

MUNJAL SHOWA



24th
Annual Report
2008-2009

HEAD FINANCE

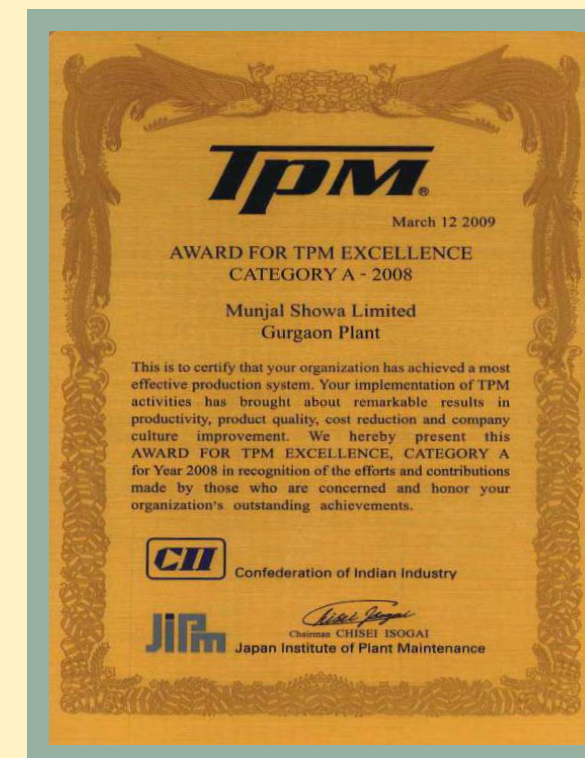
Maresh Taneja

COMPANY SECRETARY

Pankaj Gupta

STATUTORY AUDITORSM/s S R Batliboi & Co.,
Chartered Accountants, Gurgaon**TAX & INTERNAL AUDITORS**M/s. Vaish & Associates,
Chartered Accountants, New Delhi**COST AUDITORS**M/s Ramanath Iyer & Co.,
Cost Accountants, Delhi**BANKERS**The Bank of Tokyo-Mitsubishi UFJ Limited
Standard Chartered Bank
Citi Bank N.A.
State Bank of India
Punjab National Bank
Canara Bank
HDFC Bank Limited
Kotak Mahindra Bank Limited
The Bank of Nova Scotia**TECHNICAL & FINANCIAL COLLABORATOR**Showa Corporation
1-14-1, Fujiwara -Cho
Gyoda- shi Saitama Ken, Japan**REGISTERED OFFICE & WORKS****Gurgaon Plant & Registered Office**
9-11, Maruti Industrial Area, Gurgaon-122015**Manesar Plant**Plot No. 26 E & F, Sector 3
IMT Manesar, Gurgaon -122050**Haridwar Plant**Plot No. 1, Industrial Park-2, Phase-1
Salempur Mehdood Haridwar- 249403
Uttarakhand**SHARE TRANSFER AGENTS**MCS Limited
F-65, Okhla Industrial Area,
Phase I, New Delhi-110 020
Tel.: 011-41406149-52;
Fax: 41709881
Email: admin@mcsdel.com**BOARD OF DIRECTORS**Brijmohan Lall Munjal (Chairman)
Yogesh Chander Munjal (Managing Director)
Kazuhiro Nishioka (Joint Managing Director)
Mitsuhiro Nishida
Ashok Kumar Munjal
Pankaj Munjal
Krishan Chand Sethi
Vinod Kumar Agarwal
Anil Kumar Vadehra
Surinder Kumar Mehta (w.e.f. 23.09.2008)
Nand Dhameja (w.e.f. 23.09.2008)
Devi Singh (w.e.f. 23.09.2008)**CONTENTS**

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YEARLY FINANCIAL RESULTS AT A GLANCE

(Rs.in lacs)

	March'09	March'08	March'07	March'06	March' 05
Share Capital	799.92	799.92	799.92	799.92	799.92
Reserve & Surplus	15729.81	14597.07	13601.00	11938.18	10827.18
Total Shareholder's Funds	16529.73	15396.99	14400.92	12738.10	11627.10
Secured Loan	10129.52	3515.68	2413.36	386.64	24.79
Total Assets	27774.86	19878.49	17704.60	13778.26	12230.72
Net Sales	82912.47	70937.85	69189.95	59662.37	52147.96
(% Growth year on year)	16.88%	2.53%	15.97%	14.41%	28.99%
Profit Before Interest Depn. & Tax (PBDIT)	5,521.53	4741.94	5331.67	4207.17	3103.43
Profit Before Interest Depn. & Tax (PBDIT)-%	16.44	6.68	7.71	7.05	5.95
Exceptional Item	–	–	–	–	1072.32
Interest	546.02	227.25	60.59	79.24	51.09
Depreciation	1685.7	1536.23	1307.62	1051.84	823.07
Profit Before Tax (PBT)	3289.81	2978.46	3963.46	3076.08	1156.95
Profit After Tax (PAT)	2068.58	1931.92	2598.65	2023.97	782.97
Earnings per Share (EPS) (Rs.)	5.17	4.83	6.50	5.06	1.96
Book Value per Share (Rs.)	41.33	38.50	36.01	31.85	29.07
Dividend %	# 100.00%	100.00%	100.00%	100.00%	75.00%

Recommended by Board of Directors

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY FOURTH ANNUAL GENERAL MEETING OF THE MEMBERS OF MUNJAL SHOWA LIMITED WILL BE HELD ON - FRIDAY THE 7TH DAY OF AUGUST 2009 AT 11:00 AM AT THE COMPANY'S PLANT SITUATED AT 26 E & F, SECTOR 3, IMT MANESAR, GURGAON, HARYANA 122050 TO TRANSACT THE FOLLOWING BUSINESS: -

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2009 and Profit and Loss Account for the year ended on that date together with the Directors' and the Auditors' Report thereon.
2. To declare a dividend of Rs. 2/- per equity shares on 3,99,95,000 equity shares of Rs. 2 each for the financial year 2008-09.
3. To appoint a Director in place of Mr. Brijmohan Lall Munjal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Krishan Chand Sethi, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Ashok Kumar Munjal, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. Vinod Kumar Agrawal, who retires by rotation and being eligible, offers himself for re-appointment.
7. To appoint M/s S. R. Batliboi & Co., Chartered Accountants, Gurgaon the retiring Auditors of the Company as Auditors, who shall hold that office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

To consider and, if thought fit, to pass with or without modification(s), the following Resolutions as Ordinary Resolutions:

As Ordinary Resolutions

8. Appointment of Mr. Surinder Kumar Mehta as a Director of the Company

"RESOLVED THAT Mr. Surinder Kumar Mehta who has been appointed by the Board of Directors as an additional director of the Company w.e.f. September 23, 2008 in terms of section 260 of the Companies Act, 1956 and Article 89 of the Articles of Association of the Company and in respect of whom the Company has received a notice from a member proposing his candidature for the office of director under section 257 of the Companies Act, 1956 together with a deposit of Rs. 500/- as required under the Act, be and is hereby appointed as a Director of the Company and that he shall be liable to retire by rotation."

9. Appointment of Mr. Nand Dhameja as a Director of the Company

"RESOLVED THAT Mr. Nand Dhameja who has been appointed by the Board of Directors as an additional director of the Company w.e.f. September 23, 2008 in terms of section 260 of the Companies Act, 1956 and Article 89 of the Articles of Association of the Company and in respect of whom the Company has received a notice from a member proposing his candidature for the office of director under section 257 of the Companies Act, 1956 together with a deposit of Rs. 500/- as required under the Act, be and is hereby appointed as a Director of the Company and that he shall be liable to retire by rotation."

10. Appointment of Mr. Devi Singh as a Director of the Company

"RESOLVED THAT Mr. Devi Singh who has been appointed by the Board of Directors as an additional director of the Company w.e.f. September 23, 2008 in terms of section 260 of the Companies Act, 1956 and Article 89 of the Articles of Association of the Company and in respect of whom the Company has received a notice from a member proposing his candidature for the office of director under section 257 of the Companies Act, 1956 together with a deposit of Rs. 500/- as required under the Act, be and is hereby appointed as a Director of the Company and that he shall be liable to retire by rotation."

11. Variation in the Terms of Appointment of Mr. Yogesh Chander Munjal- Managing Director

“RESOLVED THAT pursuant to the recommendations of the Remuneration Committee and in partial modification of the earlier Resolution passed in the Twenty Third Annual General Meeting held on August 07, 2008, the consent of the Company be and is hereby accorded under Sections 198, 269 and 309 read with Schedule- XIII and other applicable provisions, if any, of the Companies Act, 1956 that the Basic Salary payable to Mr. Yogesh Chander Munjal- Managing Director be increased to Rs. 6,00,000/- per month from Rs. 5,00,000/- per month with effect from September 01, 2009 for the remaining period of his tenure.

RESOLVED FURTHER THAT all other terms and conditions of his appointment 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 Sections 198 and 309 read with Schedule XIII of the Companies Act, 1956.”

12. Variation in the Terms of Appointment of Mr. Kazuhiro Nishioka – Joint Managing Director

“RESOLVED THAT pursuant to the recommendations of the Remuneration Committee and in partial modification of the earlier Resolution passed in the Twenty Third Annual General Meeting held on August 07, 2008, the consent of the Company be and is hereby accorded under Sections 198, 269 and 309 read with Schedule- XIII and other applicable provisions, if any, of the Companies Act, 1956 that the Company shall contribute to Provident Fund at the applicable rate in respect of remuneration payable to Mr. Kazuhiro Nishioka- Joint Managing Director with effect from November 01, 2008 for the remaining period of his tenure.

“RESOLVED FURTHER THAT pursuant to the recommendations of the Remuneration Committee and in partial modification of the earlier Resolution passed in the Twenty Third Annual General Meeting held on August 07, 2008, the consent of the Company be and is hereby accorded under Sections 198, 269 and 309 read with Schedule- XIII and other applicable provisions, if any, of the Companies Act, 1956 that the Basic Salary payable to Mr. Kazuhiro Nishioka- Joint Managing Director be increased to Rs. 6,00,000/- per month from Rs. 5,00,000/- per month with effect from September 01, 2009 for the remaining period of his tenure.

RESOLVED FURTHER THAT all other terms and conditions of his appointment 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 Sections 198 and 309 read with Schedule XIII of the Companies Act, 1956.”

Place: New Delhi
Dated: May 29, 2009

By order of the Board
For **MUNJAL SHOWA LTD.**

Registered Office:
9-11, Maruti Industrial Area
Gurgaon, Haryana - 122 015

PANKAJ GUPTA
COMPANY SECRETARY

NOTES:-

- 01) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE 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 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 SENT HEREWITH.
- 02) The Explanatory Statement setting out the material facts concerning Special Business at Item Nos. 8 to 12 of the accompanying notice as required by Section 173(2) of the Companies Act, 1956, is annexed hereto. The relevant details of persons seeking re-appointment under Item No. 3 to 6, as required by clause 49 of the listing agreement with the Stock Exchanges are also annexed.

- 03) The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, July 18, 2009 to Friday, August 07, 2009 (both days inclusive).
- 04) The dividend as recommended by the Board of Directors, if approved at the Twenty fourth Annual General Meeting, shall be paid to those members whose names appear on the Company's Register of Members on August 07, 2009. In respect of the shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by the Depositories for this purpose.
- 05) Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the financial year 2001-02 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 pursuant to Section 205C of the Companies Act, 1956. Dividends declared for the financial years 1994-95 to 2000-01 remaining unpaid/ unclaimed have already been transferred to the Investor Education and Protection Fund. Dividend declared for the financial year 2001-02 is in the process of transfer to IEPF.
- 06) 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
31.03.2003	26.08.2003	01.09.2010
31.03.2004	24.08.2004	30.08.2011
31.03.2005	30.08.2005	05.09.2012
31.03.2006	28.08.2006	03.09.2013
31.03.2007	07.08.2007	13.08.2014
31.03.2008	07.08.2008	13.08.2015

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 were 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.**

- 07) Members are requested to notify immediately any change of address
- To their Depository Participants (DPs) in respect of their electronic share accounts, and
 - To the Company's Registrar, MCS 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.
- 08) 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.
- 09) Shareholders holding shares in electronic form may kindly note that their bank account details as furnished by their Depositories to the Company will be printed on their Dividend Warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such shareholders for deletion of / change in such Bank details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic mode. Shareholders who wish to change such Bank Account details are therefore requested to advise their Depository Participants about such change, with complete details of bank Account.
- 10) Shareholders are requested to bring their copy of the Annual Report and Attendance Slip duly filled in to the Annual General Meeting.

ANNEXURE TO THE NOTICE**A. EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 8**

Mr. Surinder Kumar Mehta was appointed as an additional director on the Board with effect from September 23, 2008 by the Board of Directors pursuant to section 260 of the Companies Act, 1956 and Article 89 of the Articles of Association of the Company to hold that office upto the date of 24th Annual General Meeting of the Company.

The Company has received a notice from a member under section 257 of the Companies Act, 1956 along with a deposit of Rs. 500 signifying his intention to propose the candidature of Mr. Surinder Kumar Mehta for the office of director of the Company.

Mr. Mehta, aged 75 years Born on December 6, 1934 at Peshawar (Pakistan) in the family of educationists. He graduated from A S College, Khanna in 1954 and passed out from Punjab University Law College, Jalandhar with high merit in 1957, Enrolled as advocate of Punjab and Haryana High Court, Chandigarh in 1959. He received intensive training in taxation/accounts from M/s Vasudev & Co., Income Tax Advisors, New Delhi and M/s K C Khanna, Chartered Accountants, New Delhi. Joined Hero Group in 1962 with responsibility for group accounts, internal audit, taxation, finance and legal matters and retired from this position in December 2003 as Sr. Vice President. He is Trustee cum General Secretary of Sant Ashram Dhablan Trust (District Patiala) since 1976 and Gurudwara Karamsar Rara Sahib Trust since 1978 and general secretary of Sant Ishar Singh Ji Memorial Public School, Karamsar since 1985. He is looking after as manager since 1995, all educational institutions run by Lala Bahadur Chand Munjal Foundation, Ludhiana, which have student strength of 10000.

He is presently holding the membership of the Board/ committee(s) of the following Companies.

S.No.	Name of Company	Nature of Office
1	Sunbeam Auto Limited	Director Chairman Audit Committee
2	Rockman Industries Limited	Director Member Audit Committee

Mr. Surinder Kumar Mehta does not hold any share (as owner or on behalf of any other person on beneficial basis) in the Company

None of the directors except Mr. Surinder Kumar Mehta himself is concerned or interested in the above Resolution under Item No. 8.

The Board of directors of your company recommends passing of the aforesaid Ordinary resolution.

Item No. 9

Mr. Nand Dhameja was appointed as an additional director on the Board with effect from September 23, 2008 by the Board of Directors pursuant to section 260 of the Companies Act, 1956 and Article 89 of the Articles of Association of the Company to hold that office upto the date of 24th Annual General Meeting of the Company.

The Company has received a notice from a member under section 257 of the Companies Act, 1956 along with a deposit of Rs. 500 signifying his intention to propose the candidature of Mr. Nand Dhameja for the office of director of the Company.

Mr. Nand Dhameja, aged 69 years, born on December 12, 1939 is Fellow (Ph.D), IIM Ahmedabad and M.Com. Delhi University and currently holds the position of Senior Consultant (Financial Management), Indian Institute of Public Administration, (IIPA) New Delhi. Positions held earlier include, Professor Finance, MDI, Gurgaon; Professor of Financial Management, IIPA New Delhi; Chief Consultant and Director Finance, National Productivity Council New Delhi; Faculty, Institute of Chartered Accountant of India, New Delhi. He

has vast experience in research, consultancy and training. He directed national and international training programmes and workshops; was a faculty member for ICPE, Liublijana, Yugoslavia; Mauritius Institute of Public Administration, Mauritius. He was member: Financial Reporting Review Group, Institute of Chartered Accountants of India; Committee of Eminent Independent Persons, Power Grid Corporation of India; Study Group on Introduction of Accounting Standards in Government of India; Finance Committee, Mizoram University; Finance Committee, North Eastern Hill University, Shillong. He has authored a number of books and contributed research papers in the areas of finance, management accounting, public enterprises restructuring, privatisation and PSU Disinvestment.

