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Chief Financial Officer

Company Secretary

Statutory Auditors

Internal Auditors

Cost Auditors

Bankers

Technical & Financial Collaborator

Registered Office & Works

Share Transfer Agents

BOARD OF DIRECTORS

Brijmohan Lall Munjal (Chairman)
 Yogesh Chander Munjal (Managing Director)
 Tetsuo Terada (Joint Managing Director)
 Akira Kadoya
 Ashok Kumar Munjal
 Pankaj Munjal
 Krishan Chand Sethi
 Vinod Kumar Agarwal
 Anil Kumar Vadehra
 Surinder Kumar Mehta
 Nand Dhameja
 Devi Singh
 Mahesh Taneja
 Pankaj Gupta
 M/s S R Batliboi & Co.,
 Chartered Accountants, Gurgaon
 M/s. Vaish & Associates,
 Chartered Accountants, New Delhi
 M/s Ramanath Iyer & Co., Cost Accountants, Delhi
The Bank of Tokyo-Mitsubishi UFJ Limited
 Standard Chartered Bank
 Citi Bank N.A.
 State Bank of India
 Canara Bank
 HDFC Bank Limited
 Kotak Mahindra Bank Limited
 The Bank of Nova Scotia
 Yes Bank Limited
Showa Corporation
 1-14-1, Fujiwara-Cho
 Gyoda- shi Saitama Ken, Japan
Gurgaon Plant & Registered Office
 9-11, Maruti Industrial Area, Gurgaon-122015
Manesar Plant
 Plot No. 26 E & F, Sector 3, IMT Manesar,
 Gurgaon - 122 050
Haridwar Plant
 Plot No. 1, Industrial Park-2, Phase-1,
 Salempur Mehdood, Haridwar- 249403 Uttarakhand
MCS Limited
 F-65, Okhla Industrial Area, Phase I,
 New Delhi - 110 020
 Tel: 011-41406149-52; Fax: 41709881
 Email: admin@mcsdel.com

YEARLY FINANCIAL RESULTS AT A GLANCE

	(Rs. in lacs)				
	March'11	March'10	March'09	March'08	March'07
Share Capital	799.92	799.92	799.92	799.92	799.92
Reserve & Surplus	19497.88	17254.96	15729.81	14597.07	13601.00
Total Shareholder's Funds	20297.80	18054.88	16529.73	15396.99	14400.92
Unsecured Loans	500.00	3124.14	0.00	0.00	0.00
Secured Loan	8070.05	8878.67	10129.52	3515.68	2413.36
Deferred Payment Liability	-	362.75	-	-	-
Total Term Liability	8570.05	12365.56	10129.52	3515.68	2413.36
Total Assets	30288.78	31919.78	27774.86	19878.49	17704.60
Net Sales	126817.37	98791.55	82912.47	70937.85	69189.95
(% Growth year on year)	28.37%	19.15%	16.88%	2.53%	15.97%
Profit Before Interest Depn. & Tax (PBDIT)	8334.05	7385.35	5,521.53	4741.94	5331.67
Profit Before Interest Depn. & Tax (PBDIT)-%	12.85	7.48	6.66	6.68	7.71
Interest	914.01	1206.84	546.02	227.25	60.59
Depreciation	2624.67	2307.64	1685.7	1536.23	1307.62
Profit Before Tax (PBT)	4795.37	3870.87	3289.81	2978.46	3963.46
Profit After Tax (PAT)	3401.91	2461.00	2068.58	1931.92	2598.65
Earnings per Share (EPS) (Rs.)	8.51	6.15	5.17	4.83	6.50
Book Value per Share (Rs.)	50.75	45.14	41.33	38.50	36.01
Dividend %	# 125.00%	100.00%	100.00%	100.00%	100.00%

Recommended by Board of Directors

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY SIXTH ANNUAL GENERAL MEETING OF THE MEMBERS OF MUNJAL SHOWA LIMITED WILL BE HELD ON THURSDAY, THE 11TH DAY OF AUGUST, 2011 AT 11:00 AM AT THE COMPANY'S PLANT SITUATED AT 26 E & F, SECTOR 3, IMT MANESAR, GURGAON-122050 (HARYANA) TO TRANSACT THE FOLLOWING BUSINESS: -

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended on that date together with the reports of Directors and Auditors thereon.
2. To declare a dividend of Rs. 2.50/- per equity shares on 3,99,95,000 equity shares of Rs. 2/- each for the financial year 2010-11.
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. Nand Lal Dhameja, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Devi Singh, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint M/s S. R. Batliboi & Co., Chartered Accountants (registration No. 3013003E), 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:

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

Variation in the Terms of Appointment of Mr. Tetsuo Terada- 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 fifth Annual General Meeting held on August 11, 2010, 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. Tetsuo Terada- Joint Managing Director be increased to Rs. 6,00,000/- per month from Rs. 5,00,000/- per month with effect from September 01, 2011 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.”

8. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

Re-appointment of Mr. Yogesh Chander Munjal as Managing Director of the Company

“RESOLVED THAT pursuant to the recommendation by the Remuneration Committee of the Company and Sections 269, 309, 198 and Schedule XIII of the Companies Act, 1956, and all other applicable

provisions, if any, of the said Act and subject to the approval of the Central Government, if required, Mr. Yogesh Chander Munjal be and is hereby re-appointed as the Managing Director of the Company for a further period of five years with effect from September 01, 2011, on such terms and conditions and remuneration as set out in the Explanatory Statement annexed hereto.

RESOLVED FURTHER THAT in terms of Article 116 of the Articles of Association of the Company, so long as Mr. Yogesh Chander Munjal continues to act as Managing Director, he shall not be liable to retire by rotation.”

Place: New Delhi
Dated: May 20, 2011

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

Registered Office:

9-11, Maruti Industrial Area
Gurgaon, Haryana - 122 015

PANKAJ GUPTA
GM (F&A) & 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. 7 to 8 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 5, as required by clause 49 IV (G) (i) of the listing agreement with the Stock Exchanges are also annexed.
- 03) Pursuant to Section 154 of the Companies Act, 1956, the Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, July 23, 2011 to Thursday, August 11, 2011 (both days inclusive).
- 04) The dividend as recommended by the Board of Directors, if approved at the Twenty Sixth Annual General Meeting, shall be paid to those members whose names appear on the Company's Register of Members of the Company on Thursday August 11, 2011. In respect of the shares held in electronic form, the dividend shall be paid on the basis of beneficial ownership as per details furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), depositories for this purpose.
- 05) Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the financial year 2004-05 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 2002-03 remaining unpaid/ unclaimed have already been transferred to the Investor Education and Protection Fund. Dividend declared for the financial year 2003-04 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
31.03.2005	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
31.03.2009	07.08.2009	13.08.2016
31.03.2010	11.08.2010	17.08.2017

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

- 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) As per the Circular Number MRD/Dop/cir-05/2009 dated May 20, 2009 issued by the Securities and Exchange Board of India (SEBI) it is mandatory to quote Permanent Account Number (PAN) for transfer of shares in physical form. Therefore, the transferee(s) are required to furnish a copy of their PAN to the Registrar & Transfer Agent of the Company.
- 11) Members 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. 7**

The Members had approved basic salary of Mr. Tetsuo Terada- Joint Managing Director Rs. 5,00,000/- with effect from May 18, 2010 in the Twenty Fifth Annual General Meeting held on August 11, 2010. The job responsibilities of Joint Managing Director have increased in view of increase in the volume of business 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 20, 2011, 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, 2011 for the remaining period of his tenure. All other terms and conditions of his appointment will remain same.

Except Mr. Tetsuo Terada, no other director is interested /concerned in the Resolution under Item no. 7.

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

Item No. 8

Mr. Yogesh Chander Munjal, aged 71 years, is an eminent personality in the corporate world. He graduated in the field of Architecture from the IIT of Roorkee. Ever since he finished his formal education, he was associated with many of the Hero Group companies in the capacity of CEO and contributed for making the companies as world leaders.

