,543,887 |
| Royalty paid/payable | | | | | | | |
| Showa Corporation, Japan | 416,325,036 | 411,949,297 | - | - | - | - | 411,949,297 |
| | 416,325,036 | 411,949,297 | - | - | - | - | 411,949,297 |
| Purchase of intangible assets | | | | | | | |
| Design & drawing fees | | | | | | | |
| Showa Corporation, Japan | 21,781,500 | 23,436,300 | - | - | - | - | 23,436,300 |
| | 21,781,500 | 23,436,300 | - | - | - | - | 23,436,300 |
| Technician fee paid/payable | | | | | | | |
| Showa Corporation, Japan | 1,271,940 | 3,384,482 | - | - | - | - | 3,384,482 |
| | 1,271,940 | 3,384,482 | - | - | - | - | 3,384,482 |
| Interest expense paid/payable | | | | | | | |
| Showa Corporation, Japan | 1,002,738 | 1,035,726 | - | - | - | - | 1,035,726 |
| | 1,002,738 | 1,035,726 | - | - | - | - | 1,035,726 |
| Travelling and conveyance expense paid/payable | | | | | | | |
| Showa Corporation, Japan | 1,993,418 | 2,634,824 | - | - | - | - | 2,634,824 |
| | 1,993,418 | 2,634,824 | - | - | - | - | 2,634,824 |
| Legal and professional fees paid/payable | | | | | | | |
| Showa Corporation, Japan | 90,756 | - | - | - | - | - | 90,756 |
| | 90,756 | - | - | - | - | - | 90,756 |
| Staff welfare expense paid/payable | | | | | | | |
| Showa Corporation, Japan | 17,028 | - | - | - | - | - | 17,028 |
| | 17,028 | - | - | - | - | - | 17,028 |

(ii) The following table provides the total value of transactions that have been entered into with related parties for the relevant financial year: (Amount in Rs.)