He does not hold directorship/committee membership in any other Company.

Mr. Nand Dhameja does not hold any share (as owner or on behalf of any other person on beneficial basis) in the Company

None of the directors except Mr. Nand Dhameja himself is concerned or interested in the above Resolution under Item No. 9.

The Board of directors of your company recommends passing of the aforesaid Ordinary resolution.

Item No. 10

Mr. Devi Singh was appointed as an additional director on the Board with effect from September 23, 2008 by the Board of Directors pursuant to section 260 of the Companies Act, 1956 and Article 89 of the Articles of Association of the Company to hold that office upto the date of 24th Annual General Meeting of the Company. The Company has received a notice from a member under section 257 of the Companies Act, 1956 along with a deposit of Rs. 500 signifying his intention to propose the candidature of Mr. Devi Singh for the office of director of the Company.

Mr. Devi Singh aged 57 years was born on September 2, 1952 is fellow Ph. D in International Finance from IIM, Ahmedabad. He is a well known professor of International Finance and Management. He has been the Director of IIM, Lucknow for five years until end of August, 2007. Before joining IIML, he was Director of the MDI, Gurgaon, top Business school in India for 4 1/2 yrs. These Institution witnessed growth and transformation during his tenure. Before joining MDI, firstly he was a Visiting Full Professor at the Faculty of Management, McGill Univ. Canada for five years, secondly a UNDP Fellow on International Management Education, thirdly a visiting Faculty at the International Centre for Public Enterprises, Slovenia. He is an alumnus Fellow of the Institute of World Affairs, Connecticut. He has taught in various schools in India & abroad. He published research Articles and presented papers at various seminars and is author of three books in Finance and Management and consultant to leading Public, Private and Multinational organizations in India. He has been on several Committees of Govt. of India & members of Board/academic Councils/Senate of Business Schools, Universities and IITs.

He is presently holding the membership/ Directorship of the Board/ committee(s) of the following Companies.

S.No.	Name of Company	Nature of Office
1.	RITES Limited	Director Chairman Audit Committee
2.	REC Limited	Director Member Audit Committee
3.	Sunbeam Auto Limited	Director
4.	Energy Infratech Limited	Director

Mr. Devi Singh does not hold any share (as owner or on behalf of any other person on beneficial basis) in the Company

None of the directors except Mr. Devi Singh himself is concerned or interested in the above Resolution under Item No. 10.

The Board of directors of your company recommends passing of the aforesaid Ordinary resolution.

Item No. 11

The Members had approved increase in basic salary of Mr. Yogesh Chander Munjal- Managing Director from Rs. 4,00,000/- to Rs. 5,00,000 with effect from September 01, 2008 in the Twenty-Third Annual General Meeting held on August 07, 2008. The job responsibilities of Managing Director have considerably increased in view of increase in the volume of business and operational of IIIrd Plant at Haridwar (Uttarakhand). Keeping in view the above and on the basis of recommendation of Remuneration Committee, your Board of Directors have, by passing a Resolution in their meeting held on May 29, 2009, revised the basic salary of Managing Director to Rs. 6,00,000/- per month from Rs. 5,00,000/- per month with effect from September 1, 2009 for the remaining period of his tenure. All other terms and conditions of his appointment will remain same.

Except Mr. Yogesh Chander Munjal, no other director is interested /concerned in the Resolution under Item no. 11.

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

Item No. 12

The Members had approved basic salary of Mr. Kazuhiro Nishioka - Joint Managing Director from Rs. 4,00,000/- to Rs. 5,00,000/- with effect from September 01, 2008 in the Twenty- Third Annual General Meeting held on August 07, 2008.

In the month of October, 2008 the Employees Provident Fund Act has been amended and in view of the amendment it has been made mandatory for International workers - both Indians working outside the country and non-Indian citizens working in India - to contribute 12% of their salary (matched by an equal amount from the employer) to the Employees' Provident Fund Organization (EPFO), irrespective of the contributions they may be making to such schemes in other countries. The scheme now has become applicable to the Japanese Expatriate Employees of the Company w.e.f. November 1, 2008. In order to comply with the above amendment, your Board of Directors on the recommendation of the Remuneration Committee and subject to the approval of the shareholders in the General Meeting & Central Government, if required, and pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 varied the terms and conditions of the remuneration, including minimum remuneration by way of Contribution to the Provident Fund at the applicable rates, which is presently 12 percent.

Further, the job responsibilities of Joint Managing Director have considerably increased in view of increase in the volume of business and operational of IIIrd Plant at Haridwar (Uttarakhand). Keeping in view the above and on the basis of recommendation of Remuneration Committee, your Board of Directors have, by passing a Resolution in their meeting held on May 29, 2009, revised the basic salary of Joint Managing Director to Rs. 6,00,000/- per month from Rs. 5,00,000/- per month with effect from September 1, 2009 for the remaining period of his tenure. All other terms and conditions of his appointment will remain same.

Except Mr. Kazuhiro Nishioka, no other director is interested /concerned in the Resolution under Item no.12.

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

B. INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES**a) Mr. Brijmohan Lall Munjal**

Mr. Brijmohan Lall Munjal is the Chairman of Hero Group of Companies. Mr. Lall has a sparkling trail of success. He has steered the group to National and International recognition and the Group enjoys a number of accreditations to its credit. Hero Cycles is the largest manufacturer of bicycles in the World and one of the highest exporters from India. Hero Honda is the largest manufacturer of two-wheeler in the World and it ranks among top Indian corporate leaders as surveyed by FAs Eastern Economic Review.

Mr. Brijmohan Lall Munjal is the founder director and Chairman of the Company He was born on July 1, 1923 in Kamliya, (now in Pakistan). He has come a long way in his corporate journey with his distinct qualities of leadership, entrepreneurship and vision. With his vision and leadership, Hero Honda has achieved the rare distinction of becoming the largest manufacturer of two-wheelers in the world. In recognition of his immense contribution to the Indian industry, many awards have been conferred upon Mr. Lall, prominent among them is 'Padma Bhushan' conferred by Government of India in recognition of his immense contribution to the nation in the field of trade and industry.

He is presently holding the membership of the Board of the following Companies:

Sl. No.	Name of Company	Nature of Office
1.	Hero Cycles Limited	Chairman and Director
2.	Hero Honda Finlease Limited	Chairman and Director
3.	Hero Honda Motors Limited	Chairman and Whole-time Director
4.	Sunbeam Auto Limited	Chairman and Director
5.	Easy Bill Limited	Director
6.	Hero Financial Services Limited	Director
7.	Munjal Auto Industries Limited	Director
8.	Shivam Autotech Limited	Director
9.	Munjal Bros. Private Limited	Director
10.	BCM Energies Private Limited	Director
11.	BML Investments Private Limited	Director

Mr. Brijmohan Lall Munjal does not hold any share (as owner or on behalf of any other person on beneficial basis) in the Company.

Mr. Brijmohan Lall Munjal retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. The Board recommends his re-appointment.

b) Mr. Krishan Chand Sethi

Mr. Krishan Chand Sethi aged 68 years was Director General of Mangalmai Institute of Management and Technology, Greater Noida, until November 2002. Earlier he was Director General of BLS Institute of Management, Ghaziabad and Director of ITS (Institute of Technology and Science). Mr. Sethi an eminent Scholar, Academician and administrator having experience of around 35 years in the field of Management Education, was also associated with many of the leading and well known institutions in India like IIM Calcutta, MDI Gurgaon, Director of IMT Ghaziabad, etc.

He does not hold directorship/committee membership in any other Company.

Mr. Krishan Chand Sethi does not hold any share (as owner or on behalf of any other person on beneficial basis) in the Company.

Mr. Krishan Chand Sethi retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. The Board recommends his re-appointment.

c) Mr. Ashok Kumar Munjal

Mr. Ashok Kumar Munjal, 58 is a Commerce and Law Graduate from Punjab University, Chandigarh. He joined Munjal Showa Limited in 1989 as Non-executive Director of the Company. He has rich experience of 36 years in the field of engineering industry, investment, finance and auto component. He is on the Board of the following Companies:

S.No.	Name of Company	Nature of Office
1	Sunbeam Auto Limited	Managing Director
2	Hero Motors Limited	Director
3	Hero Corporate Services Limited	Director
4	Krishna Toyo Limited	Director
5	Bhagyoday Investment Private Limited	Director
6	Hero Honda Finlease Limited	Director
7	Hero Financial Services Limited	Director
8	Easy Bills Limited	Director
9	Hero Management Services Limited	Director
10	Orient Craft Limited	Director
11	SKH Education Private Limited	Director

Mr. Ashok Kumar Munjal does not hold any share (as owner or on behalf of any other person on beneficial basis) in the Company.

Mr. Ashok Kumar Munjal retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. The Board recommends his re-appointment.

d) Vinod Kumar Agrawal

Mr. Vinod Kumar Agrawal aged 66 years, is a graduate in commerce and law from University of Lucknow. He topped Lucknow University in LLB and LLM examination and was awarded five Gold Medals. He cleared Civil services exams of UPSC in 1966 and joined Indian Customs and Excise services in 1967. He served the prestigious positions in the Government of India. He served as member of Custom Excise and Service Tax Appellate Tribunal. He also served as Chairman of two members committee for simplification of excise procedures. He as a member of CEGAT (now termed as CESTAT) passed various judicial orders resolving disputes on classification, valuation, CENVAT credit, refunds etc. He was awarded by the President of India for "DISTINGUISHED RECORD OF SERVICE" on Republic Day in 1998.

He is presently holding the membership/ Directorship of the Board of the following Companies:

Sl. No.	Name of Company	Nature of Office
1	Munjal Kiru Industries Private Limited	Director

Mr. Vinod Kumar Agrawal does not hold any share (as owner or on behalf of any other person on beneficial basis) in the Company.

Mr. Vinod Kumar Agrawal retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. The Board recommends his re-appointment.

Inspection

Copies of all relevant documents and papers referred to in the accompanying Notice and Explanatory Statement are kept open for inspection by Members between 11.00 A.M. to 1.00 P.M. on any working day except Sundays and Public Holidays, up to the date of Meeting at the Registered Office of the Company.

Place: New Delhi
Dated: May 29, 2009

By order of the Board
For **MUNJAL SHOWA LTD.**

Registered Office:
9-11, Maruti Industrial Area
Gurgaon, Haryana - 122 015

PANKAJ GUPTA
COMPANY SECRETARY

DIRECTOR'S REPORT

Dear Members,

Your Directors have great pleasure in presenting the 24th Annual Report together with the Audited Statement of Accounts for the financial year ended March 31, 2009.

FINANCIAL RESULTS AND APPROPRIATIONS

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

	(Rs. In Lacs)	
	Year Ended 31.03.09	Year Ended 31.03.08
Sales and other Income	95392.24	84371.01
Profit before Depreciation & Tax	4975.51	4514.69
Depreciation	1685.70	1536.23
Profit before Tax	3289.81	2978.46
Provision for Taxation	1221.24	1046.54
Profit after Tax	2068.58	1931.92
Net Profit brought forward	1689.23	1693.15
Profit available for appropriation	3757.81	3625.07
Dividend (Recommended)	799.90	799.90
Dividend Tax	135.94	135.94
Transfer to General Reserve	1000.00	1000.00
Surplus carried to Balance Sheet	1821.96	1689.23

OPERATIONS

The Company has achieved a record sales turnover of Rs. 95392.24 lacs registering a growth of 13.06 per cent vis-à-vis Rs. 84,371.01 lacs in the previous year. The profit before tax in the current year was at Rs. 3289.81 lacs as compared to Rs. 2978.46 lacs in the previous year.

FUTURE PROSPECTS

Auto Component Industry has direct bearing to Auto Companies. The former is influenced by later's overall performance. The last quarter of 2008-09 registered encouraging results and growth, which augur well for the year ahead. The company recorded an impressive growth of 13 per cent in value and 12 per cent in volume in an atmosphere of high volatility and uncertainty.

Auto industry has cyclical trends; from decades of experience this cycle repeat every five to six years though intensity differs. India, in recent years has emerged as an important hub for global players for sourcing due to Low Cost Country advantage. The component industry has to face a double impact – impact of global slowdown and India slowdown as well. Demand from OEMs has sharply dropped. However, global companies depending on After Market segment are affected somewhat less.

We are like a Palm Tree. When we are hit by a cyclone, we respectfully bow and let it pass through over us and once it is gone, we return to normalcy. While going was good in recent years we were totally focused towards pursuing growth oriented strategies and had little time for spring cleaning. We would like to take advantage of this phase to clean our house, focus on costs, improve productivity and review our processes. This will help us to be ready to face the next phase with vigor and vitality. While we are endeavoring to cut cost, we are focusing on new product development, which will carry us through to the next up cycle on the global front.

Our existing customers have targeted to meet predetermined sales targets with 10 per cent growth, with the support of new models likely to be launched both in 2 Wheeler and 4 Wheeler segment.

In brief, all customers of the Company are on growth path and Company is confident to meet their increased demand. The volume growth is expected to be in the region of 10 per cent for 2009-10.

NEW MANUFACTURING FACILITY AT HARIDWAR

The Company has commissioned its third plant in the Holy city of Haridwar in Uttarakhand, during the year with an initial installed capacity of 5 million shock absorbers per year to cater to the needs of M/s. Hero Honda Motors Limited. The plant is installed to avail the concessional tax structure and incentives. The New Plant at Haridwar became operational on the auspicious day of Baishaki, April 13, 2009. It has strengthened Company's position in the industry and reduced cycle-time for development of new models. It will ensure on time delivery to our valued customer M/s. Hero Honda Motors Limited, plant, situated at Haridwar.

The plant is built with state of art technology and is eco friendly with lean manufacturing facility to ensure and achieve optimum efficiency and output levels. The machine layout will ensure least human handling and single flow system connected through conveyors.

TRANSFER TO GENERAL RESERVE

The Board proposes to transfer an amount of Rs. 1000.00 lacs to General Reserve, having regard to the requirements of section 205 (2A) of the Companies Act, 1956. The balance amount of Rs. 1821.96 lacs (previous year Rs. 1689.23 lacs) will be retained in the Profit and Loss Account.

DIVIDEND

In spite of the challenging conditions and to keep up Company's policy of sharing the profits with its stakeholders, the Board is pleased to maintain and recommend a dividend of 100 per cent (i.e. Rs. 2/- Per equity share of Rs. 2/- each) for the year ended March 31, 2009 amounting to Rs. 799.90 lacs in aggregate. Dividend will be tax free in the hands of shareholders, as the Company will bear the dividend distribution tax of Rs. 135.94 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 July 18, 2009 to August 07, 2009 (both days inclusive).

DIRECTORS

Mr. Brijmohan Lall Munjal, Mr. Krishan Chand Sethi, Mr. Ashok Kumar Munjal and Mr. Vinod Kumar Agrawal, the directors of the Company, liable to be retire by rotation from the Board at the ensuing Annual General Meeting. Mr. Brijmohan Lall Munjal, Mr. Krishan Chand Sethi, Mr. Ashok Kumar Munjal and Mr. Vinod Kumar Agrawal being eligible have offered themselves for re-appointment.

Mr. Surinder Kumar Mehta, Mr. Nand Dhameja and Mr. Devi Singh have been appointed additional directors under section 260 of the Companies Act, 1956 read with Article 89 of the Articles of Association of the Company.

Brief resumes of Mr. Brijmohan Lall Munjal, Mr. Krishan Chand Sethi, Mr. Ashok Kumar Munjal, Mr. Vinod Kumar Agrawal, Mr. Surinder Kumar Mehta, Mr. Nand Dhameja and Mr. Devi Singh have been appended to the Notice of the Annual General Meeting.