He is the Chairman of Indian National Suggestion Schemes' Assn. (INSSAN) – (Northern India Chapter), Japan Desk of PHD Chamber of Commerce & Industry and TPM Club of India, Regional Council member of CII, Executive member of ACMA, Life member of Indian Institute of Public Administration, Member of National Safety council, All India Management Association. Earlier, he served as president of Gurgaon Industrial Association, Chairman of CII (Haryana Committee) and Chairman of Haryana Chamber of Commerce and Industry, Gurgaon.

He is member of Alumni Assn. of University of Roorkee and India Habitat Centre. He is senior active member of Rotary Club of Delhi Southend and served as President of the club during the year 1991-92 & member of Rotary Education Foundation R.I. District – 3010. He is member of Board of Governors of Amity Business School, member of Governing Council of Mist University, Managing Committee member of D.A.V. Public School, Gurgaon.

He has received Best Client Award in 1999 from Leadership Management Institute U S A at Hawaii, USA

The present tenure of Mr. Yogesh Chander Munjal as Managing Director of the Company expires on August 31, 2011.

During his tenure of five years, Mr. Yogesh Chander Munjal steered the Company to great heights and the Company has taken strategic move towards new clientele and increase in the volume of business of IIIrd Plant at Haridwar (Uttarakhand). Under his stewardship, the Company has achieved a record turnover. Keeping in view his long standing experience, expertise, knowledge in managing the affairs of the Company, current salary of Rs. 7,50,000/- per month and pursuant to the recommendation of Remuneration Committee in their meeting held on May 19, 2011, he has been re-appointed as Managing Director by the Board of Directors by passing a Resolution in its meeting held on May 20, 2011 for a further period of five years w.e.f. September 01, 2011 subject to approval of the shareholders, on the terms and conditions including minimum remuneration, as set out below.

- 1. Basic Salary:** Rs. 8,50,000/- (Rs. Eight Lacs Fifty Thousand Only) p.m.

2. **Commission:** He shall also be allowed commission in addition to Basic Salary, perquisites and any other allowances, benefits, or amenities subject to the condition that the amount of commission shall not exceed 1% of the net profits of the Company in a particular financial year as computed in the manner referred to in Section 198 read with sections 349 and 350 of the Companies Act, 1956.
3. **Perquisites and Allowances:** In addition to the above Basic Salary and Commission, he shall be entitled to the following perquisites and allowances:
 - a) **Residential Accommodation:** He shall be entitled to 60% of the basic salary relevant for the concerned period as and by way of House Rent Allowance with free use of all the facilities and amenities including deploy of security guards which shall be provided by the Company;
 - b) **Medical Reimbursement:** Reimbursement of actual medical insurance premium and medical expenses incurred by him and his family;
 - c) **Leave Travel Concession:** For him and his family once in a year incurred in accordance with any Rules specified by the Company;
 - d) **Club Fees:** Actual fees of clubs will be reimbursed;
 - e) **Gas, Electricity & Water:** Actual Expenses on Gas, Electricity and Water will be paid by the Company;
 - f) **Personal Accident Insurance:** Actual premium to be paid by the Company;
 - g) **Insurance of Household goods:** Actual premium to be paid by the Company;
 - h) **Car:** Facility of car(s) with driver;
 - i) **Telephone:** Free telephone facility at Residence including mobile phone facility;
 - j) **Leave:** One month's leave with full salary for every 11 months of service subject to the condition that the leave accumulated but not availed will not be en-cashed;
 - k) **Reimbursement of other expenses:** Reimbursement of entertainment, traveling, hotel and other expenses actually and properly incurred for the business of the Company;
 - l) **Contribution to Provident and Superannuation Funds:** Company's contribution to Provident and Superannuation funds will be as per the Rules of the Company; and
 - m) **Gratuity:** Not exceeding half month's salary for each completed year of service, as per the Rules of the Company.

4. Minimum Remuneration

In case of any loss or inadequacy of profits during any financial year, the remuneration payable to Mr. Yogesh Chander Munjal shall not exceed the limits as prescribed under Part-II of Schedule XIII of the Companies Act, 1956.

Provided that the aggregate amount of remuneration payable to him in a particular financial year will be subject to the overall ceiling limits laid down in Sections 198 and 309 of the Companies Act, 1956.

However, he shall not be entitled to any sitting fee for attending meetings of the Board or Committee thereof.

Explanation: For the aforesaid purposes "Family" means the spouse, the dependent children and dependent parents;

Mr. Yogesh Chander Munjal may be deemed to be interested / concerned in the Resolution under Item no. 8.

He also hold directorship in Dayanand Munjal Investments Private Limited.

The Board recommends the resolution to the members for their approval to be adopted as special resolution in view of the age more than 70 years.

Mr. Yogesh Chander Munjal does not hold any equity shares in the Company.

B. INFORMATION PURSUANT TO CLAUSE 49(IV) (G) (i) OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES

a) Mr. Brijmohan Lall Munjal

Mr. Brijmohan Lall Munjal, aged 88 years, was born on July1, 1923. He is the founder director and Chairman of Hero Honda Motors Limited. 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 Union Government of India in recognition of his immense contribution to the nation in the field of trade and industry.

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

Sl. No.	Name of Company	Nature of Office
1	Hero Honda Motors Limited	Chairman and Whole-time Director
2	Hero Honda Finlease Limited	Chairman and Director
3	Munjal Showa Limited	Chairman and Director
4	Easy Bill Limited	Director
5	Shivam Autotech Limited	Director
6	Rockman Industries 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. Nand Lal Dhameja

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

Mr. Nand Lal Dhameja retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. The Board recommends his re-appointment.

c) Mr. Devi Singh

Mr. Devi Singh aged 59 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 Fulltime 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 directorship of the Board of the following Companies:

S.No.	Name of Company	Nature of Office
1	Munjal Showa Limited	Director
2	Energy Infratech Limited	Director
3	Future Generali India Insurance Company Limited	Director
4	Future Generali India Life Insurance Company 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

Mr. Devi Singh 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 20, 2011

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

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

PANKAJ GUPTA
GM (F&A) & COMPANY SECRETARY

DIRECTOR'S REPORT

Dear Members,

Your Directors have great pleasure in presenting the 26th Annual Report together with the Audited Statement of Accounts for the financial year ended March 31, 2011.

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 31.03.11	Year Ended 31.03.10
Sales and other Income	138924.02	108092.61
Profit before Depreciation & Tax	7420.04	6178.52
Depreciation	2424.67	2307.64
Profit before Tax	4795.37	3870.87
Provision for Taxation	1393.46	1409.87
Profit after Tax	3401.91	2461.00
Net Profit brought forward	2347.12	1821.96
Profit available for appropriation	5749.03	4282.96
Dividend (Recommended)	999.88	799.90
Dividend Tax (Net)	159.12	135.94
Transfer to General Reserve	1000.00	1000.00
Surplus carried to Balance Sheet	3590.03	2347.12

OPERATIONS

The Company has achieved a record sales turnover of Rs. 138,924.02 lacs registering a growth of 28.52 per cent vis-à-vis Rs. 108,092.61 lacs in the previous year. The profit before tax in the current year was at Rs. 4,795.37 lacs as compared to Rs. 3,870.87 lacs in the previous year registering a growth of 23.88 per cent.

FUTURE PROSPECTS

India's GDP is likely to grow at an estimated sustained annual average rate of 8.40 per cent over 2011-12 to 2015-16 and domestic demand - spurred by a large, growing young population, rising middle-class household consumption, and growing savings and investment rates - will support economic growth over the next five years. A likely increase in discretionary spending by India's middle-class households will boost demand for durables such as automobiles and white goods, and services like hotels, restaurants and tourism.

Auto Component Industry is gathering speed as it has direct bearing to automobile sector. Robust automobile sales should translate into strong order inflows for auto component manufacturers. In the year 2010-11 Auto component Industry has registered encouraging results and growth, which augur well for the year ahead. The company recorded an impressive growth of 28.52 per cent in value and 20.08 per cent in volume.