| | Enterprises with significant influence over the Company | | | | Key management personnel & their relatives | | Enterprises over which Directors and their relatives have significant influence | | Total | |
|--|---|--------------------|-------------------|-------------------|--|---------|---|--------------------|--------------------|--------------------|
| | 2014-15 | 2013-14 | 2014-15 | 2013-14 | 2014-15 | 2013-14 | 2014-15 | 2013-14 | 2014-15 | 2013-14 |
| Dividend Proposed | | | | | | | | | | |
| Showa Corporation, Japan | 41,600,000 | 36,400,000 | - | - | - | - | - | - | 41,600,000 | 36,400,000 |
| Dayanand Munjal Investment Pvt. Ltd. | - | - | - | - | - | - | - | 54,600,000 | 62,400,000 | 54,600,000 |
| Nidhi Kapoor | - | - | 16,000 | 14,000 | - | - | - | - | 16,000 | 14,000 |
| | 41,600,000 | 36,400,000 | 16,000 | 14,000 | | | | 54,600,000 | 104,016,000 | 91,014,000 |
| Employee Benefits for Key Management Personnel (Salary, Commission and contributions to Provident Fund and Superannuation fund) | | | | | | | | | | |
| Mr. Yogesh Chander Munjal | - | - | 43,823,927 | 39,444,649 | - | - | - | - | 43,823,927 | 39,444,649 |
| Mr. Teisuo Terada | - | - | - | 1,517,763 | - | - | - | - | - | 1,517,763 |
| Mr. Isao Ito | - | - | 24,918,489 | 17,705,040 | - | - | - | - | 24,918,489 | 17,705,040 |
| Mr. Mahesh Chand Taneja | - | - | - | 2,994,764 | - | - | - | - | - | 2,994,764 |
| Mr. Pankaj Gupta | - | - | 2,492,080 | 2,089,985 | - | - | - | - | 2,492,080 | 2,089,985 |
| Mr. Saurabh Agrawal | - | - | 59,390 | 63,752,201 | - | - | - | - | 59,390 | - |
| | - | - | 71,293,886 | 63,752,201 | | | | | 71,293,886 | 63,752,201 |
| (iii) Balances at the year end: | | | | | | | | | | |
| Trade payables | | | | | | | | | | |
| Majestic Auto Limited | - | - | - | - | - | - | - | 530,600 | 1,143,852 | 530,600 |
| Shivam Autotech Ltd. | - | - | - | - | - | - | - | 16,311,005 | 19,270,217 | 16,311,005 |
| Showa Corporation, Japan | 330,442,979 | 357,664,028 | - | - | - | - | - | - | 330,442,979 | 357,664,028 |
| Sunbeam Auto Private Limited | - | - | - | - | - | - | - | 131,745,270 | 54,986,447 | 131,745,270 |
| Munjal Castings | - | - | - | - | - | - | - | 1,195,468 | 2,926,615 | 1,195,468 |
| Mr. Yogesh Chander Munjal | - | - | 12,357,419 | 8,643,647 | - | - | - | - | 12,357,419 | 8,643,647 |
| Mr. Teisuo Terada | - | - | - | 567,134 | - | - | - | - | - | 567,134 |
| Mr. Isao Ito | - | - | 12,047,419 | 7,925,083 | - | - | - | - | 12,047,419 | 7,925,083 |
| Mr. Pankaj Gupta | - | - | 43,245 | 46,643 | - | - | - | - | 43,245 | 46,643 |
| Mr. Saurabh Agrawal | - | - | 25,315 | - | - | - | - | - | 25,315 | - |
| | 330,442,979 | 357,664,028 | 24,473,398 | 17,182,507 | | | | 149,782,343 | 433,243,508 | 524,628,878 |
| Trade receivables | | | | | | | | | | |
| Showa Corporation, Japan | 61,210 | 52,979 | - | - | - | - | - | - | 61,210 | 52,979 |
| | 61,210 | 52,979 | | | | | | | 61,210 | 52,979 |
| Advances recoverable in cash or kind or for value to be received | | | | | | | | | | |
| Sunbeam Auto Private Limited | - | - | - | - | - | - | - | 3,730,547 | 2,864,822 | 3,730,547 |
| | - | - | - | - | - | - | - | 3,730,547 | 2,864,822 | 3,730,547 |

Notes:-

- (i) The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.
- (ii) No amount has been written off or written back in the year in respect of debts due from/to above related parties.

29. Capital and other commitments

At March 31, 2015, the estimated amount of contracts remaining to be executed on capital account and not provided for is Rs.38,147,834 (March 31, 2014: Rs.10,626,508).

30. Contingent Liabilities

| | March 31, 2015 | March 31, 2014 |
|--|----------------|----------------|
| | Rs. | Rs. |
| Demands raised by Income Tax Authorities, being disputed by the Company | 678,305,272 | 511,889,281 |
| Show cause notices / demands issued by Excise Authorities, being disputed by the Company | 307,168,848 | 301,976,335 |
| Demand raised by Employees State Insurance Recovery Officer, being disputed by the Company | 4,365,036 | 4,365,036 |

(a) Demands raised by Income Tax Authorities:

i) In respect of Assessment Year 1998-99, allowability of certain expenses like foreign technician expenses, design and drawing fees were pending under appeal before ITAT. The issue has been set aside by ITAT and sent back to the Assessing Officer to follow the order of earlier years. The total amount involved is Rs. 298,942 (March 31, 2014: Rs. 298,942).

ii) In respect of Assessment Years 1999-00, allowability of certain expenses like foreign technician expenses, design and drawing fees were pending under appeal before ITAT. The issue has been set aside by ITAT and the Assessing Officer has given effect of the order of ITAT and reassessed the demand as Rs. Nil. The total amount involved is Rs. Nil (March 31, 2014: Rs. 74,345).