Your directors recommend their appointment at the ensuing Annual General Meeting.

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 sub-clause (v) of Clause 49 of the Listing Agreement, Certificate of CEO/CFO, inter alia, confirming the correctness of the financial statements, adequacy of internal control measures and reporting of matters to the Audit Committee in terms of the said Clause, 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 supports 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., Chartered Accountants, Gurgaon, the Auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting, and being eligible, offer themselves for re-appointment. The Company has received a certificate from the auditors to the effect that their re-appointment, if made, would be in accordance with Section 224(1B) of the Companies Act, 1956. The Board recommends their re-appointment.

AUDITORS REPORT

The observations of the Auditors in their report at para (i) (b) of the annexure to report pertains to previous year ended March 31, 2008 and do not require any specific comments.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance with Section 217(2AA) of the Companies Act, 1956, the Directors confirm:

- a) that the applicable accounting standards have been followed in the preparation of annual accounts and that there are no material departures;
- b) that such accounting policies have been selected and applied consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March' 2009 and of the profit of the Company for the year ended on that date;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) that the annual accounts have been prepared on a going concern basis;

AUDIT COMMITTEE RECOMENDATION

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.

RATINGS

The rating agency CRISIL Limited has reviewed and assigned the AA/stable for Company's long term loans & cash credit loans and P1+ to its Letter of Credit limits, Bank guarantees limits & Commercial Paper.

FIXED DEPOSIT

The Company has not accepted any Fixed Deposits during the year under Section 58A or 58AA of the Companies Act, 1956 and the rules made there-under, and as such no amount on account of principal or interest on public deposits was outstanding on the date of the Balance Sheet.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 regarding Conservation of Energy, Technology Absorption and R & D and Foreign Exchange earnings & outgo are given in **Annexure-B** which forms part of Directors' Report.

ENVIRONMENT COMPLIANCE

Safety and environment performance is integral to the business performance of the Company and received continued focus throughout the year. 'Zero accidents' is acceptable standard of safety performance which was achieved during the financial year 2008-09. Now, to put more focus on safety, we have made 'Zero incident' as our acceptable standard. The Company regularly organizes fire fighting training for staff and workers.

For all manufacturing facilities, which require environmental consents such as air, water and hazardous waste, proper authorizations from respective Pollution Control Boards have been obtained and are in compliance with the present Environmental Legislation. The Company initiated many programmes to improve the health and safety of employees by way of Internal Environment Management Programmes. These initiatives and the improvements are monitored and reviewed through structured audits and management reviews.

The Company is a member of Haryana Environment Management Society. Government of Haryana has identified and notified a site in District Faridabad for use of disposal facility for hazardous waste. The society has also entered into an arrangement with SENES, a non-profit organization of Canada which has specialized in disposal of effluent waste and is acting in co-ordination with the society for bringing up this facility.

The Company believes waste is a precious resource kept in a wrong place. We have started collection of all kind of waste paper and giving it to authorized agency, who is recycling and reusing it. By doing this activity we are able to save around four to five trees per month.

The Company has started a new project for improvement in its performance in environment management. The project is specifically designed and named as Green Vendor Development Programme (GVDP). As a part of the project, six pillars named as Water, Energy, Waste, Chemical Substitution, Pollution Prevention and Legal Compliances have been constituted. Basic objectives of GVDP are:

- 100 per cent compliance of legal requirements.
- To conserve Water and Energy through process mapping.
- To minimize generation of Waste including hazardous waste and effectuate 3R principles i.e. Reduce, Recycle and Reuse.
- To terminate hazardous chemicals with less hazardous or non-hazardous chemicals.
- To generate pollution prevention awareness throughout the plant and to control & monitor all the pollution control devices to operate at optimum level within the Company and amongst the suppliers also.

ISO, QS AND TS ACCREDITATION

Your Company's manufacturing facilities at both the plants at Gurgaon and Manesar continue to maintain and uphold the prestigious ISO 9001, QS 9000, ISO 14001, TS 16949-2002 and OHSAS 18001 (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. For the new facility at Haridwar, the Company will be able to take the certification by the end of this financial year.

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, India. Major objectives of TPM are to increase Productivity, to improve Quality, to reduce Costs, to ensure Delivery in time, to increase Safety, to increase Profitability, to build Moral by formation of cross functional work groups (PQCDSM) and to improve overall effectiveness of equipment and processes within their areas. 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 nut shell convert all the losses into Profit.

Gurgaon Plant:

We have challenged the TPM excellence award with JIPM, Japan and were honored with TPM Excellence Award category A at Kyoto on 12th March 2009. We are now going to challenge the next level of TPM Excellence Award by end of the next year. For the same we have already organized a Kick – Off Ceremony for 2nd stage on 23rd of April 2009.

Manesar Plant:

We have organized 1st stage TPM Kick – Off Ceremony for our Manesar Plant on 23rd April 2009 and will challenge the Award by next year.

We are in the process of clubbing TPM with lean manufacturing system in the near future. Our Company has conducted Lean Manufacturing System (Value Stream Mapping) Work Shop in the month of July 2008.

A unique machine manufacturing division has been formed for manufacturing lean machines in India for the first time to cater the needs for our own expansion of new lines and for our plants. Besides this, the Company has started implementation of low cost automation mainly for quality up-gradation, manpower reduction, material handling etc. The other activities done by this division are conversion of our problematic machines into very simple TPM friendly and lean machines.

LISTING

The shares of your Company are listed at National Stock Exchange of India Limited and Bombay Stock Exchange Limited, and pursuant to Clause 38 of the Listing Agreement, the Annual Listing fees for the year 2009-2010 have been paid to them well before the due date i.e. April 30, 2009. The Company has also paid the annual custodian fees for the year 2009-10 in respect of Shares held in dematerialized mode to NSDL & CDSL.

PARTICULARS OF EMPLOYEES

A statement under sub-section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, forming part of this Directors' Report is given in **Annexure-C**.

HUMAN RESOURCES

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 its continued growth is dependent upon the Company's ability to attract and retain quality people. The total headcount increased to 2343 at the end of the year as compared to 2204 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.

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
Dated: May 29, 2009

BRIJMOHAN LALL MUNJAL
Chairman

ANNEXURE-A TO DIRECTORS' REPORT

Report on Corporate Governance

The Directors have pleasure in presenting the Corporate Governance Report for the year ended March 31, 2009.

Company's Philosophy on Corporate Governance

Munjal Showa Limited, as a constituent of Hero Group, believes in the concept of good Corporate Governance involving transparency, empowerment, accountability, equity and integrity with a view to enhance stakeholders' value.

I. BOARD OF DIRECTORS

A. Composition of Board

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, which will result 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. The Company's Board comprises of twelve directors. Two Directors are executive; four directors, including the Chairman, are non-executive and six directors are Non-Executive and Independent.

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 2008-09 are as follows:

Name of Director	Number of Board Meetings held during his tenure and attended by him		Attendance at last AGM	No. of Committee Memberships (including Chairmanships) held	Number of Committee Chairmanships held	Number of Outside Directorships held
	Held	Attended				
Executive Directors						
Mr. Yogesh Chander Munjal	4	4	YES	4	None	5
Mr. Kazuhiro Nishioka	4	4	YES	None	None	None
Non-Executive Directors						
Mr. Brijmohan Lall Munjal	4	3	NO	None	None	9
Mr. Hiroshi Ijima ^{1*}	1	NIL	N.A.	None	None	None
Mr. Mitsuhiro Nishida ^{2*}	3	NIL	NO	None	None	None
Mr. Pankaj Munjal	4	4	NO	3	1	7
Mr. Ashok Kumar Munjal	4	4	YES	2	None	9
Non-Executive and Independent Directors						
Mr. Krishan Chand Sethi	4	3	YES	None	None	None
Mr. Vinod Kumar Agarwal	4	4	YES	None	None	None
Mr. Anil Kumar Vadehra	4	3	NO	None	None	None
Mr. Surinder Kumar Mehta ³	2	2	N.A.	2	1	2
Mr. Nand Dhameja ⁴	2	1	N.A.	None	None	None
Mr. Devi Singh ⁵	2	2	N.A.	2	1	4

Notes:

1. Mr. Hiroshi Ijima has resigned from his directorship on May 23, 2008.
2. Mr. Mitsuhiro Nishida was appointed as an additional director on the Board w.e.f. May 23, 2008.
3. Mr. Surinder Kumar Mehta was appointed as an additional director on the Board w.e.f. September 23, 2008.
4. Mr. Nand Dhameja was appointed as an additional director on the Board w.e.f. September 23, 2008.
5. Mr. Devi Singh was appointed as an additional director on the Board w.e.f. September 23, 2008.

* Representative of Showa Corporation, Japan based at Japan

B. Meetings held in financial year 2008-09 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 2008-09 on May 23, 2008, July 30, 2008, October 23, 2008 and January 29, 2009.

Information supplied to the Board among others 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 Company has a Code of Conduct for the members of the Board of Directors and of the Senior Management. The code of conduct is available on the website of the Company www.munjalshowa.net. All members of the Board and senior management affirm compliance of code on annual basis. They have affirmed compliance of the code for the year ended March 31, 2009. A declaration signed by the Chief Executive Officer (CEO) to this effect is attached to the Annual Report.

II. AUDIT COMMITTEE

The Audit Committee consists of four Directors namely Mr. Krishan Chand Sethi, Mr. Ashok Kumar Munjal, Mr. Vinod Kumar Agrawal and Mr. Anil Kumar Vadehra, being Non- Executive Directors, to review various areas of audit and accounts. Mr. Vinod Kumar Agrawal 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 Company Law. Mr. Vinod Kumar Agrawal, Mr. Ashok Kumar Munjal and Mr. Anil Kumar Vadehra are having accounting and related financial management expertise. The terms of reference of the Audit Committee have been restated so as to bring them in line with the amendments in the Listing Agreement and the Companies Act. 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 letters issued by the statutory 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 292 A of the Companies Act, 1956. The Company Secretary acts as the secretary of the Committee. The Auditors and Head of Finance attend the meetings on invitation by the Chairman. During the financial year 2008-09, the Audit Committee met four times, on May 22, 2008, July 29, 2008, October 22, 2008 and January 28, 2009.

Attendance of Members at the meetings of the Audit Committee held during 2008-09 was as under:

Members	No. of Meetings attended
Mr. Vinod Kumar Agrawal, Chairman	4
Mr. Ashok Kumar Munjal	4
Mr. Krishan Chand Sethi	3
Mr. Anil Kumar Vadehra	3

III. REMUNERATION COMMITTEE

The Remuneration Committee was constituted on July 21, 2003. The said Committee has been empowered to consider and recommend to the Board the remuneration of Managing Director/Whole Time Director. The present Remuneration Committee consists of the following three non-executive & independent directors:

Mr. Krishan Chand Sethi - Chairman

Mr. Vinod Kumar Agrawal - Member

Mr. Anil Kumar Vadehra - Member

The meetings of the Remuneration Committee were held on April 14, 2008 and January 3, 2009 under the Chairmanship of Mr. Krishan Chand Sethi. These meetings were attended by Mr. Krishan Chand Sethi, Mr. Vinod Kumar Agrawal and Mr. Anil Kumar Vadehra. The meeting on April 14, 2008 of the Remuneration Committee was held to consider and recommend increase in the remuneration payable to Mr. Yogesh Chander Munjal, Managing Director and Mr. Kazuhiro Nishioka, Joint Managing Director and the meeting on January 3, 2009 was held to consider payment of company's contribution to provident fund at applicable rate in respect of remuneration payable to Mr. Kazuhiro Nishioka.

IV. REMUNERATION OF DIRECTORS

The Recommendations of the Remuneration Committee are considered and approved by the Board subject to the approval of shareholders and Central Government, if required. 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 and approved by the shareholders. Payments of sitting fee to non-executive directors are made within the limits prescribed under the Companies Act, 1956. The details of the remuneration paid to Directors for the financial year 2008-09 are as under:

Name	Salary, Allowances and Perquisites*	Commission**	Sitting Fee***	Total
Mr. Brijmohan Lall Munjal	Nil	Nil	45000	45000
Mr. Yogesh Chander Munjal	8511115	3458561	Nil	11969676
Mr. Kazuhiro Nishioka	6831574	3458561	Nil	10290135
Mr. Pankaj Munjal	Nil	Nil	60000	60000
Mr. Ashok Kumar Munjal	Nil	Nil	180000	180000
Mr. Krishan Chand Sethi	Nil	Nil	120000	120000
Mr. Vinod Kumar Agrawal	Nil	Nil	150000	150000
Mr. Anil Kumar Vadehra	Nil	Nil	180000	180000
Mr. Surinder Kumar Mehta	Nil	Nil	30000	30000
Mr. Nand Dhameja	Nil	Nil	15000	15000
Mr. Devi Singh	Nil	Nil	30000	30000

* Gross Salary includes basic salary, Company's contribution to Provident Fund, Medical Reimbursement, Monetary value of perquisites and value of rent-free accommodation.

** Commission is calculated @ 1% of the net profit calculated in accordance with Section 198 read with Sections 349 & 350 of the Companies Act, 1956.

*** Sitting fee shown above also includes the fee paid to directors for attending meetings of Committees of the Board.

There are no Stock Options available / issued to any director of the Company and this does not form a part of their contract with the Company. Non - executive directors do not hold any shares in the Company.

V. SHARE TRANSFER AND INVESTOR GRIEVANCES COMMITTEE

The "Share Transfer and Investor Grievances Committee" has been looking into investor grievances and to suggest remedies and measures for improvement. The Committee comprises of four directors, of whom two are Non-Executive Directors, namely Mr. Anil Kumar Vadehra and Mr. Ashok Kumar Munjal. The Chairman is a non-executive independent director. The Company Secretary 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 39 requests/complaints from the shareholders. All the requests/complaints were attended promptly and resolved to the satisfaction of the shareholders. 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 other pending share transfer case as on March 31, 2009.

List of requests/complaints received from shareholders during the financial year 2008-2009 is as under:

Sr. No.	Nature of request/complaint received	Received	Solved	Pending
1.	Transfer of shares	5	5	Nil
2.	Non receipt of Annual Report	8	8	Nil
3.	Non- receipts of dividend warrants / Revalidation of dividend warrants	17	17	Nil
4.	Miscellaneous	9	9	Nil
	TOTAL	39	39	Nil

VI. SHARE TRANSFER SYSTEM

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

VII. GENERAL BODY MEETINGS

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
2007-2008	26E & F, Sector 3, IMT Manesar, Gurgaon	Thursday, August 07, 2008	11:00 A.M.	NIL
2006-2007	26E & F, Sector 3, IMT Manesar, Gurgaon	Tuesday, August 07, 2007	11:00 A.M.	NIL
2005-2006	26E & F, Sector 3, IMT Manesar, Gurgaon	Monday, August 28, 2006	11:00 A.M.	01

No resolution has been passed by the Company's shareholders through postal ballot during the Financial Year 2008-09.

VIII. DISCLOSURES

- A statement in summary form of transactions with related parties in the ordinary course of business is placed periodically before the Audit Committee. There were no materially significant related party transactions during the year having potential conflict with the interest of the Company. The transactions with related parties are disclosed in Note No. 4 of schedule 22 notes to accounts in the Annual Report.
- The Company has complied with all the requirements of the listing agreement with the Stock

Exchanges as well as regulations and guidelines of SEBI. No penalties or strictures have been imposed by SEBI, Stock Exchanges or any statutory authorities in matters relating to the capital markets during the last three years.

- c. In the preparation of financial statements, all the prescribed Accounting Standards have been followed.
- d. The Company is consulting foreign exchange experts on day-to-day basis for hedging / booking the import bill to manage the foreign exchange risks.
- e. The Company has not raised any money through public issues, right issues or preferential issues etc. during the year.