Our existing customers have targeted to meet predetermined sales targets with around 15 per cent growth, with the support of new models likely to be launched both in 2 Wheeler and 4 Wheeler segment in the coming year i.e.2011-12. In brief, all customers of the Company are on growth path and Company is confident to meet their increased demand.

TRANSFER TO GENERAL RESERVE

The Board proposes to transfer an amount of Rs. 1,000.00 lacs to General Reserve, having regard to the requirements of section 205 (2A) of the Companies Act, 1956. The balance amount of Rs. 3,590.03 lacs (previous year Rs. 2,347.12 lacs) will be retained in the Profit and Loss Account.

DIVIDEND

Your directors are pleased to recommend a higher dividend of 125 per cent (i.e. Rs. 2.50 Per equity share of Rs. 2/- each) for the year ended March 31, 2011 amounting to Rs. 999.88 lacs in aggregate as compared to 100 per cent i.e. Rs. 2 per share in the corresponding year. Dividend will be tax free in the hands of shareholders, as the Company will bear the dividend distribution tax of Rs. 162.20 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 23, 2011 to August 11, 2011 (both days inclusive).

DIRECTORS

Mr. Brijmohan Lall Munjal, Mr. Nand Lal Dhameja and Mr. Devi Singh, the directors of the Company are liable to retire by rotation from the Board at the ensuing Annual General Meeting. Mr. Brijmohan Lall Munjal, Mr. Nand Lal Dhameja and Mr. Devi Singh being eligible have offered themselves for re-appointment.

The present tenure of Mr. Yogesh Chander Munjal as Managing Director of the Company expires on August 31, 2011 being eligible has offered himself for re-appointment.

Brief resumes of Mr. Brijmohan Lall Munjal, Mr. Nand Lal Dhameja, Mr. Devi Singh and Mr. Yogesh Chander Munjal 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 also received 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 read with the notes to accounts are self-explanatory and do not require any specific comments. However as pointed out by the Auditors in annexure to their report at point number (ix) (a), the slight delay in payment of undisputed statutory dues in few cases was on account of finalization of accounts beyond the payment due date.

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' 2011 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.

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

India is the seventh largest country in the world by geographical area. While progress on the environmental front is being made, India still faces some major challenges. Despite highly evolved environmental laws and regulations in some areas, many environmental practices such as regulation of air pollutants using a model seen in western countries are still at a very rudimentary stage in India. Increased environmental regulations will likely become a key area of concern in the near future.

The increasing desire of Indian companies to meet world class standards has caused established companies in India to take on sustainable initiatives as a means of improving their global brand and reputation and the environmental sector is expected to be at the forefront of India's evolving story in the coming years.

The Company has already considered the prerequisites of environment compliance long way back and is doing new initiative every year. Some of the major initiatives of regular basis are;

Slogan of the Company "One planet, one earth, one nature which propagates "Save the earth for better tomorrow".

By Regular training for workers and staff to prevent accident related to mechanical, electrical, chemical, physiological and psychological safety the Company has made “Zero incidents” as acceptable standard.

The Company is a regular member of Haryana Environment Management Society.

The Company has started Green Vendor Development Programme (GVDP) in 2009-10. The aim of the project is to conserve water and Energy, Minimize generation of waste, terminate hazardous chemicals with non-hazardous chemicals, minimize carbon foot print, generate pollution prevention awareness throughout the plant and to achieve 100 per cent legal compliance.

In 2010-11 the Company has added special units to recover and recycle chrome and thinner from the waste. Special Kaizen teams with specific project made to conserve resources like energy, water and electricity. More emphasis was given to utilize natural light and natural ventilators.

ISO/TS 16949 ACCREDITATION

Your Company’s manufacturing facilities plants located at Gurgaon and Manesar continue to maintain and uphold the prestigious **ISO/TS 16949:2009**, **ISO 14001:2004** and **OHSAS 18001: 2007** (Occupational Health & Safety Assessment Series) certifications from reputed leading Indian and International Certification Institutions. Company’s third plant located at Haridwar has also got TS 16945. These certifications help in continuous improvements, besides emphasis being laid on prevention of defects, reduction of wastes and variation in supply chain management.

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 and to protect environment by formation of cross functional work groups (PQCDSME) 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 to convert all the losses into Profit.

We have already got the category A award for TPM Excellency for Gurgaon Plant and will challenge the next level by the end of 2011. We have challenged JIPM TPM Excellence Award in December 2009 for Manesar Plant and were honored with TPM Excellence Award category A at Kyoto, Japan on March 9, 2011. We are now going to challenge the next level of TPM Excellence Award. For the same the TPM Kick - Off Ceremony for 2nd stage was held on April 22, 2011. The Company has declared start of TPM in Haridwar Plant on 23rd March 2011. We will challenge the TPM Excellence Award in December 2013. For further excellence in the industry the company is helping some of its vendors to start TPM journey.

Lean Activities:

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. We have converted lots of huge & complicated machines to Lean Machines & manufactured Lean machines in house. We receive many visitors not only from India but also from all over the World to see our TPM & Lean machine manufacturing activity. Munjal Showa is taking a lead role in spreading this concept of Lean Machines across the Country thru CII, ACMA, IMTMA, MSIL, HHML, Honda Seil Club, etc.

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 2011-2012 have been paid to them well before the due date i.e. April 30, 2011. The Company has also paid the annual custodian fees for the year 2011-12 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 3477 at the end of the year as compared to 3012 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 Utrakhand, 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 20, 2011

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, 2011.

Company's Philosophy on Corporate Governance

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

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 resulting in an appropriate composition of Executive, Non-Executive and Independent Directors. The Non-executive Directors play an active role in the meetings of the Board and are associated with the various Board Committees. They also bring independent judgment in the Board's deliberations and decisions. The Board meets regularly and is responsible for the proper management of the Company. Two 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 2010-11 are as follows:

Name of Director	Number of Board Meetings held during his tenure and attended by him		Number of Attendance at last AGM	Number 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	None	None	None
Mr. Tetsuo Terada 1*	3	2	YES	None	None	None
Non-Executive Directors						
Mr. Brijmohan Lall Munjal	4	4	YES	None	None	6
Mr. Akira Kadoya *	4	1	NO	None	None	None
Mr. Pankaj Munjal	4	2	YES	3	1	6
Mr. Ashok Kumar Munjal	4	2	YES	1	None	1
Non-Executive and Independent Directors						
Mr. Krishan Chand Sethi	4	4	YES	None	None	None
Mr. Vinod Kumar Agarwal	4	4	YES	None	None	None
Mr. Anil Kumar Vadehra	4	4	YES	None	None	None
Mr. Surinder Kumar Mehta	4	4	NO	1	1	2
Mr. Nand Lal Dhameja	4	3	YES	None	None	None
Mr. Devi Singh	4	3	YES	None	None	3

Notes:

1. Mr. Tetsuo Terada was appointed as an additional director and Joint Managing Director w.e.f. May 18, 2010.

* Representative of Showa Corporation, Japan based at Japan

B. Meetings held in financial year 2010-11 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 2010-11 on May 18, 2010, July 28, 2010, October 28, 2010 and January 25, 2011.

Information supplied to the Board inter alia includes:

- Annual operating plans and budgets of business, capital budgets and updates,
- Quarterly results of the Company,
- Minutes of the meetings of Audit Committee and other Committees of the Board,

- Information on recruitment and remuneration of senior officers just below the Board level,
- Any material defaults in financial obligation to and by the Company, or substantial non-payments for goods sold by the Company,
- Materially important show cause, demand, prosecution and penalty notices,
- Fatal or serious accidents or dangerous occurrences, any material effluent or pollution problems,
- Any issue which involves possible public or product liability claims of a substantial nature,
- Details of any joint venture or collaboration agreement,
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property,
- Any significant development in Human Resources / Industrial relations, significant labour problems and proposed solutions,
- Quarterly details of foreign exchange exposure and the steps taken by management to limit the risk of adverse exchange rate,
- Sale of material nature, of investments and assets, which are not in normal course of business,
- Non-compliance of any regulatory or statutory provisions or listing requirements as well as shareholders services such as non-payment of dividend and delays in share transfer.