iii) In respect of Assessment Years 2003-04, allowability of prior period expenses of Assessment year 2004-05 allowed by ITAT as deduction in Assessment year 2003-04 has not been allowed by the Assessing Officer on the ground that assessed income cannot be less than returned income. The amount involved is Rs. 3,653,248 (March 31, 2014: Rs.Nil).

iv) In respect of Assessment Year 2006-07, certain adjustments were made to the transaction values by tax authorities based on arm's length price of international transactions entered with associated enterprises and on account of disallowance of royalty and technical fee. The matter has been set aside by the ITAT and sent back to the assessing officer with the direction to decide the issue afresh by way of speaking order in accordance with law. The amount involved is Rs.92,272,211 (March 31, 2014: Rs.92,272,211).

v) In respect of Assessment Year 2007-08, certain adjustments were made to the transaction values by tax authorities based on arm's length price of international transactions entered with associated enterprises and on account of disallowance of royalty and technical fee. The matter has been set aside by the ITAT and sent back to the assessing officer with the direction to decide the issue afresh by way of speaking order in accordance with law. The amount involved is Rs.103,112,323 (March 31, 2014: Rs.103,112,323) including interest.

vi) In respect of Assessment Year 2008-09, certain adjustments were made to the transaction values by the tax authorities based on arm's length price of international transactions entered with associated enterprises and on account of disallowance of royalty and technical fee. The matter has been set aside by the ITAT and sent back to the assessing officer with the direction to decide the issue afresh by way of speaking order in accordance with law. The amount involved is Rs. 99,266,894 (March 31, 2014: Rs.99,266,894) including interest.

vii) In respect of Assessment Year 2009-10, certain adjustments were made to the transaction values by the tax authorities based on arm's length price of international transactions entered with associated enterprises and on account of disallowance of royalty and technical fee. The matter is pending before ITAT. The amount involved is Rs. 125,175,660 (March 31, 2014: Rs 125,175,660) including interest.

viii) In respect of Assessment Year 2010-11, certain adjustments were made to the transaction values by the tax authorities based on arm's length price of international transactions entered with associated enterprises and on account of disallowance of royalty and technical fee. The matter is pending before ITAT. The amount involved is Rs. 138,590,560, including interest (March 31, 2014: Rs 91,688,906, excluding interest).

ix) In respect of Assessment Year 2011-12, certain adjustments were made to the transaction values by the tax authorities based on arm's length price of international transactions entered with associated enterprises and on account of disallowance of royalty, technical fee. The Company has filed an objection against the draft assessment order before Dispute Resolution Panel ('DRP') and the same is currently pending disposal. The amount of disallowances is Rs.341,086,891, on which income tax amounts to Rs. 115,935,434 (March 31, 2014: Rs. Nil) (excluding interest, penalty etc).

(b) Show cause/demand notices issued by Excise Authorities:

(i) The Excise authorities had issued Show Cause Notices (SCN's) on the Company proposing to levy Service tax on royalty payments amounting to Rs. 157,284,357 (March 31, 2014: Rs. 157,284,357) as recipient of services under reverse charge mechanism on the royalty paid for such import of services during the period from September 10, 2004 to March 31, 2010. In an order passed by the Commissioner (Adjudication), Service Tax during an earlier year against the above show cause notices, service tax demand of Rs. 87,561,221 has been confirmed and balance demand has been dropped. In addition, penalty of Rs. 122,561,221 (March 31, 2014: Rs. 122,561,221) has also been levied. The Company has paid Rs. 63,406,462 against the above demand as per its computation alongwith interest under protest and has filed appeal before CESTAT which is pending for disposal.

(ii) The Excise authorities have issued show cause/ demand notices (SCN's) on the Company for wrong availment of service tax credit and cenvat aggregating to Rs. 24,346,580 (March 31, 2014: Rs 21,368,034). The Company has filed reply against the above show cause/ demand notices and has protested the same.