IX. MEANS OF COMMUNICATION

The Quarterly Un-Audited Financial Results and the Annual Audited Financial Results are published by the Company in leading national newspapers such as The Economic Times (English edition) and Navbharat Times (Hindi edition). Though the half yearly report is not sent to each household of shareholders, these results are placed on Company's web site www.munjalshowa.net and are also available in the EDIFAR System maintained by the SEBI at its website www.sebi.gov.in. As the Company publishes the Audited Annual Results within a stipulated period of three months from the close of the financial year, as permitted under the Listing Agreement of the Stock Exchanges, the Un-Audited results for the last quarter of the financial year are not published.

X. MANAGEMENT

Management Discussion and Analysis Report Industry Structure and Development

Global meltdown has affected developed countries and developing countries deeply. Yet, when we review India specific results in totality, we observed that the industry registered growth with signs of gradual improvement. Domestic demand and sound financial system virtually insulated our economy with minimal negative impact. The marginal decline in 2008-09 was mainly due to tightening of credit policy by all banks which affected availability of finance to a common man. Prudence prevailed amongst policy makers and soon the norms were relaxed which resulted into healthy growth for both Two-Wheeler and Four-wheeler industry. Passenger vehicle growth for the period under review was in the region of 6.75 per cent when compared with financial year 2007-08. Similarly for Two-Wheeler segment, the recorded growth was 4.62 percent.

M/s Hero Honda Motors Limited being a major customer lead the motorcycle segment by registering a market share of 60 percent in domestic market. Whereas, M/s Honda Motorcycles and Scooters India Private Limited, registered a market share of 57 per cent in scooter segment and depicted a growth of 16.50 percent during the period under review and anticipated an overall growth of 18 percent in the year 2009-10.

The Company has successfully developed products for new generation vehicles such as Stunner and New Activa for Honda Motorcycles and Scooters India Private Limited and City-08 for Honda Siel Cars India Limited.

During financial year 2008-09, Hero Honda Motors Limited launched a slew of nine new models across all segments with new all muscle and macho HUNK, sporty and stylish new CBZ X-treme, New Passion Pro with self start and the Dawn start variant were also introduced. In CD Deluxe and Splendor NXG new look was also given to already successful brand like Glamour, Glamour FI, Splendor NXG and Pleasure models. The Company is single source supplier of shock absorbers for the entire range of products of Hero Honda Motors Limited.

Opportunities and Threats

Crude oil prices influence Auto sector significantly, any volatility and escalation can dampen overall market appetite indefinitely. Fortunately for the past five to six months international crude prices have settled around US Dollar 50 a barrel, which augurs well for growth of Auto Industry. Even other related inputs, like steel, aluminum, rubber and other metals have started registering downward trends on price front, which surely will lead to lower vehicle cost and thus make it affordable on both front, from the stand point of manufacturer and consumer alike. 2008-09 was one of the worst financial year in the Indian automobile industry in recent time. The Company was clear gainer in terms of increase in market

share, due to increase in market share of its customers. In brief we expect stability on price front which is expected to stimulate demand and thus register higher sales for the Company.

The Company continues to be a leader in Shock Absorber Industry with unmatched quantity and quality level in OEM segment. As all our customers are on growth path, the Company can confidently look forward to an overall growth of approximately ten percent.

Product-wise performance

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

Outlook

The outlook of the company appears promising with positive indication for healthy growth both in terms of value and volume. Our key customers Hero Honda Motors Limited, Honda Motorcycles and Scooters India Private Limited and Maruti Suzuki India Limited have firmed plans to register growth in the region of ten to fifteen percent.

Our customers have chalked out wide range of new products to be introduced in the market on or before festive season with a view to harness higher market share and thus registered healthy sales. Honda Sael Cars India Limited has plan to launch small car for the first time in India by 2010. It is expected that post election economy will stabilize which in turn will offer conducive environment to the industry for growth and prosperity.

Risk and Concerns

The major risk associated with the Automobile Industry continues to be dependency largely on timely monsoon and availability of credit especially from public sector banks. The growth of rural economy is in the list of top priority of the Government. Scheduled Commercial Banks and Regional Rural Banks are expected to extend financing in line with Government decision to increase credit allocation to rural and farm sector in 2009-10.

In addition to above factor, crude oil price can also have influence on growth. Any unexpected and sudden increase in crude oil price will have far reaching consequences and such may slow down overall tempo of growth and development. Volatile situation in neighboring country can also be cause of deep concern. Fundamentalism should not be allowed to spread its ugly tentacles in our country.

The Company's growth is primarily determined by overall growth of Automotive Industry. In India, both Auto and Auto Component Industries are on growth path and this trend is likely to persist.

The Concentration of business with few customers, may adversely affect the profitability of the Company. However, to mitigate these risks, your Company is constantly working on this front and widening its customer base as and when any opportunity arises and also by reviewing prices with existing customers to balance the additional raw material cost impact on account of price increase in metals and other inputs & expenditure.

The profitability of the Company may further be affected by changes in Government Policies regarding excise duty, import duty, Income Tax, Fringe Benefit Tax, VAT, Service Tax and any other Central / State levy etc. The growing cut-throat competition in the two-wheeler industry being price sensitive may squeeze the margins further in future. The import content in the product constitutes around 8 % of the raw material cost. Though, the rupee is getting stronger and stable against USD and Japanese Yen is Volatile against USD, any sudden change due to rupee depreciation or Yen appreciation may affect adversely the profitability of the Company. Any further hike in interest rate may also affect adversely on one hand bottom line and on the other hand demand of vehicles, resulting slowdown.

Internal Control System and their adequacy

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. An external firm of Chartered Accountants has been appointed for conducting the internal audit. The key elements of internal control system are:

- Revenue and Capital Budget monitoring system
- Management Information System
- Proper authorization for conducting business
- Periodical presentation by managerial personnel

Discussion on financial performance with respect to operational performance

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, and Generally Accepted Accounting Principles (GAAP) in India. The Company has complied with the requirements of all mandatory accounting standards.

The turnover of the Company for the year under review has increased to Rs. 95,392.24 lacs as against the corresponding previous year Rs. 84,371.01 lacs and profit before tax increased to Rs. 3,289.81 lacs as against the corresponding previous year of Rs. 2,978.46 lacs.

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

Your Company firmly believes in human capital and deeply believes that quality and positive attitude of the people are the keys to face the ever-growing competition. Accordingly, change of mindset, innovation, cost and process optimization, anticipation and management of change, culture of trust and transparency have been our major HR initiatives.

The Company had 2343 employees, as on 31st March, 2009. The Industrial relations remained cordial throughout the year.

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, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.

XI. GENERAL SHAREHOLDER INFORMATION:

1) Annual General Meeting

- Day, Date and Time : Friday, August 07, 2009, 11:00 A. M.
- Venue : 26 E & F, Sector-3, IMT Manesar, Gurgaon- Haryana

2) Financial Calendar

- (a) Financial Year 2009-2010 : April to March
- (b) Financial reporting for the quarter ending June 2009 : End July 2009
- (c) Financial reporting for the half year ending September 2009 : End October 2009
- (d) Financial reporting for the quarter ending December 2009 : End January 2010
- (e) Financial reporting for the year ending March 2010. : End June 2010
- (f) Annual General Meeting for the year ending March 31, 2010 : End September 2010

3) Face Value of the Equity Share

: Rs. 2 per share

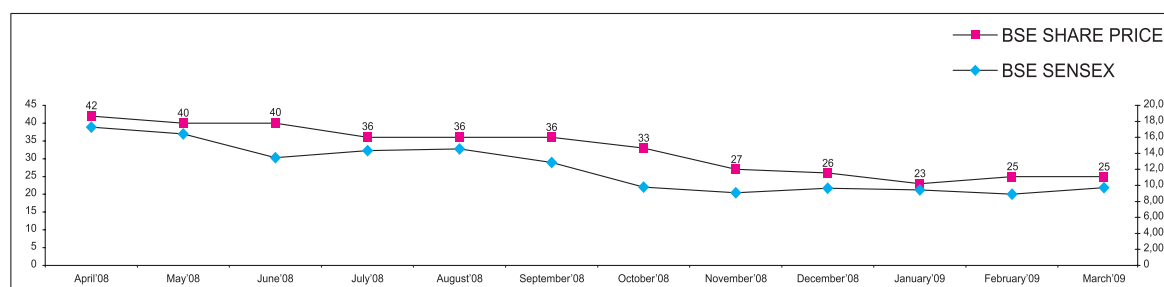
4) Date of Book Closure

: July 18, 2009 to August 07, 2009 (both days inclusive)

- 5) Dividend Payment Date : 30 days from the date of AGM
- 6) Listing on Stock Exchanges : **Bombay Stock Exchange Limited, Mumbai** Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001
National Stock Exchange of India Limited Exchange Plaza”, Bandra- Kurla Complex, Bandra (E), Mumbai - 400 051
- 7) Stock Code
 - The Stock Exchange, Mumbai : 520043
 - National Stock Exchange : munjalshow
 - International Securities Identification number (ISIN) for NSDL & CDSL : INE577A01027
 - Company Identification Number (CIN) : L34101HR1985PLC020934
 - Permanent Account Number (P A N) : AAACM0070D
- 8) Monthly Highs, Lows and volume for the year 2008-2009 on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

Year – 2008-09	Bombay Stock Exchange			National Stock Exchange		
	High (Rs)	Low (Rs)	Volume (Nos.)	High (Rs)	Low (Rs)	Volume (Nos.)
April'08	42	32	195361	42	31	156340
May'08	40	36	139657	40	30	126583
June'08	40	31	139633	37	31	146314
July'08	36	29	189411	36	27	175457
August'08	36	32	99929	36	26	130550
September'08	36	27	168332	36	26	139488
October'08	33	20	149297	34	17	153286
November'08	27	19	92501	27	18	75470
December'08	26	20	113838	26	18	288109
January'09	23	19	127210	27	20	363137
February'09	25	21	44330	26	18	49611
March'09	25	20	110229	27	17	74691

9) Stock Performance of Munjal Showa Limited Vs. Bombay Stock Exchange (BSE) Indices: INDEX COMPARISON – COMPANY’S SHARE PRICE vs. SENSEX



- 10) Registrar and Share Transfer Agents** : MCS Limited
 F-65, Okhla Industrial Area, Phase I,
 New Delhi-110020
 Tel: 41406149, 51, 52 Fax: 41409881
 E-mail: admin@mcsdel.com

11) Share Transfer System:

The Company's shares being in compulsory demat list are transferable through the depository system. Shares in physical form are processed by MCS Limited, Registrar and Transfer Agents of the Company every fortnight.

The total number of shares transferred in physical form during the year under review were 8500 shares.

12) A. Distribution of Shareholding as on March 31, 2009:

No. of shares	Shareholders	% Shareholders	No. of shares	% Shareholding
Upto 500	5988	66.08	1179929	2.95
501-1000	1504	16.60	1404079	3.51
1001-2000	879	9.70	1542170	3.86
2001-3000	241	2.66	633898	1.58
3001-4000	139	1.53	519558	1.30
4001-5000	103	1.14	496815	1.24
5001-10000	106	1.17	800752	2.00
10001-50000	74	0.81	1570421	3.93
50001-100000	11	0.12	807584	2.02
100001 and above	17	0.19	31039794	77.61
Total	9062	100	39995000	100.00

B. Shareholding pattern as on March 31, 2009

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	5	15604000	12600000	39.01
Foreign Promoters	1	10400000	0	26.00
Public Shareholding				
Institutions				
Mutual Funds/ UTI	5	505500	502000	1.26
Financial Institutions/ Banks	7	9400	2400	0.02
Insurance Companies	1	5	5	0.00
Foreign Institutional Investors	1	154112	154112	0.39

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
Non-institutions				
Bodies Corporate	330	3668349	3655349	9.17
Individuals -				
i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	8584	7449824	6436866	18.63
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	18	2106266	2106266	5.27
Any Other-NRI	108	91044	86044	0.23
Any Other-Trust & foundation	2	6500	6500	0.02
GRAND TOTAL	9062	39995000	25549542	100.00
% of Dematerialization			63.88%	

No shares have been pledged by the promoters.

13) Nomination Facility:

The Company offers facility of nomination. The members are requested to refer to Section 109A of the Companies Act, 1956 as amended. 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.

- 14) Dematerialization of shares and liquidity** : As on March 31, 2009 a total of 25,549,542 equity shares of the Company, which forms 63.88% of share capital of the Company have been dematerialized. The Trading in Company's share is permitted compulsorily in dematerialized form from 28th August, 2000 as per notification issued by SEBI.
- 15) Outstanding GDRs/ADRs/Warrants or any convertible instruments, if any** : Not Applicable
- 16) Plant Locations** : – 9-11, Maruti Industrial Area, Gurgaon-122015, Haryana
– 26 E & F, Sector-3, IMT Manesar, Gurgaon - 122050 Haryana
– Plot No. 1, Industrial Park-2, Phase-Salempur Mehdood Haridwar- 249403 Uttarakhand
- 17) Address for Correspondence** : 9-11, Maruti Industrial Area, Gurgaon-122015, Haryana
Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.
Share Transfer Agent and Registrar M/s MCS Ltd, New Delhi may be contacted for any query related to Share Transfer and other matters.

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 on March 31, 2009 and that to the best of our knowledge and belief:
 - 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) There are, to the best of our knowledge and belief, 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 accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee;
 - i) significant changes in internal control over financial reporting during the year;
 - ii) significant changes in accounting policies during the year and that the same have 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 a significant role in the Company's internal control system over financial reporting.

We further declare that all board members and senior management have affirmed compliance with the code of conduct for the year 2008-09.

(Yogesh Chander Munjal)
Managing Director

(Mahesh Taneja)
AVP- Finance & IT

New Delhi,
May 29, 2009

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, 2009, 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 & COMPANY

Chartered Accountants

per Pankaj Chadha
Partner

Membership No. 91813

Place : Gurgaon
Date : May 29, 2009

ANNEXURE-B TO DIRECTORS' REPORT

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO – COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A. CONSERVATION OF ENERGY

Energy conservation measures taken during the financial year 2008-09 and their impact

Measures taken	Impact
– Provided natural exhaust fans on factory roof for fume extraction	Reduction in power consumption
– Provided heat recovery system on water heater	Reduction in power consumption
– Provided heat exchangers in Powder Coating	Reduction in power consumption
– Replacement of re-winded motors with energy efficient motors	Reduction in power consumption
– Running of DGs in synchronization mode	Reduction in fuel consumption

Additional investments and proposals being implemented for reduction of consumption of energy

Measures taken	Impact
Putting more power load on DHVBN	Reduction in power cost
Installation of heat recovery system	Reduction in fuel consumption

Impact of the measures for reduction of energy consumption and consequent impact on the cost of production of goods.

The Company has taken various steps to

- Reduce consumption of power, fuel, oil and other energy resources by adopting various measures, and
- Improve of power factor and indoor shop lighting, etc. Special emphasis has been given to improve the productivity of electric motors. A team of experts is studying on a continuous basis the possibility of use of various methods by which the Company can optimizes the use of energy without affecting the productivity, quality, etc. Training programmes were conducted to increase awareness on energy saving. On account of the aforesaid steps / measures taken, considerable savings have been achieved in consumption of energy and other utilities.

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	NIL
Recurring	Rs.1,046,030/-
Total	Rs.1,046,030/-

Total expenditure as a percentage of total turnover 0.0126 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 and 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**Activity 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 directly any export. However, the Company is catering to the 100 per cent requirement of Shock Absorbers, Struts and Window Balancers for export models of Hero Honda Motors Limited, Honda Siel Cars India Limited, Maruti Suzuki India Limited and Honda Motorcycles and Scooters India Private Limited.

Total Foreign Exchange used and earned

The foreign exchange earnings during the year were Rs. 3,077,123/- and foreign exchange outgo during the year was Rs.791,148,234/-.