C. Code of Conduct

The 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, 2011. 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 generally attend the meetings on invitation by the Chairman. During the financial year 2010-11, the Audit Committee met four times, on May 17, 2010, July 27, 2010, October 27, 2010 and January 24, 2011.

Attendance of Members at the meetings of the Audit Committee held during 2010-11 was as under:

Members	No. of Meetings attended
Mr. Vinod Kumar Agrawal, Chairman	4
Mr. Ashok Kumar Munjal	2
Mr. Krishan Chand Sethi	4
Mr. Anil Kumar Vadehra	4

III. REMUNERATION COMMITTEE

The Remuneration Committee duly constituted 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 meeting of the Remuneration Committee was held on May 17, 2010 under the Chairmanship of Mr. Krishan Chand Sethi. The meeting was attended by Mr. Krishan Chand Sethi, Mr. Vinod Kumar Agrawal and Mr. Anil Kumar Vadehra. The meeting was held to consider and recommend increase in the remuneration payable to Mr. Yogesh Chander Munjal, Managing Director and to consider and recommend the appointment and remuneration of Mr. Tetsuo Terada as Joint Managing Director.

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 2010-11 are as under:

Name	Salary, Allowances and Perquisites*	Commission**	Sitting Fee***	Total
Mr. Brijmohan Lall Munjal	Nil	Nil	60000	60000
Mr. Yogesh Chander Munjal	12,005,067	4,847,997	Nil	16,853,064
Mr. Tetsuo Terada	7,519,404	4,210,452	Nil	11,729,856
Mr. Pankaj Munjal	Nil	Nil	30000	30000
Mr. Ashok Kumar Munjal	Nil	Nil	90000	90000
Mr. Kishan Chand Sethi	Nil	Nil	135000	135000
Mr. Vinod Kumar Agrawal	Nil	Nil	135000	135000
Mr. Anil Kumar Vadehra	Nil	Nil	180000	180000
Mr. Surinder Kumar Mehta	Nil	Nil	60000	60000
Mr. Nand Dhameja	Nil	Nil	45000	45000
Mr. Devi Singh	Nil	Nil	45000	45000

* 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 Mr. Anil Kumar Vadehra 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 47 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, 2011.

List of requests/complaints received from shareholders during the financial year 2010-2011 is as under:

Sr. No.	Nature of complaints received	Received	Solved	Pending
1.	Transfer of shares	1	1	Nil
2.	Non receipt of Annual Report	11	11	Nil
3.	Non- receipts of dividend warrants / Revalidation of dividend warrants	29	29	Nil
4.	Miscellaneous	6	6	Nil
	TOTAL	47	47	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
2009-2010	26E & F, Sector 3, IMT Manesar, Gurgaon	Wednesday, August 11, 2010	11:00 A.M.	NIL
2008-2009	26E & F, Sector 3, IMT Manesar, Gurgaon	Friday, August 07, 2009	11:00 A.M.	NIL
2007-2008	26E & F, Sector 3, IMT Manesar, Gurgaon	Thursday, August 07, 2008	11:00 A.M.	NIL

No resolution has been passed by the Company’s shareholders through postal ballot during the Financial Year 2010-11 and there is no resolution proposed to be passed through postal ballot in the ensuing Annual General Meeting.

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 23 notes to accounts in the Annual Report.

- b. 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 from 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 shareholder, these results are placed on Company's web site www.munjalshowa.net. As the Company publishes the Audited Annual Results within a stipulated period of sixty days 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

The Indian Automotive Industry has emerged as a 'Sunrise Sector' in our economy within twenty years of its liberalization. In order to accelerate and sustain growth in the automotive sector, a roadmap was needed to steer, coordinate and synergize the efforts of all stakeholders. The Indian auto component industry is one of the few sectors in the economy that has a distinct global competitive advantage in terms of cost and quality. The value in sourcing auto components from India includes low labour cost, raw material availability, technically skilled manpower and quality assurance.

The Government has boosted the Auto Sector by way of stimulus packages during that time when total world was fighting to contain recession. It was in the form of excise and other duty reliefs in the Central Budget in the year 2008-09. With stimulus packages and duty cuts, Auto Industry has posted buoyant growth year after year, contrary to rest of the world. The Indian Auto Industry attracted full attention of the world as Auto sector hub. To maintain the tempo of growth, Hon'ble Finance Minister desisted from an increase in excise duty and thus ensured continuation of encouragement.

The Indian Auto Component Industry has been navigating through a period of rapid changes with great élan. Auto Component sector has been growing at 20 per cent per annum since 2000 and it is projected to maintain the high growth phase of 15-20 per cent till 2015. The Auto Component industry has the resources to manufacture the entire range of auto products required for vehicle manufacturing. The range of products manufactured, with each broad segment having different market structure and technology, has negated any possible concentration of the market in few hands.

Cumulative production of vehicles of all categories for the financial year 2010-11 registered an impressive growth of 26.61 per cent over the same period of last year. Passenger car sales grew by 23.35 per cent and two wheeler sales soared by 26.82 per cent.

Opportunities and Threats

The economy has emerged with remarkable rapidity from the slowdown caused by the global crisis, with growth of 8.70 per cent in 2010-11 and an expected 9 percent growth in the next year. This growth is also broader: agriculture is rebounding; manufacturing continues its momentum and private services is picking up. Fundamentals are also stronger: savings and investment are up, exports are rising rapidly, and inflation is falling, after a prolonged hiatus.

With stronger growth, the widening of the current account deficit over several quarters became a concern; however, developments in the last two quarters show a falling current account deficit as a result of rapidly-rising exports, higher net services, and moderating imports.

Hero Honda Motors Limited being a major customer has led the motorcycle segment by registering a market share of 55 per cent in domestic market and overall growth of 14.94 per cent. Honda Motorcycles and Scooters India Private Limited has registered a market share of around 43 per cent and depicted a growth of 20.73 per cent in scooter segment during the year 2010-11. During financial year 2011-12, Hero Honda Motors Limited has chalked out impressive plan to introduce variety of new models to counter the competition and thus maintain supremacy in the market.

The Company was clear gainer in terms of increase in market share, due to continuously handsome growth of its customer's base. 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 more than ten per cent.

There exist few risks that may have to be confronted by the auto component manufacturers. A global slowdown can derail the prospects of the industry. Volatility in the prices of metal and other inputs could erode the industry's cost competitiveness. Intense competition from counterparts in other emerging economies may add pressure on margins of manufactures. Crude oil prices influence Auto Sector significantly; any volatility and escalation can dampen market appetite indefinitely. The crude oil price increased from around US Dollar 85 a barrel to US Dollar 112 a barrel, if we compare current price with April 2010 level.

Product-wise performance

All 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

Looking forward, the auto component industry displays tremendous potential in generating employment and boosting entrepreneurship in the country. The spate of new investment plans announced by global and domestic automobiles manufactures promises the emergence of India as a global hub for auto components. The industry is transforming, and the boost in demand will witness the emergence of several new players in the industry. The vast market for auto components, the diverse products range and technology involved ensures a place and role for many.

This overall trend is encouraging but remaining competitive in this changing scenario will be the toughest challenge. The combination of low manufacturing cost along with quality system would be an edge to companies in terms of pricing and quality.

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 firm plans to register growth in the region of ten to fifteen per cent.

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 register healthy sales. Honda Sael Cars India Limited has planned to launch small car for the first time in India by 2011. It is expected that post Europe crisis, the 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.