(iii) The Excise authorities have issued show cause/demand notices (SCN's) on the Company for wrong calculation of education cess and higher education cess aggregating to Rs. 2,976,690 (March 31, 2014: Rs. 762,723). The Company has filed reply against the above show cause/ demand notices and has protested the same.

(c) Demands raised by Employee State Insurance Recovery Officer:

Contingent liabilities in respect of demands raised by the Employee State Insurance Recovery Officer represents amount demanded from the Company due to lack of records for the period 1994 to 1998 on the basis of inspections carried out at the Company premises. The demand has been stayed by Hon'ble Judge, Employee Insurance Court, Gurgaon.

Based on favourable decisions in similar cases, legal opinion taken by the Company, discussions with the solicitors, etc., the Company believes that there is fair chance of decisions in its favour in respect of all the items listed in (a) (i) and (iii) to (ix), (b) (i) to (iii) and (c) above and hence, no provision is considered necessary against the same at this stage.

31. Derivative Instruments and unhedged foreign currency exposure**Particulars of unhedged foreign currency exposure as at the reporting date**

| Particulars | March 31, 2015 | | March 31, 2014 | |
|---|----------------|------------------|----------------|------------------|
| | Amount in Rs. | Foreign currency | Amount in Rs. | Foreign currency |
| Trade receivables | | | | |
| USD | 301,035 | 4,742 | 297,618 | 4,967 |
| JPY | 61,210 | 114,240 | 52,979 | 91,076 |
| THB | - | - | 266,268 | 143,680 |
| Advances | | | | |
| SGD | 48,048 | 1,050 | - | - |
| THB | - | - | 570,811 | 308,680 |
| Trade payables & payable towards capital goods | | | | |
| USD | 41,173,379 | 625,330 | 40,538,335 | 679,348 |
| JPY | 161,179,210 | 303,045,675 | 175,958,706 | 291,243,307 |
| EURO | 4,986,041 | 71,675 | 4,962,159 | 60,027 |
| THB | 19,850,549 | 10,146,030 | 6,793,833 | 3,663,433 |

32. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

| | March 31, 2015 Rs. | March 31, 2014 Rs. |
|--|-----------------------|-----------------------|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | | |
| Principal amount due to micro and small enterprises | 274,086,733 | 232,731,934 |
| Interest due on above | - | - |
| | 274,086,733 | 232,731,934 |

| | | |
|--|---|---|
| The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year. | - | - |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006 | - | - |
| The amount of interest accrued and remaining unpaid at the end of each accounting year | - | - |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act 2006. | - | - |

33. Value of imports calculated on CIF basis (excluding material in transit)

| | March 31, 2015 Rs. | March 31, 2014 Rs. |
|------------------------------|-----------------------|-----------------------|
| Raw materials and components | 1,206,154,574 | 955,982,673 |
| Stores and spares | 40,929,609 | 45,708,111 |
| Capital Goods | - | 2,639,530 |
| | 1,247,084,183 | 1,004,330,314 |

34. Expenditure in foreign currency (on accrual basis)

| | March 31, 2015 Rs. | March 31, 2014 Rs. |
|--|-----------------------|-----------------------|
| Technician fee | 1,271,940 | 3,384,482 |
| Royalty | 416,325,036 | 411,949,297 |
| Travelling and conveyance | 2,438,953 | 4,544,705 |
| Interest expense | 1,002,738 | 1,035,726 |
| Design and drawings (considered as intangible asset) | 21,781,500 | 23,436,300 |
| Miscellaneous expenses | 107,784 | 2,214,024 |
| | 442,927,951 | 446,564,534 |

35. Imported and indigenous raw materials, stores and spares consumed

| | % of total consumption | | Value in Rs. | |
|-------------------------------------|------------------------|----------------|-----------------------|-----------------------|
| | March 31, 2015 | March 31, 2014 | March 31, 2015 | March 31, 2014 |
| Raw materials and components | | | | |
| Imported | 11% | 9% | 1,310,253,460 | 1,029,546,605 |
| Indigenously obtained | 89% | 91% | 10,834,225,072 | 10,913,464,937 |
| | 100% | 100% | 12,144,478,532 | 11,943,011,542 |
| Stores and spares | | | | |
| Imported | 10% | 16% | 46,457,214 | 81,678,615 |
| Indigenously obtained | 90% | 84% | 431,446,595 | 416,568,925 |
| | 100% | 100% | 477,903,809 | 498,247,540 |