For and on behalf of the Board

BRIJMOHAN LALL MUNJAL
Chairman

Place : New Delhi
Dated : May 29, 2009

ANNEXURE-C TO DIRECTORS' REPORT
STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956
AND THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1988 FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR
ENDED MARCH 31, 2009

Sl. No	Name	Age (Years)	Designation	Nature of duties	Qualification	Experience (Years)	Date of Commencement of Employment	Gross Remuneration (Rs.)	Particulars of last employment designation	Percentage / Nos. of Equity Share as per Clause(a) (iii) of Section 217(2A)	Other Terms & conditions
Employed for whole of the Year											
1.	Yogesh Chander Munjal	69	Managing Director	Overall management of the affairs of the Company	B. Arch.	45	01.09.1986	11,969,676	Chief Executive - Rockman Cycle Inds. Ltd	4000 (0.01 per cent)	As per rules of the Company
2.	Kazuhiro Nishioka	45	Joint Managing Director	Overall management of the affairs of the Company	Graduate Engineer	22	01.08.2005	10,290,135	Manager Showa Corporation, Japan	NIL	As per rules of the Company

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. 24,00,000/- (Rs. Twenty-four 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. 2,00,000 (Rupees Two Lacs) per month.
- Gross remuneration includes Salary, Company's contribution to Provident Fund and Super Annuation Fund, Medical Reimbursement, Monetary Value of Perquisites & value of Rent Free Accommodation.
- All appointments are / were on contractual basis.
- The above employees are not related to any Director of the Company.

For and on behalf of the Board

BRIJMOHAN LALL MUNJAL
Chairman

Place : New Delhi
Date : May 29, 2009

Auditors' Report

To

The Members of Munjal Showa Limited

1. We have audited the attached Balance Sheet of Munjal Showa Limited ('the Company') as at March 31, 2009 and also the Profit and Loss account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v. On the basis of the written representations received from the directors, as on March 31, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2009;
 - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & CO.

Chartered Accountants

per Pankaj Chadha

Partner

Membership No. 91813

Place : Gurgaon

Date : 29.05.2009

Annexure referred to in paragraph 3 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 ended on 31 March 2008 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. *Material discrepancies were identified on such verification, which were properly dealt with in the books of accounts.*
- (c) There was no substantial disposal of fixed assets during the year.
- (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) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) As informed, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore clause (iii)(f) and (g) of the Order are not applicable to the Company.
- (c) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, 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 and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. The clause relating to sale of services is not applicable to the Company.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) In respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public
- (vii) The Company's internal audit is undertaken by an independent firm and the scope and coverage thereof is commensurate with its size and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed

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
ESI Act	ESI Contribution	4,365,034	1994-98	Employee Insurance Court, Gurgaon
Income Tax Act, 1961	Income Tax dues	55,739,299	Assessment Year 2005-06	Commissioner of Income Tax (Appeals)

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any bank. The Company did not have any dues from any financial institution or any outstanding debentures during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In respect of Company's investments in various schemes managed by recognized mutual funds, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. These investments have been held by the Company, in its own name.
- (xv) 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.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) 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 course of our audit.

For S.R. BATLIBOI & CO.

Chartered Accountants

per Pankaj Chadha

Partner

Membership No. 91813

Place : Gurgaon
Date : 29.05.2009

BALANCE SHEET AS AT MARCH 31, 2009

	Schedules	As at March 31, 2009 (Rs.)	As at March 31, 2008 (Rs.)
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	79,992,500	79,992,500
Reserves and surplus	2	1,572,981,001	1,459,707,498
		<u>1,652,973,501</u>	<u>1,539,699,998</u>
Loan funds			
Secured loans	3	1,012,951,763	351,568,323
		<u>1,012,951,763</u>	<u>351,568,323</u>
Deferred Tax Liabilities (net)	4	<u>111,561,296</u>	<u>96,580,945</u>
TOTAL		<u>2,777,486,560</u>	<u>1,987,849,266</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	2,979,022,885	2,236,931,202
Less : Accumulated Depreciation		<u>984,045,045</u>	<u>826,669,817</u>
Net block		<u>1,994,977,840</u>	<u>1,410,261,385</u>
Capital work-in-progress including capital advances		<u>405,654,655</u>	<u>353,777,645</u>
		<u>2,400,632,495</u>	<u>1,764,039,030</u>
Intangible assets	6	<u>2,773,416</u>	<u>4,057,259</u>
Investments	7	<u>100,000,000</u>	<u>-</u>
Current assets, Loans and Advances			
Inventories	8	287,575,364	260,652,787
Sundry debtors	9	914,621,435	782,091,273
Cash and bank balances	10	53,134,534	22,380,596
Other current assets	11	-	7,450,000
Loans and advances	12	294,047,102	266,109,908
(A)		<u>1,549,378,435</u>	<u>1,338,684,564</u>
Less: Current liabilities and provisions			
Current liabilities	13	1,161,077,918	981,005,778
Provisions	14	130,526,303	137,925,809
(B)		<u>1,291,604,221</u>	<u>1,118,931,587</u>
Net Current Assets (A-B)		<u>257,774,214</u>	<u>219,752,977</u>
Miscellaneous Expenditure		<u>16,306,435</u>	<u>-</u>
TOTAL		<u>2,777,486,560</u>	<u>1,987,849,266</u>
Notes to accounts	22		

The schedules referred to above and the notes to accounts form an integral part of the Balance Sheet
As per our report of even date

For S.R.Batlboi & Co.
Chartered Accountants

per **Pankaj Chadha**
Partner
Membership No. 91813
Place: Gurgaon
Date: 29.05.2009

For and on behalf of the Board of Directors of Munjal Showa Ltd.

Yogesh Chander Munjal Managing Director
Kazuhiro Nishioka Jt. Managing Director
Vinod Kumar Agrawal Director
Mahesh Taneja AVP- Finance and IT
Pankaj Gupta Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	Schedules	For the year ended March 31, 2009 (Rs.)	For the year ended March 31, 2008 (Rs.)
INCOME			
Turnover (Gross)		9,396,380,690	8,292,852,532
Less : Excise duty		1,105,134,118	1,199,064,605
Turnover (Net)		8,291,246,572	7,093,787,927
Other income	15	142,843,700	144,247,611
TOTAL		8,434,090,272	7,238,035,538
EXPENDITURE			
Raw materials consumed	16	6,308,300,137	5,323,272,570
Personnel expenses	17	328,266,371	298,272,672
Operating and other expenses	18	1,270,052,347	1,143,027,087
Decrease in inventories	19	(21,976,131)	(784,595)
Depreciation and amortization	5 and 6	168,570,434	153,623,310
(Increase)/decrease of excise duty on finished goods		(2,706,353)	54,011
Financial expenses	20	54,602,163	22,724,801
TOTAL		8,105,108,969	6,940,189,856
Profit before tax		328,981,303	297,845,682
Current tax		104,346,795	93,945,919
Deferred tax charge		14,980,351	7,549,570
Fringe benefit tax		2,796,354	3,157,801
Total Tax Expense		122,123,500	104,653,290
Net Profit		206,857,804	193,192,392
Balance brought forward from previous year		168,922,897	169,314,806
Profit available for appropriation		375,780,701	362,507,198
Appropriations:			
Proposed final dividend		79,990,000	79,990,000
Tax on dividend		13,594,301	13,594,301
Transfer to general reserve		100,000,000	100,000,000
Surplus carried to Balance Sheet		182,196,400	168,922,897
Earnings per share	21		
Basic and diluted [Nominal value of shares Rs 2 (Previous year Rs 2)]		5.17	4.83
Notes to Accounts	22		

The schedules referred to above and the notes to accounts form an integral part of the Balance Sheet
As per our report of even date

For S.R.Batliboi & Co.
Chartered Accountants

For and on behalf of the Board of Directors of Munjal Showa Ltd.

per Pankaj Chadha
Partner
Membership No. 91813
Place: Gurgaon
Date: 29.05.2009

Yogesh Chander Munjal
Managing Director

Kazuhiro Nishioka
Jt. Managing Director

Vinod Kumar Agrawal
Director

Mahesh Taneja
AVP- Finance and IT

Pankaj Gupta
Company Secretary

SCHEDULES TO THE ACCOUNTS

	As at March 31, 2009 (Rs.)	As at March 31, 2008 (Rs.)
SCHEDULE 1 : SHARE CAPITAL		
Authorised		
75,000,000 (Previous Year 75,000,000) equity shares of Rs.2 each	<u>150,000,000</u>	<u>150,000,000</u>
Issued		
39,997,500 (Previous Year 39,997,500) equity shares of Rs. 2 each	<u>79,995,000</u>	<u>79,995,000</u>
Subscribed and Paid up		
39,995,000 (Previous Year 39,995,000) equity shares of Rs.2 each fully paid	<u>79,990,000</u>	<u>79,990,000</u>
Add : Share forfeited (amount originally paid up)	<u>2,500</u>	<u>2,500</u>
	<u>79,992,500</u>	<u>79,992,500</u>
SCHEDULE 2 : RESERVES AND SURPLUS		
General reserve		
Balance as per last account	<u>1,290,784,601</u>	1,190,784,601
Add: Transfer from Profit and Loss Account	<u>100,000,000</u>	100,000,000
	<u>1,390,784,601</u>	1,290,784,601
Profit and Loss Account		
	<u>182,196,400</u>	168,922,897
	<u>1,572,981,001</u>	1,459,707,498
SCHEDULE 3 : SECURED LOANS		
Cash credit from banks	<u>121,950,596</u>	54,594,621
(Secured by hypothecation of stocks and book debts, both present and future)		
Buyer's credit from a bank	<u>21,935,766</u>	40,092,709
(Secured by exclusive charge on assets funded. Amounts repayable within one year Rs. 21,935,766 (Previous Year Rs. 22,910,120))		
Term loan from a bank	<u>326,471,180</u>	255,729,379
(Secured by hypothecation of stocks and book debts, both present and future. Amount payable within one year Rs. 81,621,588 (Previous Year Rs. Nil.))		
External Commercial Borrowing from a bank	<u>541,687,500</u>	—
(External Commercial Borrowing secured with an exclusive charge on the fixed assets to be procured out of the loan along with mortgage charge over property at 9-11, Maruti Industrial Area, Gurgaon. Amount payable within one year Rs. 63,727,941 (Previous Year Rs. Nil))		
Others-Vehicle loan	<u>906,721</u>	1,151,614
(Secured by hypothecation of vehicle. Amount repayable within one year Rs. 266,538 (Previous Year Rs. 244,892))		
	<u>1,012,951,763</u>	<u>351,568,323</u>

	As at March 31, 2009 (Rs.)	As at March 31, 2008 (Rs.)
SCHEDULE 4 : DEFERRED TAX LIABILITY (NET) :		
Deferred Tax Liabilities		
Differences in depreciation in block of fixed assets as per tax books and financial books	135,921,881	130,955,609
Gross Deferred Tax Liabilities	135,921,881	130,955,609
Deferred Tax Assets		
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years	24,360,585	34,374,664
Gross Deferred Tax Assets	24,360,585	34,374,664
Net Deferred Tax Liabilities	111,561,296	96,580,945

SCHEDULES TO THE ACCOUNTS

SCHEDULE 5 : FIXED ASSETS

	Land-Freehold	Buildings	Plant and machinery	Office equipment, furniture and fittings	Vehicles	Total	Previous year
Gross block							
At 01.04.2008	147,002,923	244,898,845	1,766,598,327	48,450,683	29,980,424	2,236,931,202	1,908,540,062
Additions	276,989,392	387,736,364	72,618,072*	4,271,615	3,919,955	745,535,398	371,978,315
Deductions	–	–	–	–	3,443,715	3,443,715	43,587,175
At 31.03.2009	423,992,315	632,635,209	1,839,216,399	52,722,298	30,456,664	2,979,022,885	2,236,931,202
For previous year	147,002,923	244,898,845	1,766,598,327	48,450,683	29,980,424	2,236,931,202	
Depreciation							
At 01.04.2008	–	45,729,899	745,621,873	25,260,615	10,057,430	826,669,817	715,200,280
For the year	–	10,462,331	143,517,791	3,253,588	2,773,386	160,007,096	143,364,051
Deletions / adjustments	–	–	–	–	2,631,868	2,631,868	31,894,514
At 31.03.2009	–	56,192,230	889,139,664	28,514,203	10,198,948	984,045,045	826,669,817
For previous year	–	8,000,035	128,973,321	3,719,782	2,670,913	143,364,051	
Net block							
At 31.03.2009	423,992,315	576,442,979	950,076,735	24,208,095	20,257,716	1,994,977,840	1,410,261,385
At 31.03.2008	147,002,923	199,168,946	1,020,976,454	23,190,068	19,922,994	1,410,261,385	
Capital work-in-progress including capital advances						405,654,655*	353,777,645

* Exchange differences capitalized as per AS-11 during the year amounted to Rs. 14,106 (Previous Year Nil), which is an exchange loss, in Plant & Machinery and Rs. 2,024,411 (Previous Year Nil), which is an exchange gain, in Capital work-in-progress including capital advances.

SCHEDULE 6: INTANGIBLE ASSETS

	Designs and drawings	Previous year
Gross block		
At 01.04.2008	32,880,048	26,866,548
Additions	7,279,495	6,013,500
At 31.03.2009	40,159,543	32,880,048
For previous year	32,880,048	—
Amortisation		
At 01.04.2008	28,822,789	18,563,530
For the year	8,563,338	10,259,259
At 31.03.2009	37,386,127	28,822,789
For previous year	28,822,789	—
Net Block		
At 31.03.2009	2,773,416	4,057,259
At 31.03.2008	4,057,259	—

As at	As at
March 31, 2009	March 31, 2008
(Rs.)	(Rs.)

SCHEDULE 7 : INVESTMENTS

Current Investments (At lower of cost and market value)

9,709,774.830 units (Previous Year Nil) of DWS
Ultra Short term Fund- Institutional Growth of
Rs. 10.298 each

<u>100,000,000</u>	—
<u>100,000,000</u>	—

- Repurchase price of investments in Mutual Funds amounts to Rs. 100,113,604/- (Previous Year Rs. Nil)

2. Following investments were purchased and sold during the year:

Particulars	Units Purchased	Units Sold	Purchase Value (Rs.)	Sales Value (Rs.)
Birla Sun Life Floating Rate Fund- Short Term-IP-Growth	7,297,073	(7,297,073)	80,000,000	(80,292,018)
Birla Sun Life Liquid Plus Institutional - Growth	12,351,664	(12,351,664)	190,000,000	(190,355,504)
Birla Sweep Fund- Dividend- Reinvestment	401,675,611	(401,675,611)	4,049,530,168	(4,049,771,597)
DWS Insta Cash Plus Fund - Institutional Plan Growth	4,546,660	(4,546,660)	60,000,000	(60,031,372)
DWS Ultra Short Term Fund - Institutional Growth	15,633,358	(5,923,583)	160,031,372	(60,207,302)

Particulars	Units Purchased	Units Sold	Purchase Value (Rs.)	Sales Value (Rs.)
DWS Liquid Plus Fund - Regular Daily Dividend Plan	2,996,730	(2,996,730)	30,011,352	(30,011,352)
HDFC Cash Management Fund - Saving Plan - Growth	4,954,760	(4,954,760)	90,000,000	(90,424,248)
ICICI Pru Liquid Plan Instit. Plus-Daily Div. Option-Reinvestment	8,443,452	(8,443,452)	100,067,572	(100,067,572)
Reliance Floating Rate Fund Growth Plan-Growth Option	61,954,215	(61,954,215)	820,000,000	(822,095,541)
Reliance Liquidity Fund - Growth Option	12,164,858	(12,164,858)	150,000,000	(150,305,338)
RLF-Treasury Plan-Instit. Option-Growth Option-Growth Plan	14,776,410	(14,776,410)	300,000,000	(300,440,453)
SBI - Magnum Insta Cash Fund - Cash Option	3,617,141	(3,617,141)	70,000,000	(70,040,874)
	550,411,933	(540,702,158)	6,099,640,464	(6,004,043,171)