During the year 2010-11, the inflationary pressures increased driven largely by food price inflation, as measured by Wholesale Price Index (WPI) which increased by 8.98% in March 2011. With further consolidation of growth and inflation emerging as a major concern, India began its exit from accommodative monetary policy pursued during the crisis beginning October 2009. To begin with all special liquidity measures were withdrawn which was followed by hikes in policy rates - LAF repo and reverse repo rates

have been raised by 200 basis points and 250 basis points, respectively. The CRR has also been raised by 100 basis points to 6.0 per cent now. The process of fiscal consolidation resumed in 2010-11 is expected to be further strengthened in 2011-12. Thus, while the magnitude of the crisis was global in nature, the policy responses in India were adapted to domestic growth outlook, inflationary conditions and financial stability considerations.

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 widening its customer base and also reviewing prices with existing customers to balance the additional raw material cost impact on account of increase in price of 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, VAT, Service Tax, GST regime, Direct Tax Code 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 slightly more than 7% 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 in 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. 1,38,924.02 lacs as against Rs. 1,08,092.61 lacs during the previous year, and profit before tax increased to Rs. 4,795.37 lacs as against previous year of Rs. 3,870.88 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's strength of employees stood at 3477 as on 31st March, 2011. 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.

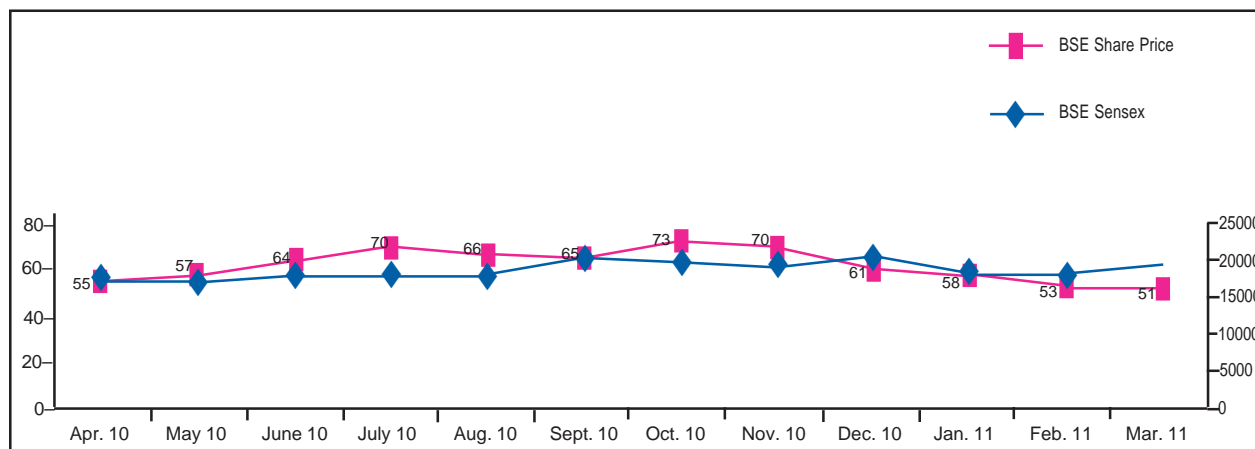
XI. GENERAL SHAREHOLDERS INFORMATION:

1) Annual General Meeting	
- Day, Date and Time - Venue	Thursday, August 11, 2011, 11:00 A. M. 26 E&F, Sector-3, IMT Manesar, Gurgaon-122050 (HR)
2) Financial Calendar	
(a) Financial Year 2011-2012	April to March
(b) Financial reporting for the quarter ending June'2011	End July' 2011
(c) Financial reporting for the half year ending September'2011	End October'2011
(d) Financial reporting for the quarter ending December'2011	End January'2012
(e) Financial reporting for the year ending March'2012.	End May' 2012
(f) Annual General Meeting for the year ending March 31, 2012	End September'2012
3) Face Value of the Equity Share	Rs. 2 per share
4) Date of Book Closure	July 23, 2011 to August 11, 2011 (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 (PAN)	AAACM0070D

8) Monthly Highs, Lows and volume for the year 2010-2011 on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

YEAR – 2010-11	Bombay Stock Exchange			National Stock Exchange		
	High (Rs)	Low (Rs)	Volume (Nos.)	High (Rs)	Low (Rs)	Volume (Nos.)
April'10	55	47	830525	55	47	1043747
May'10	57	50	1057531	58	49	1500462
June'10	64	52	1826158	64	52	2062705
July'10	70	60	1613959	70	60	2034801
August'10	66	58	758259	70	56	1153048
September'10	65	57	712934	65	56	946412
October'10	73	58	2108156	73	57	3159049
November'10	70	55	651492	70	54	1159784
December'10	61	51	220510	61	50	357349
January'11	58	46	277603	58	47	317572
February'11	53	44	250639	53	44	532829
March'11	51	47	179072	52	47	387909

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-110 020
 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. Members are, therefore, requested to dematerialize their shareholding to avoid inconvenience. 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 was 4001 shares.

12) A. Distribution of Shareholding as on March 31, 2011:

No. of shares	Shareholders	% Shareholders	No. of shares	% Shareholding
Upto 500	8213	70.30	1474461	3.69
501-1000	1668	14.28	1540539	3.85
1001-2000	1016	8.70	1784622	4.46
2001-3000	275	2.35	714106	1.79
3001-4000	154	1.32	575704	1.44
4001-5000	125	1.07	597203	1.49
5001-10000	132	1.13	1000440	2.50
10001-50000	87	0.74	1655677	4.14
50001-100000	5	0.04	323748	0.81
100001 and above	8	0.07	30328500	75.83
Total	11683	100.00	39995000	100.00

B. Shareholding pattern as on March 31, 2011

Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares
Indian Promoters	2	15604000	15604000	39.01
Foreign Promoters	1	10400000	0	26.00
Public Shareholding				
Institutions				
Mutual Funds/ UTI	6	505500	502000	1.26
Financial Institutions/ Banks	6	8500	1500	0.02
Insurance Companies	0	0	0	0.00
Foreign Institutional Investors	1	14000	14000	0.04
Non-institutions				
Bodies Corporate	456	4566281	4554281	11.42
Individuals -				
i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	11018	8193641	7302173	20.50
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	6	485248	485248	1.21
Any Other-NRI	185	206330	201330	0.52
Any Other-Trust & foundation	2	11500	11500	0.03
GRAND TOTAL	11683	39995000	28676032	100.00
% of Dematerialization			71.70%	

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, 2011 a total of 28,676,032 equity shares of the Company, which forms 71.70 % of share capital of the Company have been dematerialized.
- 15) Outstanding GDRs/ADRs/Warrants or any convertible instruments, if any** : Not Applicable
- 16) Plant Locations** : 9-11, Maruti Industrial Area, Gurgaon-122 015, Haryana
26 E & F, Sector-3, IMT Manesar, Gurgaon-122050, Haryana
Plot No. 1, Industrial Park-2, Phase-1 Salempur Mehdood, Haridwar- 249403 Uttarakhand
- 17) Address for Correspondence** : 9-11, Maruti Industrial Area, Gurgaon-122 015, 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 Limited, 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 ended March 31, 2011 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 2010-11.

(Yogesh Chander Munjal)

Managing Director
New Delhi,
May 20, 2011

(Mahesh Taneja)

VP- Finance & IT

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, 2011, 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
Firm Registration Number: 301003E
Chartered Accountants
per **Anil Gupta**
Partner

Membership No.: 87921

Place: Gurgaon
Date: May 20, 2011

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 2010-11 and their impact

Measures taken	Impact
Installation of Heat Recovery Unit at Haridwar Plant	Reduction in Diesel fuel consumption
Maintenance of power factor throughout the year by providing capacitor banks	Reduction in power consumption
Optimizing the use of compressed air network by minimizing compressed air leakage	Reduction in power consumption
Conversion of Huge Machine to Lean Machine	Reduction in power consumption
Providing timers on hydraulic power packs for ideal running of machines	Reduction in power consumption

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

Measures taken	Impact
Heat Recovery unit at Gurgaon Plant	Reduction in power consumption
Switching off lights, fans and air conditioners when not required	Reduction in power consumption

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

It is very difficult to quantify the impact as number of equipments and other activities are being added on continuous basis. However, the impact of above will reduce fuel and power consumption and ultimately reduction in power cost.