36. Net dividend remitted in foreign exchange

| Year of remittance (ending on) | March 31, 2015 | March 31, 2014 |
|--|----------------|----------------|
| Period to which it relates | 2013-14 | 2012-13 |
| Number of non-resident shareholders | 1 | 1 |
| Number of equity shares held on which dividend was due | 10,400,000 | 10,400,000 |
| Amount remitted (in Rs.) | 36,400,000 | 31,200,000 |
| Amount remitted (in USD) | 599,572 | 461,880 |

37. Earnings in foreign currency (on accrual basis)

| | March 31, 2015 Rs. | March 31, 2014 Rs. |
|-------------------------|-----------------------|-----------------------|
| Exports at F.O.B. value | 4,633,370 | 6,842,794 |

38. Corporate social responsibility expenditure

(a) Gross amount required to be spent by the Company during the year

Amount
Rs. 15,600,086

(b) Amount spent during the year on:

| Particulars | In Cash (Rs.) | Yet to be paid in cash (Rs.) | Total (Rs.) |
|--|------------------|------------------------------------|----------------|
| Construction/Acquisition of any asset | - | - | - |
| On any other purpose (Renovation and repair of a school in village Sarhaul, Gurgaon, Haryana) | 2,833,032 | - | 2,833,032 |

39. During the quarter ended September 30, 2012, the Company had received demand notice of Rs. 2,160.53 lakhs (including interest upto 30.09.2012) from Haryana State Industrial and Infrastructure Development Corporation Limited (HSIIDC) towards payment of enhanced compensation for Company's Manesar land. During the year, the Hon'ble High Court, Punjab & Haryana (HC), in its decision against the writ petition filed against HSIIDC has reduced the demand. Considering HSIIDC has accepted the basis of enhanced compensation as decided by the Hon'ble Court, the Company in accordance with the HC order has recomputed the liability and has reduced Rs. 77.62 lacs from Manesar land cost capitalized in earlier years and further, has written back interest liability of Rs. 67.74 lacs (disclosed as an exceptional item) in these financial statements.

40. Previous year figures have been regrouped and/or rearranged wherever necessary to conform to this year's classification.

As per our report of even date

For S.R.Batlboi & Co. LLP For and on behalf of the Board of Directors of Munjal Showa Limited
Chartered Accountants
Firm Registration No.: 301003E

per Sanjay Vij
Partner
Membership No. 95169

Yogesh Chander Munjal
Managing Director
DIN 00003491

Krishan Chand Sethi
Director
DIN 00004471

Vinod Kumar Agrawal
Director
DIN 00004463

Place: Gurgaon
Dated: May 22, 2015

Pankaj Gupta
Chief Financial Officer

Saurabh Agrawal
Company Secretary
Membership No. A36163

Munjal Showa Limited

Registered Office: 9-11, Maruti Industrial Area, Sector-18, Gurgaon -122015, CIN: L34101HR1985PLC020934

Web: www.munjalshowa.net, Email: msladmin@munjalshowa.net, Tel: +91124 4783000/4783100

ATTENDANCE SLIP

DP ID. Client ID No./ Folio No.....

No. of Share(s) held:

Name of the Member/ proxy (IN BLOCK LETTERS)

Address of the member

I, hereby record my presence at the 30th ANNUAL GENERAL MEETING of the Munjal Showa Limited held on Wednesday the 26th day of August' 2015 at 9-11, Maruti Industrial Area, Sector-18, Gurgaon-122 015, Haryana at 11.00 A.M.