3. Following investments were purchased and sold during the previous year:

Particulars	Units Purchased	Units Sold	Purchase Value (Rs.)	Sales Value (Rs.)
Birla Sun Life Liquid Plus Institutional - Growth	6,759,680	(6,759,680)	100,000,000	(100,829,706)
Birla Sweep Fund- Dividend-Reinvestment	298,081,964	(298,082,925)	2,997,333,744	(2,997,424,751)
HDFC Cash Management Fund - Saving Plan - Growth	8,408,954	(8,408,954)	140,000,000	(140,210,409)
Reliance Floating Rate Fund Growth Plan-Growth Option	200,288,171	(200,288,171)	2,440,000,000	(2,443,676,901)
RLF-Treasury Plan-Instit. Option-Growth Option-Growth Plan	5,176,573	(5,176,573)	100,000,000	(100,150,121)
Birla Cash Plus- Institutional Premium-Daily Dividend-Reinvestment	4,992,459	(4,992,459)	50,021,944	(50,021,944)
HDFC Liquid Fund - Growth Plan	5,158,335	(5,158,335)	80,000,000	(80,356,049)
	528,866,136	(528,867,097)	5,907,355,688	(5,912,669,882)

	As at March 31, 2009 (Rs.)	As at March 31, 2008 (Rs.)
SCHEDULE 8: INVENTORIES		
(at lower of cost and net realisable value)		
Raw materials and components	167,482,413	152,561,226
[Including stock in transit Rs. 57,916,542 (Previous Year Rs. 47,621,179)]		
Stores and spares	26,402,856	36,377,597
[Including stock in transit Rs. 3,583,479 (Previous Year Rs. 2,304,180)]		
Work-in- progress	70,784,465	50,876,683
Finished goods	22,761,884	18,036,819
Scrap	143,746	2,800,462
	<u>287,575,364</u>	<u>260,652,787</u>
SCHEDULE 9: SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months		
Unsecured, considered good	–	3,029,023
Unsecured, considered doubtful	3,547,967	2,248,343
Other debts		
Unsecured, considered good	914,621,435	779,062,250
Unsecured, considered doubtful	136,546	–
	<u>918,305,948</u>	<u>784,339,616</u>
Less : Provision for doubtful debts	3,684,513	2,248,343
	<u>914,621,435</u>	<u>782,091,273</u>
SCHEDULE 10: CASH AND BANK BALANCES		
Cash on hand	711,376	1,378,890
Balances with scheduled banks:		
On current accounts	38,283,064	15,774,765
On cash credit accounts	11,639,799	3,068,888
On unpaid dividend accounts	2,500,295	2,158,053
	<u>53,134,534</u>	<u>22,380,596</u>
SCHEDULE 11: OTHER CURRENT ASSETS		
Insurance Claim Receivable	–	7,450,000
	<u>–</u>	<u>7,450,000</u>

	As at March 31, 2009 (Rs.)	As at March 31, 2008 (Rs.)
SCHEDULE 12: LOANS AND ADVANCES		
Unsecured considered good, except where stated otherwise		
Advances recoverable in cash or kind or for value to be received (including Rs 22,453,993, Previous Year Rs 22,984,360 being considered doubtful)	39,663,645	52,767,723
Loans to employees (including Rs 28,045, Previous Year Rs 28,045 being considered doubtful)	12,552,789	8,870,162
Balances with customs, excise, etc. (including Rs.1,025,129, Previous Year Rs 1,025,129 being considered doubtful)	149,854,106	163,974,142
Deposits – others	13,389,893	9,891,393
Advance income tax/ tax deducted at source (net of provision of Rs.453,883,905, Previous Year Rs. 349,883,905)	101,729,991	54,383,824
Advance fringe benefit tax (net of provision for tax of Rs.11,036,155, Previous Year Rs. 8,239,801)	363,845	260,199
	<u>317,554,269</u>	<u>290,147,443</u>
Less: Provision for doubtful advances	23,507,167	24,037,535
	<u>294,047,102</u>	<u>266,109,908</u>
SCHEDULE 13: CURRENT LIABILITIES		
Acceptances	229,802,375	118,138,839
Sundry creditors		
a) total outstanding dues of Medium and Small Enterprise	149,671,017	43,425,449
(b) total outstanding dues of creditors other than Medium and Small Enterprise	756,954,332	787,742,434
Other liabilities	22,149,974	29,541,078
Investor Education and Protection Fund shall be credited by following amount (as and when due):		
– Unpaid dividend	2,500,220	2,157,978
	<u>1,161,077,918</u>	<u>981,005,778</u>
* Amount represents amounts due to medium and small enterprises, to the extent such parties have been identified from available documents/information.		
SCHEDULE 14: PROVISIONS		
Provision for wealth tax	346,795	345,919
Provision for leave encashment	10,960,999	10,349,439
Provision for gratuity	9,133,856	9,728,180
Provision for warranties	16,500,352	23,917,970
Proposed dividend	79,990,000	79,990,000
Tax on proposed dividend	13,594,301	13,594,301
	<u>130,526,303</u>	<u>137,925,809</u>

	For the year ended March 31, 2009 (Rs.)	For the year ended March 31, 2008 (Rs.)
SCHEDULE 15: OTHER INCOME		
Interest:		
Others (Tax deducted at source Rs.252,059, Previous Year Rs 218,768)	1,844,361	1,007,290
Profit on sale of short term non trade investments	4,402,706	5,304,529
Dividend on short term non trade investments	1,409,092	846,024
Sale of scrap	133,569,908	98,679,161
Miscellaneous income	1,617,633	38,410,607
	<u>142,843,700</u>	<u>144,247,611</u>
SCHEDULE 16: RAW MATERIAL CONSUMED		
Inventories as at March 31, 2008	152,561,226	177,725,917
Add: Purchases	6,323,221,324	5,298,107,879
	<u>6,475,782,550</u>	<u>5,475,833,796</u>
Less: Inventories as at March 31, 2009	167,482,413	152,561,226
	<u>6,308,300,137</u>	<u>5,323,272,570</u>
SCHEDULE 17: PERSONNEL EXPENSES		
Salaries, wages and bonus	279,364,395	246,581,076
Contribution to provident fund	13,178,380	11,882,403
Gratuity Expense	1,963,557	9,360,156
Contribution to superannuation fund	1,751,591	1,298,621
Workmen and staff welfare expenses	32,008,448	29,150,416
	<u>328,266,371</u>	<u>298,272,672</u>
SCHEDULE 18: OPERATING AND OTHER EXPENSES		
Consumption of stores and spares	318,882,130	269,361,440
Sub-contracting expenses	113,797,513	114,847,889
Power and fuel	265,324,414	277,079,379
Freight and forwarding charges	37,176,556	12,491,870
Rent	1,162,000	1,521,308
Rates and taxes	2,528,227	1,074,477
Insurance	8,752,591	8,818,697
Repairs and maintenance		
– Plant and machinery	47,586,042	36,176,491
– Buildings	15,784,993	5,120,268
– Others	22,624,623	23,428,873
Advertising and sales promotion	880,910	848,210
Cash discounts	31,058,967	28,674,855
Royalty	220,248,509	190,306,184
Technicians fee	1,791,357	1,569,248

	For the year ended March 31, 2009 (Rs.)	For the year ended March 31, 2008 (Rs.)
Warranty expenses	3,106,219	4,928,686
Legal and professional fees	8,214,621	7,422,418
Travelling and conveyance	27,535,765	27,426,876
Communication costs	3,254,668	3,013,190
Printing and stationery	2,733,082	2,673,072
Directors' sitting fees	810,000	660,000
Payment to Auditor As auditor		
– Audit fee	1,125,000	770,000
– Limited Review	675,000	600,000
– Out-of-pocket expenses	55,247	105,000
Donations and contributions to charitable institutions	376,052	177,801
Provision for doubtful debts	1,436,170	–
Exchange differences (net)	115,353,776	95,293,423
Loss on sale of fixed assets (net)	159,341	11,355,334
Miscellaneous expenses	17,618,574	17,282,098
	<u>1,270,052,347</u>	<u>1,143,027,087</u>

SCHEDULE 19 : DECREASE/(INCREASE) IN INVENTORIES

Inventories as at March 31, 2008		
– Work-in-progress	50,876,683	53,857,000
– Scrap	2,800,462	115,299
– Finished goods	18,036,819	16,957,070
	<u>71,713,964</u>	<u>70,929,369</u>
Inventories as at March 31, 2009		
– Work-in-progress	70,784,465	50,876,683
– Scrap	143,746	2,800,462
– Finished goods	22,761,884	18,036,819
	<u>93,690,095</u>	<u>71,713,964</u>
	<u>(21,976,131)</u>	<u>(784,595)</u>

SCHEDULE 20: FINANCIAL EXPENSES

Interest		
– on Term Loans	42,082,615	1,620,548
– on banks	3,516,707	4,889,373
– others	6,055,871	15,128,845
Bank charges	2,946,970	1,086,035
	<u>54,602,163</u>	<u>22,724,801</u>

SCHEDULE 21: EARNINGS PER SHARE (EPS)

Net profit as per profit and loss account, basic & diluted	206,857,804	193,192,392
Weighted average number of equity shares in calculating basic and diluted EPS	39,995,000	39,995,000
EPS, basic & diluted	5.17	4.83

SCHEDULE 22: NOTES TO ACCOUNTS**1. Nature of operations**

Munjal Showa Limited (the Company) is a Company established in 1985 as 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 two manufacturing locations in the state of Haryana.

2. Statement of significant accounting policies**a) Basis of preparation**

The financial statements have been prepared to comply in all material respects with the Notified accounting standard by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and except for the changes in accounting policy discussed more fully below, are consistent with those used in the previous year.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) Changes in Accounting Policies**Exchange Differences on Long Term Foreign Currency Monetary Items**

Upto 31st December, 2008, the company was charging off exchange differences arising on foreign currency monetary assets and liabilities to profit and loss account. Pursuant to Companies (Accounting Standards) Amendments Rules, 2009, the Company has exercised the option of deferring the charge to the Profit and Loss Account arising on exchange differences, in respect of accounting periods commencing on or after 7th December, 2006, on long-term foreign currency monetary items (i.e. monetary assets or liabilities expressed in foreign currency and having a term of 12 months or more at the date of origination). As a result, such exchange differences so far as they relate to the acquisition of a depreciable capital asset have been adjusted with the cost of such asset and would be depreciated over the balance life of the asset.

Had the Company continued to use the earlier basis of accounting for exchange differences arising on long-term foreign currency monetary items, the charge to the Profit and Loss Account before tax for the current period would have been lower by Rs. 2,010,305 (Previous Year Nil); the gross block of fixed assets and Capital work-in-progress including capital advances, would have been higher by Rs. 2,010,305 (Previous Year Nil).

d) Tangible assets and depreciation

- Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.
- Depreciation is provided using the straight line method as per the estimated useful lives of the fixed assets estimated by the management, which results in depreciation rates being equal to the corresponding rates prescribed in Schedule XIV of the Companies Act, 1956.
- Depreciation on the amount of adjustment to fixed assets on account of capitalisation of insurance spares is provided over the remaining useful life of related assets.
- All assets costing upto Rs 5,000 are fully depreciated in the year of purchase.

e) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

f) Intangible assets and amortisation

Amounts paid towards acquisition of designs and drawings for specifically identified products, being development expenditure incurred towards product design is carried forward based on assessment of benefits arising from such expenditure. Such expenditure is amortised 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.

The period of amortisation is reassessed annually to ascertain reasonableness and appropriateness.

g) Leases

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

h) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and market 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.

i) 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 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 selling expenses. Provision for obsolescence is determined based on management's assessment and is charged to Profit and Loss Account.

j) 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.

Sale of goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have been passed to the buyer. Sale of goods is inclusive of excise duty but exclusive of sales tax. Excise Duty deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability that arose during the year.

Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividends

Dividend incomes on investments are accounted for when the right to receive the payment is established.

k) Miscellaneous expenditure

Costs incurred in raising funds are amortized equally over the period for which the funds are acquired. During the year, the Company incurred such expenditure amounting to Rs. 18,118,261 on ECB loan which is being amortized over a period of 5 years. During the year an amount of Rs.1,811,826 has been charged to Profit & Loss Account.

l) Warranty costs

Warranty costs are provided on accrual basis determined based on past experience of claims. Exceptional warranty claims are not taken into account to determine such provisions.

m) Foreign currency transactions**(i) 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.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate.

(iii) Exchange differences

Exchange differences arising on a monetary item that, in substance, form part of the company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognized as income or as expenses.

Exchange differences, in respect of accounting periods commencing on or after 7th December, 2006, arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, and in other cases, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" in the enterprise's financial statements and amortized over the balance period of such long-term asset/liability but not beyond accounting period ending on or before 31st March, 2011.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise

(iv) Forward exchange contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

(v) Forward Exchange Contracts for trading or speculation purposes

A gain or loss on such forward exchange contracts is computed by multiplying the foreign currency amount of the forward exchange contract by the difference between the forward rate available at the reporting date for the remaining maturity of the contract and the contracted forward rate (or the forward rate last used to measure a gain or loss on that contract for an

earlier year). The gain or loss so computed is recognized in the statement of profit and loss for the period. The premium or discount on the forward exchange contract is not recognized separately.

n) Retirement and other employee benefits

- (i) Retirement benefits in the form of Provident Fund contributions and superannuation fund (maintained per the scheme of Life Insurance Corporation) which are defined contribution schemes are charged to the profit and loss account of the year when the contributions to the respective funds are due. The Company does not have any other obligation other than contribution payable to the fund.
- (ii) Gratuity liability under the Payment of Gratuity Act is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The gratuity plan has been funded by policy taken from Life Insurance Corporation of India.
- (iii) Short term compensated absences are provided for on based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.
- (iv) Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

o) Income taxes

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961, enacted in India. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. 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 taxes on income levied by same governing taxation laws. Deferred tax assets are recognized 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 they can be realized against future taxable profits.

At each balance sheet 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 balance sheet 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.

p) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions except those stated elsewhere in the notes to accounts, are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

q) 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.

r) Cash and cash equivalent

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

s) Derivative instruments

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the income statement. Net gains are ignored.

3. Segmental information

Based on the guiding principles given in Accounting Standard on 'Segmental Reporting' (AS-17), issued by the Institute of Chartered Accountants of India, 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 required to be made as per Accounting Standard (AS-17).

4. Related party disclosure**(i) Names of related parties****(a) Key management personnel and their relatives**

- Mr Brijmohan Lall Munjal - Chairman
- Mr Yogesh Chander Munjal - Managing Director
- Mr. Kazuhiro Nishioka - Joint Managing Director
- Mr Suresh Munjal - Relative 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

- Hero Honda Motors Limited
- Sunbeam Auto Limited
- Hero Cycles Limited
- Hero Corporate Services Limited
- Majestic Auto Limited
- Dayanand Munjal Investments Private Limited
- Thakurdevi Investments Private Limited
- Arrow Infrastructure Limited
- Rockman Industries Limited

(ii) The remuneration paid to directors is disclosed elsewhere in the notes to the accounts.