B. TECHNOLOGY ABSORPTION

(I) RESEARCH AND DEVELOPMENT (R & D)

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

New product Technology absorption

Indigenization of CKD Parts

Benefits derived as a result of above R & D activities

Process / product improvements for consistency of performance

Supply to the existing customers for their new models

Future plan of action

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

Expenditure on R & D

Capital	Rs. NIL
Recurring	Rs.1,563,540/-
Total	Rs. 1,563,540/-

Total expenditure as a percentage of total turnover 0.01 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 any export directly to those countries where our collaborator M/s Showa Corporation has manufacturing base. However, the Company has started exporting certain components to Showa/its joint ventures/ its associates wherever they find our price competitive. Further, the Company is catering to the requirement of Shock Absorbers, Struts and Window Balancers for export models of Hero Honda Motors Limited and Honda Motorcycles and Scooter India Pvt. Limited on 100% basis and partly for Maruti Suzuki India Limited.

Total Foreign Exchange used and earned

The foreign exchange earnings during the year were Rs. 16,847,071/- and foreign exchange outgo during the year was Rs. 1,075,666,266/-.

For and on behalf of the Board

Place: New Delhi
Dated: May 20, 2011

BRIJMOHAN LALL MUNJAL
Chairman

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, 2011

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	Per centage / Nos. of Equity share as per Clause (a) (iii) of Section 217 (2A)	Other Terms & conditions
Employed throughout the period and in receipt of remuneration not less than Rs. 60,00,000/- per annum											
1	Yogesh Chander Munjal	71	Managing Director	Overall management of the affairs of the Company	B. Arch.	47	01.09.1986	16,853,064	Chief Executive- Rockman Cycle Inds. Ltd.	NIL	As per rules of the Company
Employed for part of the period and in receipt of remuneration not less than Rs. 5,00,000/- per month											
2	Tetsuo Terada	55	Joint Managing Director	Overall management of the affairs of the Company	Bachelor of Arts in Business Administration	29	18.05.2010	11,729,856	Manager Showa Corporation Japan	NIL	As per rules of the Company

NOTES

- 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 whole time employees of the Company and 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

Place: New Delhi
Dated: May 20, 2011

BRIJMOHAN LALL MUNJAL
Chairman

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, 2011 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, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 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, 2011;
 - 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.
Firm Registration No. 301003E
Chartered Accountants

per Anil Gupta
Partner

Membership No.:87921

Place: Gurgaon
Date: May 20, 2011

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 in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (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) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (a) to (d) of the Companies (Auditor's report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon.
- (b) According to information and explanations given to us, 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. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, 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. The clause relating to sale of services is not applicable to the Company. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (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 our opinion and according to the information and explanations given to us, the 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) In our opinion, the Company has an internal audit system commensurate with the size and 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) 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 and other material statutory dues applicable to the Company have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in few cases*. Further, since the Central Government has till date not prescribed the amount of cess payable under Section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

- (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 material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax demand	39,203,700	F.Y. 2005-06	Income Tax Appellate Tribunal
Finance Act, 1994	Service Tax demand and penalty	12,364,172	April 2007 to January 2009	Custom, Excise, Service Tax Appellate Tribunal
	Service Tax demand, penalty and interest	2,010,408	February 2009 to Mar 2009	Commissioner of Central Excise (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 banks. 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 dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. 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 year.

For S.R. BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants
per Anil Gupta
Partner
Membership No.:87921

Place: Gurgaon
Date: May 20, 2011

BALANCE SHEET AS AT MARCH 31, 2011

	Schedules	As at March 31, 2011 (Rs.)	As at March 31, 2010 (Rs.)
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	79,992,500	79,992,500
Reserves and surplus	2	1,949,788,052	1,725,496,272
		<u>2,029,780,552</u>	<u>1,805,488,772</u>
Loan funds			
Secured loans	3	807,005,368	887,866,838
Unsecured loans	4	50,000,000	312,413,773
		<u>857,005,368</u>	<u>1,200,280,611</u>
Deferred Payment Liabilities (Payable within one year Nil) (Previous year Rs. 24,183,293)		-	36,274,939
Deferred Tax Liabilities (net)	5	142,091,878	149,933,895
TOTAL		<u>3,028,877,798</u>	<u>3,191,978,217</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	6	3,876,332,769	3,695,633,557
Less : Accumulated Depreciation		<u>1,363,335,529</u>	<u>1,171,524,412</u>
Net block		2,512,997,240	2,524,109,145
Capital work-in-progress including capital advances		99,162,703	85,362,690
		<u>2,612,159,943</u>	<u>2,609,471,835</u>
Intangible assets	7	31,983,978	18,275,357
Investments	8	-	50,014,239
Current assets, Loans and Advances			
Inventories	9	366,732,764	304,219,026
Sundry debtors	10	1,429,928,970	1,282,232,039
Cash and bank balances	11	33,390,754	23,876,369
Other current assets	12	77,057,533	26,745,436
Loans and advances	13	390,226,360	345,744,063
(A)		<u>2,297,336,381</u>	<u>1,982,816,933</u>
Less: Current liabilities and provisions			
Current liabilities	14	1,727,244,091	1,318,119,432
Provisions	15	194,417,544	163,163,497
(B)		<u>1,921,661,635</u>	<u>1,481,282,930</u>
Net Current Assets (A-B)		<u>375,674,746</u>	<u>501,534,003</u>
Miscellaneous Expenditure			
(Refer note No 2(j) of Schedule 23)		9,059,131	12,682,783
TOTAL		<u>3,028,877,798</u>	<u>3,191,978,217</u>
Notes to accounts	23		

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.
Firm Registration No. 301003E
Chartered Accountants

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

per Anil Gupta
Partner
Membership No. 87921
Place: Gurgaon
Date: May 20, 2011

Brijmohan Lall Munjal
Chairman

Mahesh Taneja
VP- Finance and IT

Yogesh Chander Munjal
Managing Director

Vinod Kumar Agrawal
Director

Pankaj Gupta
GM (F&A) & Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Schedules	For the year ended March 31, 2011 (Rs.)	For the year ended March 31, 2010 (Rs.)
INCOME			
Turnover (Gross)		13,657,466,056	10,609,749,663
Less : Excise duty		975,728,763	730,594,416
Turnover (Net)		12,681,737,293	9,879,155,247
Other income	16	234,936,141	199,510,854
TOTAL		12,916,673,434	10,078,666,101
EXPENDITURE			
Raw materials and components consumed	17	9,698,424,256	7,469,567,883
Personnel expenses	18	547,120,578	421,457,177
Operating and other expenses	19	1,830,259,426	1,449,506,342
Decrease in inventories	20	7,038,010	460,635
Depreciation and amortization	6 and 7	262,466,807	230,763,547
Differential excise duty on opening and closing stocks (Refer note No 8 of Schedule 23)		426,523	(860,690)
Financial expenses	21	91,400,518	120,684,102
TOTAL		12,437,136,118	9,691,578,996
Profit before tax		479,537,316	387,087,105
Current tax [includes Nil for earlier year (Previous year Rs. 16,500,000)]		149,000,000	102,500,000
Income tax credit for earlier year		(2,000,000)	-
Deferred tax (credit)/charge [net of charge of Rs. 2,380,428 for earlier years (Previous Year credit of Rs 17,388,881)]		(7,842,017)	38,372,599
Fringe benefit tax & Wealth tax [net of credit of Nil for an earlier year (Previous Year Rs 218,327)]		188,541	114,934
Total Tax Expense		139,346,524	140,987,533
Net Profit		340,190,792	246,099,572
Balance brought forward from previous year		234,711,671	182,196,400
Profit available for appropriation		574,902,462	428,295,972
Appropriations:			
Proposed final dividend		99,987,500	79,990,000
Tax on dividend		15,911,511	13,594,301
Transfer to general reserve		100,000,000	100,000,000
Surplus carried to Balance Sheet		359,003,451	234,711,671
Earnings per share			
Basic and diluted [Nominal value of shares Rs 2 (Previous year Rs 2)]	22	8.51	6.15
Notes to Accounts			
	23		