Signature of the member/ Proxy

Notes:

- i) Please complete this attendance slip and hand it over at the entrance of the meeting hall.
- ii) Members are informed that no duplicate slips will be issued at the venue of the meeting and are requested to bring this slip for the Meeting.

Munjal Showa Limited

Registered Office: 9-11, Maruti Industrial Area, Sector-18, Gurgaon -122015, CIN: L34101HR1985PLC020934

Web: www.munjalshowa.net, Email: msladmin@munjalshowa.net, Tel: +91124 4783000/4783100

**Form No. MGT-11
PROXY FORM**

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

| |
|---|
| Name of the Member(s): |
| Registered Address: _____ _____ |
| E-mail ID: _____ Folio No. / DP ID and Client ID: _____ |

I/We, being the Member(s) of _____ shares of the above mentioned Company, hereby appoint

Name: _____ E-mail ID _____

Address: _____ Signature: or failing him/her

Name: _____ E-mail ID _____

Address: _____ Signature:

as my/our proxy to attend and vote, in case of a poll, for me/us and on my/our behalf at the 30th Annual General Meeting of the Company, to be held on Wednesday the 26th day of August' 2015 at 11:00 A.M at the Registered Office of the Company and at any adjournment thereof in respect of such resolutions and in such manner as are indicated below:

| Reso. No. | Description | For* | Against* |
|--------------------------------------|---|------|----------|
| <i>As Ordinary Resolution</i> | | | |
| 1 | Adoption of Annual Accounts and Reports thereon for the Financial Year March 31 st , 2015. | | |
| 2 | Declaration of Dividend | | |
| 3 | Appoint Mr. Ashok Kumar Munjal (DIN 00003843), as Director liable to retires by rotation. | | |
| 4 | Ratification of Appointment of M/s S. R. Batliboi & CO. LLP, As Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the thirty-first AGM of the Company to be held in the year 2016 and to fix their remuneration. | | |
| 5 | Appointment of Mr. Matsui Masanao (DIN 00340218) as Director of the Company | | |
| 6 | Variation in the Terms of Appointment of Mr. Isao Ito-Joint Managing Director | | |
| <i>As Special Resolution</i> | | | |
| 7 | Variation in the Terms of Appointment of Mr. Yogesh Chander Munjal- Managing Director | | |

Signed this _____ day of _____ 2015.

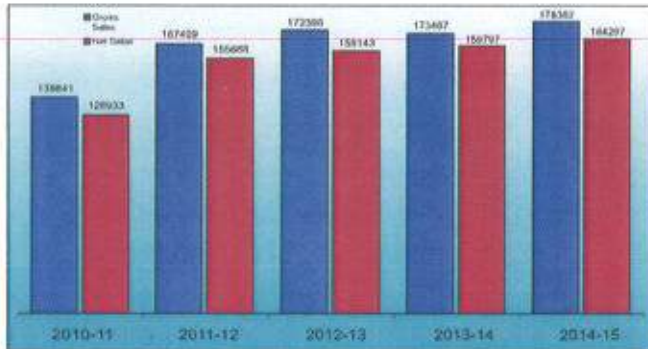
Signature _____

Affix
Revenue
Stamp

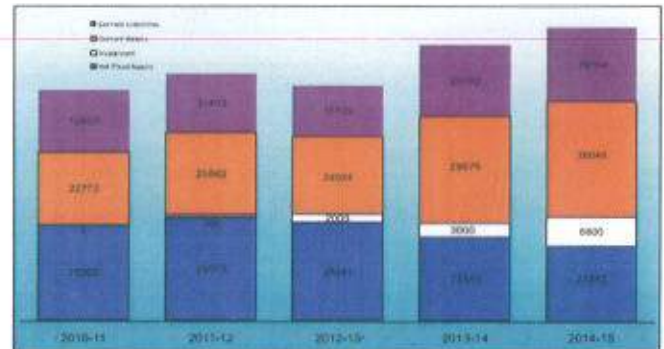
Notes:

1. Please put a 'X' in the Box in the appropriate column against the respective resolutions. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
2. A Proxy need not be Member of the Company. Pursuant to the provisions of section 105 of Companies act, 2013, a person can act as proxy on behalf of not more than fifty members and holding in aggregate not more than 10 percent of the total Share Capital of the Company. Members holding more than 10 percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act a proxy for any other Member.
3. This form of Proxy, to be effective, should be deposited at the Registered Office of the Company at Munjal Showa Limited, 9-11, Maruti Industrial Area, Gurgaon-122015 not later than FORTY-EIGHT hours before the commencement of aforesaid meeting.

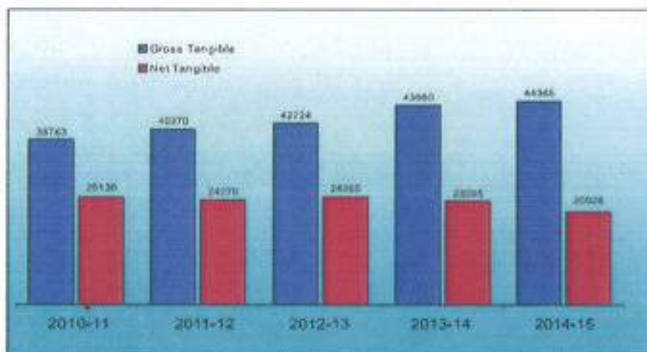
MUNJAL SHOWA LIMITED
Sales (Rs. In Lacs)



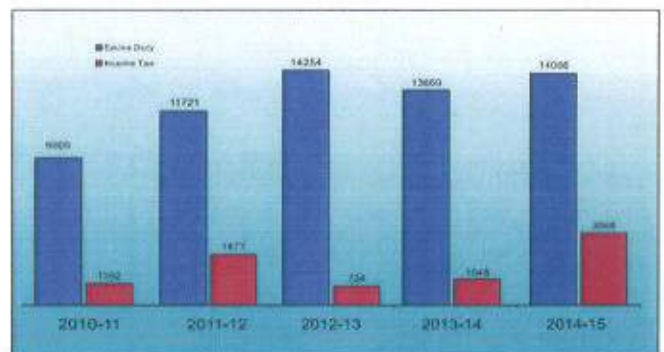
MUNJAL SHOWA LIMITED
Application of Funds (Rs. In Lacs)



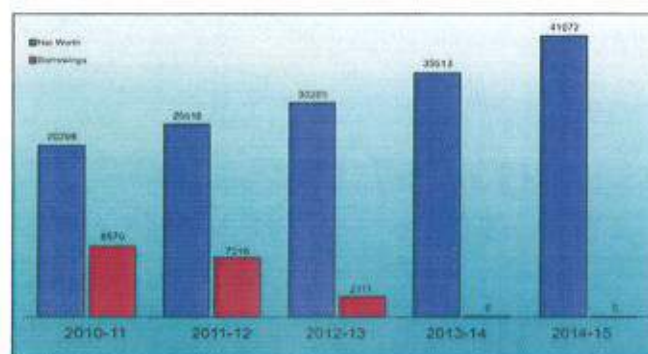
MUNJAL SHOWA LIMITED
Tangible Fixed Assets (Rs. In Lacs)



MUNJAL SHOWA LIMITED
Contribution to Exchequer (Rs. In Lacs)



MUNJAL SHOWA LIMITED
Borrowings & Net Worth (Rs. In Lacs)



Gurgaon Plant



**MUNJAL
SHOWA**



Manesar Plant



Haridwar Plant

Munjal Showa Limited

9-11, Maruti Industrial Area, Sector-18, Gurgaon-122015 (Hararyana)

Phone : 0124-4783000, 4783100, Fax : 0124-2341359

E-mail : madmin@munjalshowa.net

Website : <http://www.munjalshowa.net>

CIN : L34101HR1985PLC020934