During the year, the Company has entered into transactions with related parties. Those transactions along with related balances as at March 31, 2009 and 2008 and for the years then ended are presented in the following table:

	Enterprises with significant influence over the Company		Key Management Personnel & their relatives		Enterprises over which Directors and their relatives have significant influence		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Transactions during the year								
Sale of Goods								
Hero Honda Motors Limited	-	-	-	-	7,318,742,529	6,493,489,770	7,318,742,529	6,493,489,770
Hero Motors Limited, Ghaziabad	-	-	-	-	1,625	653,912	1,625	653,912
Majestic Auto Limited, Ludhiana	-	-	-	-	395,000	1,963,401	395,000	1,963,401
Showa Corporation, Japan	178,649	150,342	-	-	-	-	178,649	150,342
	178,649	150,342	-	-	7,319,139,154	6,496,107,083	7,319,317,803	6,496,257,425
Purchase of Raw Materials								
Hero Honda Motors Limited	-	-	-	-	185,019	308,657	185,019	308,657
Sunbeam Auto Limited	-	-	-	-	1,756,461,078	1,799,024,444	1,756,461,078	1,799,024,444
Rockman Industries Limited	-	-	-	-	25,605,160	-	25,605,160	-
Majestic Auto Limited, Ludhiana	-	-	-	-	1,727,591	2,313,341	1,727,591	2,313,341
Showa Corporation, Japan	425,021,530	322,581,742	-	-	-	-	425,021,530	322,581,742
	425,021,530	322,581,742	-	-	1,783,978,848	1,801,646,442	2,209,000,378	2,124,228,184
Services								
Legal & Professional Expenses:								
Hero Corporate Services Limited	-	-	-	-	2,460,000	3,375,339	2,460,000	3,375,339
	-	-	-	-	2,460,000	3,375,339	2,460,000	3,375,339
Purchase of Assets								
Arrow Infrastructure Limited	-	-	-	-	266,060,992	-	266,060,992	-
Showa Corporation, Japan	13,494,192	8,481,898	-	-	-	-	13,494,192	8,481,898
	13,494,192	8,481,898	-	-	266,060,992	-	279,555,184	8,481,898
Capital Advance								
Arrow Infrastructure Limited	-	-	-	-	-	200,000,000	-	200,000,000
Royalty								
Showa Corporation, Japan	220,248,509	190,306,184	-	-	-	-	220,248,509	190,306,184
Design & Drawing fee								
Showa Corporation, Japan	7,279,495	6,013,500	-	-	-	-	7,279,495	6,013,500
Technician Fee								
Showa Corporation, Japan	2,071,357	1,569,248	-	-	-	-	2,071,357	1,569,248
Interest on L.C.								
Showa Corporation, Japan	3,763,221	1,993,276	-	-	-	-	3,763,221	1,993,276
Dividend Paid								
Showa Corporation, Japan	20,800,000	20,800,000	-	-	-	-	20,800,000	20,800,000
Hero Cycles Limited	-	-	-	-	13,200,000	13,200,000	13,200,000	13,200,000

	Enterprises with significant influence over the Company		Key Management Personnel & their relatives		Enterprises over which Directors and their relatives have significant influence		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
ThakurdeviInvestment Pvt. Ltd.	-	-	-	-	6,000,000	6,000,000	6,000,000	6,000,000
Dayanand Munjal Inv. Pvt. Ltd.	-	-	-	-	6,000,000	6,000,000	6,000,000	6,000,000
Mr. Suresh Chander Munjal	-	-	6,000,000	6,000,000	-	-	6,000,000	6,000,000
Others	-	-	8,000	8,000	-	-	8,000	8,000
20,800,000	20,800,000	20,800,000	6,008,000	6,008,000	25,200,000	25,200,000	52,008,000	52,008,000
Employee Benefits for Key Management Personnel								
Mr Yogesh Chander Munjal	-	-	11,969,676	10,167,824	-	-	11,969,676	10,167,824
Mr. Kazuhiro Nishioka	-	-	10,290,135	8,512,743	-	-	10,290,135	8,512,743
	-	-	22,259,811	18,680,567	-	-	22,259,811	18,680,567
Sureties given to Govt. Departments								
Hero Honda Motors Limited	-	-	-	-	-	565,033,377	-	565,033,377
Sunbeam Auto Limited	-	-	-	-	126,100,000	126,100,000	126,100,000	126,100,000
Hero Cycles Limited	-	-	-	-	100,000	100,000	100,000	100,000
	-	-	-	-	126,200,000	691,233,377	126,200,000	691,233,377
Sureties obtained								
Hero Honda Motors Limited	-	-	-	-	1,886,800	1,886,800	1,886,800	1,886,800
Sunbeam Auto Limited	-	-	-	-	1,100,000	1,100,000	1,100,000	1,100,000
	-	-	-	-	2,986,800	2,986,800	2,986,800	2,986,800
Balance at year end								
Trade Payable								
Hero Corporate Services Limited	-	-	-	-	1,953,295	1,957,721	1,953,295	1,957,721
Arrow Infrastructure Limited	-	-	-	-	2,916,178	-	2,916,178	-
Rockman Industries Limited	-	-	-	-	9,880,456	-	9,880,456	-
Majestic Auto Limited, Ludhiana	-	-	-	-	241,604	182,790	241,604	182,790
Sunbeam Auto Limited	-	-	-	-	167,351,147	144,023,733	167,351,147	144,023,733
Showa Corporation, Japan	327,349,130	240,811,493	-	-	-	-	327,349,130	240,811,493
	327,349,130	240,811,493	-	-	182,342,680	146,164,244	509,691,810	386,975,737
Trade Receivable								
Hero Honda Motors Limited	-	-	-	-	710,279,001	642,730,085	710,279,001	642,730,085
Showa Corporation, Japan	50,490	76,757	-	-	-	-	50,490	76,757
Others	-	-	-	-	139,018	1,197,897	139,018	1,197,897
	50,490	76,757	-	-	710,418,019	643,927,982	710,468,509	644,004,739
Total	1,020,256,573	792,784,440	28,267,811	24,688,567	10,418,786,493	10,010,641,267	11,467,310,877	10,828,114,274

SCHEDULES TO THE ACCOUNTS

	As at March 31, 2009 (Rs.)	As at March 31, 2008 (Rs.)
5. Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	155,757,225	308,006,844

6. Provisions and Contingencies**6.1 Provisions**

	Balance as at 01.04.2008 (Rs.)	Additions during the year	Amounts used during the year	Unused amounts reversed during the year	Balance as at 31.03.2009 (Rs.)
Provision for warranties	23,917,970	3,106,219	10,523,837	–	16,500,352
Total	23,917,970	3,106,219	10,523,837	–	16,500,352

Provision for Warranty

A provision is recognized for expected warranty claims on products sold during the last two years for some models and three years for others, based on past experience of level of repairs and returns. Assumption used to calculate the provision for warranties were based on current sales level and current information available about returns based on the warranty period for all products sold.

6.2 Contingent liabilities (not provided for) in respect of:

a)	Demand raised by Income Tax Authorities, being disputed by the Company	153,805,945	50,827,347
b)	Amount claimed by Excise Authorities	39,228,000	–
c)	Amount claimed by Employees State Insurance Recovery Officer	4,365,034	9,600,316

i) Demands raised by the Income Tax Authorities comprise of:

- a) In respect of Assessment Years 1993-94, 1996-97, 1998-99 and 1999-00, allowability of certain expenses like foreign technician expenses, design and drawing fees were pending under appeal with ITAT. For the Assessment Years 1993-94 & 1996-97, ITAT has decided in favor of Company which pending for appeal effect. Further, for the Assessment Years 1998-99 & 1999-00, the issue has been set aside by the Tribunal to the file of the assessing officer to follow the order of earlier years. The Company has obtained legal opinion as per which the Company has possibility of success. The total amount involved is Rs 1,867,363 (Previous year Rs 1,867,363). In respect of Assessment Year 2000-01, issues relating to some percentage of royalty is pending with CIT (Appeals). In respect of Assessment Years 2001-02, 2002-03, 2003-04 and 2004-05 issues relating to some percentage of expenses like royalty, technician fee, design and drawing, prior period (2004-05) is pending with ITAT. The Company has obtained legal opinion as per which the Company has possibility of success. The amount involved is Rs 40,459,984 (Previous year Rs 48,959,984). In respect of Assessment Year 2005-06, 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. The issue is pending with CIT (Appeals), based on which demand was raised. The Company has obtained legal opinion as per which the Company has possibility of success. The amount involved is Rs 111,478,598 (Previous year Rs Nil).
- b) The Service tax authorities have issued a Show Cause Notice (SCN) on the Company proposing to levy Service tax on the Company amounting to Rs. 39,228,000 along with interest and penalty 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 September 30, 2007. The aggregate exposure on account of the above matter till March 31, 2009 aggregates to Rs. 73,207,132. The Company has filed replies for all the SCNs, However, hearing on the same is pending.

- c) Amount claimed 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. In respect of demand of Rs 5,235,282 pertaining to the period April 96 to December 2000, the same has been remanded back to the ESI Authorities as per order passed by Hon'ble Judge, Employees's Insurance Court which has been settled and paid to the tune of Rs.29,019. The balance demand has been stayed by Hon'ble Judge, Employee Insurance Court, Gurgaon.

7. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006

	2009 (Rs.)	2008 (Rs.)
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	149,671,017	43,425,449
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development 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 Micro, Small and Medium Enterprise Development Act, 2006.	—	—
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	—	—
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 Micro, Small and Medium Enterprise Development Act, 2006.	—	—

8. Excise duty on sales amounting to Rs 1,105,134,118 (Previous Year Rs 1,199,064,605) has been reduced from sales in profit & loss account and excise duty on increase in stock amounting to Rs. (2,706,352) (Previous Year Rs 54,011) has been considered as expense in the financial statements.

9. 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. 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 profit and loss account and the funded status and amounts recognized in the balance sheet for the gratuity plan.

Profit and Loss account

Net employee benefit expense (recognized in Employee Cost)

	Gratuity	
	2009 (Rs.)	2008 (Rs.)
Current service cost	2,391,824	2,248,956
Interest cost on benefit obligation	2,249,33	61,397,138
Expected return on plan assets	(1,499,555)	(1,239,373)
Net actuarial(gain) / loss recognized in the year	(1,178,048)	6,953,435
Past service cost	—	—
Net benefit expense	1,963,557	9,360,156
Actual return on plan assets	1,817,995	1,528,692

Balance sheet

Details of Provision for gratuity

	Gratuity	
	2009 (Rs.)	2008 (Rs.)
Defined benefit obligation	31,742,477	28,472,612
Fair value of plan assets	22,608,621	18,744,432
	9,133,856	9,728,180
Less: Unrecognized past service cost	—	—
Plan asset / (liability)	(9,133,856)	(9,728,180)

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

	Gratuity	
	2009 (Rs.)	2008 (Rs.)
Opening defined benefit obligation	28,472,612	18,628,506
Interest cost	2,249,336	1,397,138
Current service cost	2,391,824	2,248,956
Benefits paid	(511,687)	(1,044,742)
Actuarial (gains) / losses on obligation	(859,608)	7,242,754
Closing defined benefit obligation	31,742,477	28,472,612

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

	Gratuity	
	2009 (Rs.)	2008 (Rs.)
Opening fair value of plan assets	18,744,432	16,524,975
Expected return	1,499,555	1,239,373
Contributions by employer	2,557,881	1,735,507
Benefits paid	(511,687)	(1,044,742)
Actuarial gains/(losses)	318,440	289,319
Closing fair value of plan assets	22,608,621	18,744,432

The Company expects to contribute Rs 3,132,415 to gratuity in 2009-10.

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

	Gratuity	
	2009	2008
	%	%
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.

The principal assumptions used in determining gratuity are shown below:

	2009	2008
	%	%
Discount rate	7.90	7.50
Expected rate of return on assets	8.00	7.50
Increase in Compensation cost	7.00	7.00
Employee turnover - Upto 30 years	3.00	3.00
– Upto 44 years	2.00	2.00
– Above 44 years	1.00	1.00

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.

Note:

Information relating to experience adjustment in the actual valuation of gratuity as required by Para 120 (n)(ii) of the Accounting Standard 15 (revised) on Employee Benefits is not available with the Company.

10. Operating Lease Obligations

The Company has taken various residential under operating lease agreements. These are generally not “non-cancellable” 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.

Lease payments for the year are Rs.1,162,000 (Previous Year 1,072,868)

Minimum Lease Payments:

Not later than one year – Rs 1,217,790 (Previous Year Rs.568,000)

Later than one year but not later than five years – Rs Nil

Later than five years – Rs. Nil

11. Supplementary statutory information

	For the year ended March 31, 2009 (Rs)	For the year ended March 31, 2008 (Rs)
11.1 Directors’ remuneration (excluding sitting fees)		
Salaries and allowances	11,000,000	8,600,000
Commission to whole time directors	6,917,122	6,189,336
Perquisites	2,832,689	2,945,231
Contribution to provident and superannuation funds	1,510,000	946,000
	<u>22,259,811</u>	<u>18,680,567</u>

As the future liability for gratuity is provided on an actuarial basis for the company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included in above. No leave encashment is payable to the Directors.

11.2 Computation of net profit in accordance with Section 349 of the Companies Act, 1956 for calculation of commission payable to Managing Director and Joint Managing Director

Profit as per profit and loss account	328,981,303	297,845,682
Add : Directors’ remuneration	22,259,811	18,680,567
Provision for doubtful advances	905,802	(1,891,286)
Provision for warranty	(7,417,618)	(4,674,068)
Provision for wealth tax	346,795	345,919

	For the year ended March 31, 2009 (Rs)	For the year ended March 31, 2008 (Rs)
Provision for labour compensation	(30,000)	(1,500,000)
Directors sitting fee	810,000	6,60,000
Net profit as per Section 349 of the Companies Act, 1956	<u>345,856,093</u>	<u>309,466,814</u>
Commission to Managing Director and Joint Managing Director @ 1% of the net profits for each of them	6,917,122	6,189,336
11.3 Earnings in foreign currency (on accrual basis)		
Exports at F.O.B. value	3,077,123	1,683,229
11.4 Expenditure in foreign currency (on accrual basis)		
Technician fees	2,071,357	1,569,248
Royalty	220,248,509	190,306,184
Travelling	4,144,234	2,710,026
Interest	11,609,794	2,793,998
Design and drawings (considered as intangible asset)	7,279,495	6,013,500
Miscellaneous Expenses	146,514	2,150,977
	<u>245,499,903</u>	<u>205,543,933</u>
11.5 Value of imports calculated on CIF basis (excluding material in transit)		
Capital goods	60,692,970	71,823,746
Raw materials	459,087,056	348,852,152
Consumables	25,868,305	28,469,148
	<u>545,648,331</u>	<u>449,145,046</u>
11.6 Dividend remitted in foreign exchange (in USD)		
Year to which the dividend pertains	2007-08	2006-07
Number of non-resident shareholders (to whom dividend remitted in foreign currency)	1	1
Number of equity shares held on which dividend was due	10,400,000	10,400,000
Amount of dividend remitted (net in Rs.)	20,800,000	20,800,000

12. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956

12.1 Licensed Capacity, Installed Capacity and Actual Production

Class of Goods *	Unit	Installed Capacity **		Actual Production	
		Current year (2009)	Previous year (2008)	Current year (2009)	Previous year (2008)
Shock absorbers	Nos.	21,513,000	21,513,000	18,622,774	16,187,852
Struts	Nos.	2,424,000	1,212,000	769,155	1,001,638
Window balancer	Nos.	1,006,500	1,006,500	438,551	520,677

* Licenses are not applicable since 1993-94.

** As certified by the management and relied upon by the auditors being a technical matter.

12.2 Sales

	Unit	Quantity		Value (Rs)	
		Current year (2009)	Previous year (2008)	Current year (2009)	Previous year (2008)
Shock absorbers	Nos.	18,630,872	16,178,578	8,477,512,418	7,204,251,991
Struts	Nos.	772,965	999,272	699,606,458	887,272,518
Window balancer	Nos.	439,887	518,807	58,680,389	68,669,309
Others*				160,581,426	132,658,714
TOTAL				9,396,380,690	8,292,852,532

* It is not practicable to furnish quantitative information in view of the large number of items, which differ in size and nature, each being less than 10% in value of the total.

12.3 Consumption of raw materials and components

	Unit	Quantity		Value (Rs)	
		Current year	Previous year	Current year	Previous year
Fork pipe	Nos.	8,737,316	7,883,910	997,796,771	797,241,575
Bottom case	Nos.	8,240,776	7,097,342	1,209,268,579	1,072,802,392
Main spring cushion	Nos.	19,301,977	17,074,749	924,176,726	794,503,130
Oil seal	Nos.	20,111,782	17,776,978	415,397,613	338,274,071
Dust seal	Nos.	8,883,910	7,914,154	69,524,766	63,958,631
Other materials and components *				2,692,135,682	2,256,492,71
				6,308,300,137	5,323,272,570

* It is not practicable to furnish quantitative information in view of the large number of items, which differ in size and nature, each being less than 10% in value of the total.