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

For **S.R.BATLIBOI & CO.**
Firm Registration No. 301003E
Chartered Accountants

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

per Anil Gupta
Partner
Membership No. 87921
Place: Gurgaon
Date: May 20, 2011

Brijmohan Lall Munjal
Chairman
Mahesh Taneja
VP- Finance and IT

Yogesh Chander Munjal
Managing Director

Vinod Kumar Agrawal
Director

Pankaj Gupta
GM (F&A) & Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	For the year ended March 31, 2011 (Rs.)	For the year ended March 31, 2010 (Rs.)
A. Cash flow from operating activities		
Profit before tax	479,537,315	387,087,105
Adjustments for:		
Depreciation and amortisation	262,466,807	230,763,547
(Profit)/ Loss on disposal of fixed assets (net)	(10,495,091)	1,507,697
(Profit) on sale of current non-trade investments	(6,779,463)	(3,716,431)
Provision for doubtful debts and advances (net)	745,840	-
Dividend on current non-trade investments (Gross)	-	(350,223)
Interest Income	(3,303,936)	(12,560,891)
Miscellaneous Expenditure	3,623,652	3,623,652
Interest expense	86,658,244	114,239,995
Operating profit before working capital changes	812,453,368	720,594,451
Movements in working capital :		
(Increase) in sundry debtors	(148,594,254)	(367,610,604)
(Increase) in inventories	(62,513,738)	(16,643,662)
(Increase) in other current assets	(47,492,084)	(26,620,431)
(Increase) / Decrease in loans and advances	(24,211,260)	6,222,736
Increase in Provisions	8,775,095	32,650,729
Increase in current liabilities	404,286,672	154,961,543
(Decrease)/ Increase in deferred payment liability	(36,274,939)	36,274,939
Cash generated from operations	906,428,860	539,829,701
Direct taxes paid (net of refunds)	(170,073,337)	(160,548,161)
Net cash from operating activities	736,355,523	379,281,540
B. Cash flows from investing activities		
Purchase of fixed assets	(257,443,893)	(404,002,350)
Proceeds from sale of fixed assets	35,233,563	-
Purchase of intangible assets	(46,158,115)	(52,610,175)
Purchase of investments	(5,240,298,782)	(7,911,243,649)
Sale / maturity of investments	5,297,092,484	7,964,945,841
Deposits (with maturity more than three months)	-	(2,500,000)
Interest received	3,104,445	12,435,886
Dividends received	-	350,223
Net cash (used in) investing activities	(208,470,298)	(392,624,224)
C. Cash flows from financing activities		
Proceeds from long term borrowings	214,525,050	54,482,764
Proceeds from short term borrowings	50,000,000	311,245,965
Repayment of long term borrowings	(206,291,348)	(150,945,574)
Repayment of short term borrowings	(400,351,486)	(28,622,115)
Interest paid	(83,272,552)	(111,339,310)
Dividends paid	(79,695,164)	(79,642,910)
Tax on dividend paid	(13,285,340)	(13,594,301)
Net cash (used in) financing activities	(518,370,840)	(18,415,481)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	9,514,385	(31,758,165)
Cash and cash equivalents at the beginning of the year	21,376,369	53,134,534
Cash and cash equivalents at the end of the year	30,890,754	21,376,369
Components of cash and cash equivalents as at*	March 31, 2011	March 31, 2010
	Rs.	Rs.
Cash on hand	942,939	774,849
Cheques in hand	4,570,746	6,197,304
Balances with scheduled banks:		
On current accounts	12,264,792	7,096,916
On cash credit accounts	9,970,131	4,459,915
On unpaid dividend accounts **	3,142,146	2,847,385
	30,890,754	21,376,369

** These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities.

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 on Cash Flow Statements.
*2) Difference in the figure of Cash and Bank Balances shown in Schedule 11 and as per above represents long term investments in fixed deposits with an original maturity of more than three months.

As per our report of even date
For **S.R.BATLIBOI & CO.**

Firm Registration No. 301003E
Chartered Accountants

per Anil Gupta
Partner
Membership No. 87921

Brijmohan Lall Munjal
Chairman

Yogesh Chander Munjal
Managing Director

Vinod Kumar Agrawal
Director

Place: Gurgaon
Date: May 20, 2011

Mahesh Taneja
VP- Finance and IT

Pankaj Gupta
GM (F&A) & Company Secretary

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

SCHEDULES TO THE ACCOUNTS

	As at March 31, 2011	As at March 31, 2010
	Rs.	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>1,490,784,601</u>	<u>1,390,784,601</u>
Add: Transfer from Profit and Loss Account	<u>100,000,000</u>	<u>100,000,000</u>
	<u>1,590,784,601</u>	<u>1,490,784,601</u>
Profit and Loss Account	<u>359,003,451</u>	<u>234,711,671</u>
	<u>1,949,788,052</u>	<u>1,725,496,272</u>
SCHEDULE 3 : SECURED LOANS		
Cash credit from banks	<u>4,222,960</u>	<u>93,328,481</u>
(Secured by hypothecation of Stocks and Book debts, both present and future).		
Interest accrued and due on above	<u>10,349</u>	<u>-</u>
Buyer's credit from a bank	<u>49,514,200</u>	<u>54,482,764</u>
(Secured by exclusive charge on assets funded. Amounts repayable within one year Rs. 30,872,644 (Previous Year Rs. 19,493,614))		
Term loan from banks	<u>370,890,214</u>	<u>229,591,881</u>
(Secured/ to be secured by equitable mortgage charge over property at 9-11, Maruti Industrial Area, Gurgaon-122015. Amount payable within one year Rs. 125,445,146 (Previous Year Rs. 76,530,636))		
External Commercial Borrowing from a bank	<u>382,367,645</u>	<u>509,823,529</u>
(External Commercial Borrowing (ECB) secured with an exclusive charge on the fixed assets procured out of the loan along with equitable mortgage charge over property at 9-11, Maruti Industrial Area, Gurgaon -122015. Amount payable within one year Rs.127,455,884 (Previous Year Rs.127,455,884))		
Others-Vehicle loan	<u>-</u>	<u>640,183</u>
(Secured by hypothecation of vehicle. Amount repayable within one year Rs. Nil (Previous Year Rs. 290,097)).		
	<u>807,005,368</u>	<u>887,866,838</u>

SCHEDULES TO THE ACCOUNTS

	As at March 31, 2011	As at March 31, 2010
	Rs.	Rs.
SCHEDULE 4 : UNSECURED LOANS		
Short Term Working Capital Loans from banks	50,000,000	300,000,000
Interest Accrued and due on above	-	1,167,808
Buyer's Credit from a bank	-	11,245,965
(Amount payable within one year Nil (Previous Year Rs. 11,245,965))		
	50,000,000	312,413,773
SCHEDULE 5 : DEFERRED TAX LIABILITIES (NET) :		
Deferred Tax Liabilities		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	164,303,362	172,625,063
Gross Deferred Tax Liabilities	164,303,362	172,625,063
Deferred Tax Assets		
Effect of expenditure debited to profit and loss account in the current year but allowable for tax purposes in following years	13,779,642	14,111,321
Provision for Doubtful debts and advances	8,431,842	8,579,847
Gross Deferred Tax Assets	22,211,484	22,691,168
Net Deferred Tax Liabilities	142,091,878	149,933,895

SCHEDULE 6 : FIXED ASSETS

(Amount in Rs.)