12.4 Imported and indigenous raw materials, components and stores, spares consumed

	Percentage of total consumption		Value (Rs)	
	Current year	Previous year	Current year	Previous year
Raw materials and components				
Imported	8	7	513,107,503	396,405,554
Indigenously procured	92	93	5,795,192,634	4,926,867,016
	100	100	6,308,300,137	5,323,272,570
Stores and spares				
Imported	9	9	29,139,966	25,384,315
Indigenously procured	91	91	289,742,164	243,977,125
	100	100	318,882,130	269,361,440

12.5 Details of Finished Goods

	Quantity		Value (Rs)	
	Current year	Previous year	Current year	Previous year
Opening Stock				
Shock absorbers	51,763	42,489	13,159,875	10,763,825
Struts	11,560	9,194	4,516,008	6,011,917
Window balancer	4,031	2,161	360,936	181,328
			18,036,819	16,957,070
Closing Stock				
Shock absorbers	43,665	51,763	15,617,471	13,159,875
Struts	7,750	11,560	6,845,067	4,516,008
Window balancer	2,695	4,031	299,346	360,936
			22,761,884	18,036,819

13. Derivative Instruments and Unhedged Foreign Currency Exposure

Foreign Exchange Option Contracts outstanding as at balance sheet date

Particulars of Derivatives	Purpose
JPY 42,860,036 (Notional amount)	Hedge against borrowing in JPY
JPY 637,888,199 (Notional amount)	Hedge against borrowing in JPY
JPY 1,156,500,000 (Notional amount)	Hedge against borrowing in JPY

Particulars of Unhedged foreign Currency Exposure as at the Balance Sheet date

Particulars	Amount in Rs	Foreign currency
Debtors-USD	598,140	USD 11,786 @50.75
Debtors-JPY	68,738	JPY 134,306 @0.5118
Advances-THB	307,888	THB 215,850 @1.4264
Advances-EUR	1,005,285	EUR 15,000 @67.019
Advances-USD	105,763	USD 2,084 @50.75
Creditors-JPY	180,415,123	JPY 352,510,986 @0.5118
Creditors- EUR	1,070,159	EUR 15,968 @67.019
Creditors- USD	633,512	USD 12,483 @50.75

14. Previous year comparatives

Previous year's figures have been regrouped, where considered necessary, to conform to this year's classification.

As per our report of even date

For S.R.Batliboi & Co.
Chartered Accountants

For and on behalf of the Board of Directors of Munjal Showa Ltd.

per Pankaj Chadha
Partner
Membership No. 91813
Place: Gurgaon
Date: 29.05.2009

Yogesh Chander Munjal
Managing Director

Kazuhiro Nishioka
Jt. Managing Director

Vinod Kumar Agrawal
Director

Mahesh Taneja
AVP- Finance and IT

Pankaj Gupta
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	For the year ended March 31, 2009 Rs	For the year ended March 31, 2008 Rs
A. Cash flow from operating activities		
Profit before tax	328,981,303	297,845,682
Adjustments for:		
Depreciation and amortisation	168,570,434	153,623,310
(Profit)/ Loss on sale of fixed assets	159,341	10,547,126
(Profit)/ Loss on sale of investments	(4,402,706)	(5,304,529)
Unrealised foreign exchange loss	69,701,249	17,422,097
Provision for doubtful debts	1,436,170	–
Dividend income	(1,409,092)	(846,024)
Interest expense	9,572,579	21,638,766
Operating profit before working capital changes	572,609,278	494,926,428
Movements in working capital :		
Decrease / (Increase) in sundry debtors	(133,966,332)	(15,147,078)
Decrease / (Increase) in other current assets	7,450,000	12,997,637
Decrease / (Increase) in inventories	(26,922,577)	16,321,556
Decrease / (Increase) loans and advances	19,512,620	(39,251,823)
Decrease / (Increase) Miscellaneous Expenditure	(16,306,435)	–
Increase / (Decrease) in Provisions	(7,400,382)	(7,038,604)
Increase / (Decrease) in current liabilities	179,729,898	8,940,390
Cash generated from operations	594,706,069	471,748,506
Direct taxes paid (net of refunds)	(154,592,086)	(99,559,134)
Interest on income-tax refund	–	–
Net cash from operating activities	440,113,984	372,189,372
B. Cash flows from investing activities		
Purchase of fixed assets	(797,412,408)	(350,637,326)
Proceeds from sale of fixed assets	652,506	1,145,535
Purchase of intangible assets	(7,279,495)	(6,013,500)
Purchase of investments	(6,099,640,464)	(5,907,355,688)
(Sale) / maturity of investments	6,004,043,171	5,912,669,882
Dividends received	1,409,092	846,024
Net cash from investing activities	(898,227,598)	(349,345,073)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	For the year ended March 31, 2009	For the year ended March 31, 2008
	Rs	Rs
C. Cash flows from financing activities		
Proceeds from long term borrowings	542,483,159	251,151,614
Proceeds from short term borrowings	67,355,975	54,594,621
Repayment of short term borrowings	–	(183,394,401)
Repayment of long term borrowings	(18,156,943)	(18,127,785)
Interest paid	(9,572,579)	(21,638,766)
Dividends paid	(79,647,759)	(79,707,861)
Tax on dividend paid	(13,594,301)	(13,594,301)
Net cash used in financing activities	488,867,553	(10,716,879)
Net increase in cash and cash equivalents (A + B + C)	30,753,938	12,127,420
Cash and cash equivalents at the beginning of the year	22,380,596	10,253,176
Cash and cash equivalents at the end of the year	53,134,534	22,380,596
Components of cash and cash equivalents as at	March 31, 2009	March 31, 2008
	Rs	Rs
Cash on hand	711,376	1,378,890
With banks		
– on current account	38,283,064	15,774,765
– on unpaid dividend account (restricted)	2,500,295	2,158,053
– cash credit	11,639,799	3,068,888
	53,134,534	22,380,596

As per our report of even date

For S.R.Batliboi & Co.
Chartered Accountantsper Pankaj Chadha
Partner
Membership No. 91813
Place: Gurgaon
Date: 29.05.2009

For and on behalf of the Board of Directors of Munjal Showa Ltd.

Yogesh Chander Munjal
Managing DirectorMahesh Taneja
AVP- Finance and ITKazuhiro Nishioka
Jt. Managing DirectorPankaj Gupta
Company SecretaryVinod Kumar Agrawal
Director

Additional information as required under Part IV of Schedule VI to the Companies Act, 1956 Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.

2	0	9	3	4
---	---	---	---	---

 State Code

0	5
---	---

 Balance Sheet Date

3	1	-	0	3	-	2	0	0	9
---	---	---	---	---	---	---	---	---	---

Date Month Year

II. Capital raised during the year (Amount in Rs.)

Public Issue

N	I	L
---	---	---

 Rights Issue

N	I	L
---	---	---

 Bonus Issue

N	I	L
---	---	---

 Private Placement

N	I	L
---	---	---

III. Position of mobilisation and deployment of funds (Amount in Rs.)

Total Liabilities

2	7	7	7	4	8	6	5	6	0
---	---	---	---	---	---	---	---	---	---

 Total Assets

2	7	7	7	4	8	6	5	6	0
---	---	---	---	---	---	---	---	---	---

 Sources of funds
 Paid-Up Capital

7	9	9	9	2	5	0	0
---	---	---	---	---	---	---	---

 Reserves & Surplus

1	5	7	2	9	8	1	0	0	1
---	---	---	---	---	---	---	---	---	---

 Secured Loans

1	0	1	2	9	5	1	7	6	3
---	---	---	---	---	---	---	---	---	---

 Unsecured Loans

N	I	L
---	---	---

 Deferred Tax Liability (Net)

1	1	1	5	6	1	2	9	6
---	---	---	---	---	---	---	---	---

Application of funds
 Net Fixed Assets

2	4	0	3	4	0	5	9	1	1
---	---	---	---	---	---	---	---	---	---

 Investments

1	0	0	0	0	0	0	0	0	0
---	---	---	---	---	---	---	---	---	---

 Net Current Assets

2	5	7	7	7	4	2	1	4
---	---	---	---	---	---	---	---	---

 Miscellaneous Expenditure

1	6	3	0	6	4	3	5
---	---	---	---	---	---	---	---

 Accumulated Lone

N	I	L
---	---	---

IV. Performance of the Company (Amount in Rs.)

Turnover (Including other income)

8	4	3	4	0	9	0	2	7	2
---	---	---	---	---	---	---	---	---	---

 Total Expenditure

8	1	0	5	1	0	8	9	6	9
---	---	---	---	---	---	---	---	---	---

 Profit/(Loss) Before Tax

3	2	8	9	8	1	3	0	3
---	---	---	---	---	---	---	---	---

 Profit/(Loss) After Tax

2	0	6	8	5	7	8	0	4
---	---	---	---	---	---	---	---	---

 Earning Per Share in Rs.

0	5	.	1	7
---	---	---	---	---

 Dividend Rate (%)

1	0	0
---	---	---

V. Generic Names of three Principal Products / Services of the Company (as per monetary terms)

Item Code No. (ITC Code)	8 7 1 4 9 9 . 0 0
Product Description	S H O C K A B S O R B E R S
Item Code No. (ITC code)	8 7 0 8 8 0 . 0 0
Product Description	S T R U T S
Item Code No. (ITC code)	8 7 0 8 8 0 . 0 0
Product Description	W I N D O W B A L N C E R S

For and on behalf of the Board of Directors of Munjal Showa Ltd.

Yogesh Chander Munjal **Kazuiro Nishioka** **Vinod Kumar Agrawal**
 Managing Director Jt. Managing Director Director

Place : New Delhi
 Date : 29.05.2009

Mahesh Taneja
 AVP- Finance and IT

Pankaj Gupta
 Company Secretary

MUNJAL SHOWA LIMITED

Regd. Office: 9-11, Maruti Industrial Area, Gurgaon-122 015 (Haryana)

ATTENDANCE SLIP

I, hereby record my presence at the 24th ANNUAL GENERAL MEETING of the Company held on Friday the 7th day of August' 2009 at 26 E & F, Sector-3, IMT, Manesar, Gurgaon-122 050, Haryana at 11.00 A.M.

Folio No.	
DP ID & Client ID NO.	

NO. OF SHARES HELD:

Name
Address

Signature of the member

Signature of the Proxy

ENTRY PASS

(To be retained throughout the Meeting)

Folio No.	
DP ID & Client ID NO.	

NO. OF SHARES HELD:

Name
Address

Note:

- Mmmbers/Proxy holders are requested to bring the Attendance Slip and Entry Pass with them when they come to the meeting and hand it over at the gate after affixing their signature on it.
- Members/Proxy holders who come to attend the meeting are requested to bring their copy of the Annual Report for reference at the meeting.
- Members are informed, 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.

MUNJAL SHOWA LIMITED

Regd. Office: 9-11, Maruti Industrial Area, Gurgaon-122 015 (Haryana)

PROXY FORM

I/We, _____ of (Add.) _____ being a member/members* of Munjal Showa Limited hereby appoint _____ of _____ or failing him _____ of _____ as my/our proxy to vote for me/us and on my/our behalf at the 24th Annual General Meeting of the Company to be held on Friday the 7th day of August' 2009 at 11.00 A.M. and at any adjournment thereof.

Signed this _____ day of _____ 2009

Affix a
One rupee
Revenue
Stamp

Folio No.	
DP ID & Client ID NO.	

FOR OFFICE USE ONLY:
DATE & TIME OF RECEIPT:
PROXY NO:

Signature _____

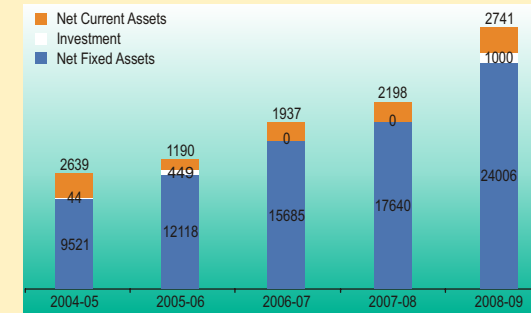
Note: The proxy form duly completed and signed should be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.

(*) Every person holding equity share capital of the company and whose name is entered as beneficial owner in the records of the depository shall be deemed to be member of the Company.

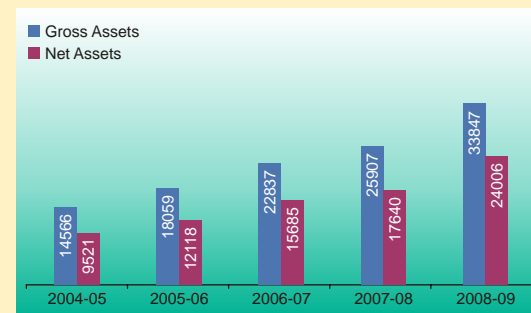
Sales (Rs. In Lacs)



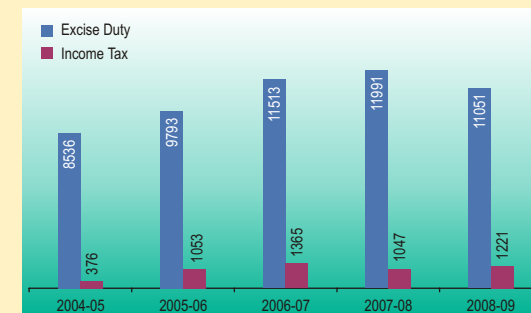
Application of Funds (Rs. In Lacs)



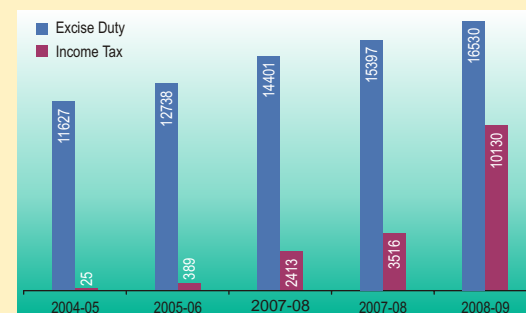
Fixed Assets (Rs. In Lacs)



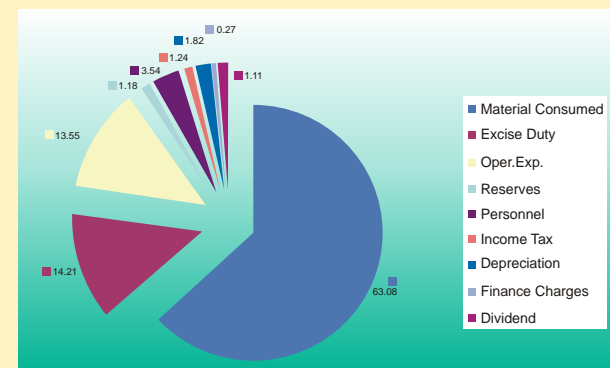
Contribution to Exchequer (Rs. In Lacs)



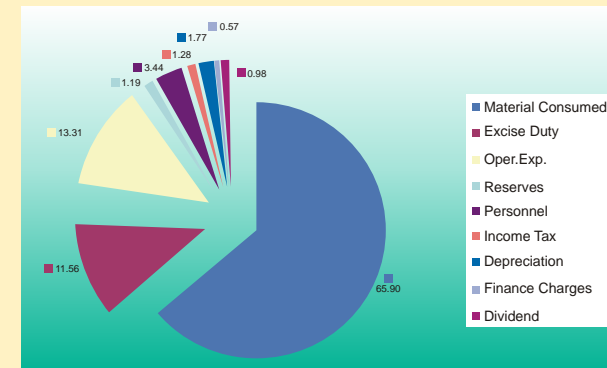
Borrowings & Net Worth (Rs. In Lacs)



Distribution of Revenue (2007-2008)



Distribution of Revenue (2008-2009)





Haridwar Plant



Manesar Plant



Gurgaon Plant

Munjal Showa Limited

9-11, Maruti Industrial Area, Gurgaon-122015

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E-mail: msl1@vsnl.com

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