	Land-Freehold	Building	Plant and machinery	Office equipment, furniture and fittings	Vehicles	Total	Previous year
Gross block							
At 01.04.2010	465,275,271	702,280,043	2,436,752,504	57,586,669	33,739,070	3,695,633,557	2,979,022,885
Additions	-	7,872,402	223,215,762	2,729,512	9,826,204	243,643,880	724,294,315
Deductions/ adjustments	8,175,000	11,526,975	27,622,606	11,724,617	3,895,470	62,944,668	7,683,643
At 31.03.2011	457,100,271	698,625,470	2,632,345,660	48,591,564	39,669,804	3,876,332,769	3,695,633,557
For previous year	465,275,271	702,280,043	2,436,752,504	57,586,669	33,739,070	3,695,633,557	
Depreciation							
At 01.04.2010	-	78,257,242	1,048,324,211	31,775,498	13,167,461	1,171,524,412	984,045,045
For the year	-	23,320,189	199,369,081	3,917,860	3,410,183	230,017,313	193,655,313
Deletions / adjustments	-	2,741,981	23,642,481	10,323,978	1,497,756	38,206,196	6,175,946
At 31.03.2011	-	98,835,450	1,224,050,811	25,369,380	15,079,888	1,363,335,529	1,171,524,412
For previous year	-	22,065,012	164,270,840	4,350,948	2,968,513	193,655,313	
Net block							
At 31.03.2011	457,100,271	599,790,020	1,408,294,849	23,222,184	24,589,916	2,512,997,240	2,524,109,145
At 31.03.2010	465,275,271	624,022,801	1,388,428,293	25,811,171	20,571,609	2,524,109,145	
Capital work-in-progress including capital advances						99,162,703	85,362,690

Note: Fixed assets of the cost of Rs. 39,347,222, Previous year Nil, (Written down value Rs. 5,380,762, Previous year Nil) have been discarded during the year.

SCHEDULES TO THE ACCOUNTS

SCHEDULE 7: INTANGIBLE ASSETS

(Amount in Rs.)

	Softwares	Designs and drawings	TOTAL	Previous year
Gross block				
At 01.04.2010	5,460,000	71,745,802	77,205,802	40,159,543
Additions	1,672,000	44,486,115	46,158,115	52,610,175
Deductions	-	-	-	15,563,916
At 31.03.2011	7,132,000	116,231,917	123,363,917	77,205,802
For previous year	5,460,000	71,745,802	77,205,802	
Amortisation				
At 01.04.2010	1,140,600	57,789,829	58,930,445	37,386,127
For the year	1,364,985	31,084,509	32,449,494	37,108,234
Deductions	-	-	-	15,563,916
At 31.03.2011	2,505,585	88,874,338	91,379,939	58,930,445
For previous year	1,140,616	35,967,618	37,108,234	
Net Value	4,626,415	27,357,579	31,983,978	18,275,357
For previous year	4,319,384	13,955,973	18,275,357	

Note: Additions to Designs and Drawings and Softwares include Rs 12,017,250 (Previous year Rs. 36,253,175) for earlier years.

<u>As at</u>	<u>As at</u>
<u>March 31, 2011</u>	<u>March 31, 2010</u>
Rs.	Rs.

SCHEDULE 8 : INVESTMENTS

Non - Trade
Unquoted

Current Investments (At lower of cost and market value)

Nil units (Previous Year 4,190,236) of DWS Insta Cash Plus Fund - Super Institutional Plan Growth of Rs 10 each	-	50,014,239
	-	50,014,239

1. Repurchase price of investments in Mutual Funds amounts to Rs. Nil (Previous Year Rs. 50,036,028)

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

Particulars	Face Value per unit (Rs.)	No of units Purchased	No of Units Sold	Purchase Value	Sales Value
Bharti AXA Liquid Fund - Super Institutional Plan - Growth	1,000	113,448	(113,448)	130,000,000	(130,067,686)
DWS Insta Cash Plus Fund - Institutional Plan Growth	10	3,393,235	(3,393,235)	50,000,000	(50,065,150)
JM Floater Fund - Long Term - Premium Plan - Growth Option	10	4,850,382	(4,850,382)	70,020,138	(70,338,792)

SCHEDULES TO THE ACCOUNTS

Particulars	Face Value per unit (Rs.)	No of units Purchased	No of Units Sold	Purchase Value (Rs.)	Sales Value (Rs.)
JM High Liquidity Fund - Super Institutional Plan - Growth	10	6,706,099	(6,706,099)	100,000,000	(100,020,138)
LIC MF Liquid Fund - Growth Plan	10	166,445,337	(166,445,337)	2,885,000,000	(2,886,772,058)
LIC MF Savings Plus Fund - Growth Plan	10	87,839,533	(87,839,533)	1,305,190,562	(1,308,075,968)
RLF-Treasury Plan-Institutional Option-Growth Option	10	3,531,120	(3,531,120)	80,000,000	(80,010,240)
UTI Money Market Fund - Growth Plan	1,000	51,533	(51,533)	140,000,000	(140,088,081)
UTI Treasury Advantage Fund - Institutional Plan - Growth Option	1,000	371,717	(371,717)	480,088,081	(481,539,565)
		273,302,404	(273,302,404)	5,240,298,782	(5,246,977,678)

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

Particulars	Face Value per unit (Rs.)	No of units Purchased	No of Units Sold	Purchase Value (Rs.)	Sales Value (Rs.)
Birla Sun Life Sweep Fund-Dividend- Reinvestment	10	356,259,734	(356,259,734)	3,600,850,223	(3,600,926,548)
LICMF Savings Plus Fund - Saving Plan	10	113,576,974	(113,576,974)	1,630,296,679	(1,632,294,679)
LICMF Savings Plus Fund - Growth Plan	10	120,162,073	(120,162,073)	1,990,096,746	(1,990,677,309)
Bharti AXA Liquid Fund - Institutional Plan - Growth	1,000	65,387	(65,387)	70,000,000	(70,031,693)
DWS Short Maturity Fund - Institutional Growth Plan	10	4,778,744	(4,778,744)	50,000,000	(50,311,096)
DWS Insta Cash Plus Fund - Super Institutional Plan Growth	10	4,187,850	(4,187,850)	49,985,761	(50,000,000)
Reliance Floating Rate Fund - Growth Plan - Growth Option	10	5,722,911	(5,722,911)	80,000,000	(80,258,808)
Reliance Floating Rate Fund - Growth Plan - Growth Option	10	10,548,523	(10,548,523)	150,000,000	(150,050,633)
RLF-Treasury Plan-Institutional Option-Growth Option-Growth Plan	10	2,322,330	(2,322,330)	50,000,000	(50,032,280)
UTI Liquid Cash Plan Institutional - Growth Option	1,000	39,795	(39,795)	60,000,000	(60,012,850)
Templeton India Treasury Mgt. A/c Super Instit. Plan - Growth	1,000	98,910	(98,910)	130,000,000	(130,054,766)
		617,763,232	(617,763,232)	7,861,229,410	(7,864,650,663)

SCHEDULES TO THE ACCOUNTS

	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
SCHEDULE 9: INVENTORIES		
(at lower of cost and net realisable value)		
Raw materials and components [Including stock in transit Rs.83,777,015 (Previous Year Rs. 61,681,796)]	233,864,044	173,440,002
Stores and spares [Including stock in transit Rs. 2,092,974 (Previous Year Rs. 3,146,529)]	46,677,270	37,549,564
Work-in-progress	53,150,105	65,535,180
Finished goods	32,450,170	25,889,888
Scrap	591,175	1,804,393
	366,732,764	304,219,026
SCHEDULE 10: SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months		
Unsecured, considered good	1,116,336	820,604
Unsecured, considered doubtful	3,506,071	2,608,748
Other debts		
Unsecured, considered good	1,428,812,634	1,281,411,435
	1,433,435,041	1,284,840,787
Less : Provision for doubtful debts	3,506,071	2,608,748
	1,429,928,970	1,282,232,039
SCHEDULE 11: CASH AND BANK BALANCES		
Cash on hand	942,939	774,849
Cheques in hand	4,570,746	6,197,304
Balances with scheduled banks:		
On current accounts	12,264,792	7,096,916
On cash credit accounts	9,970,131	4,459,915
On unpaid dividend accounts	3,142,146	2,847,385
On fixed deposit account (receipt pledged with bank)	2,500,000	2,500,000
	33,390,754	23,876,369
SCHEDULE 12: OTHER CURRENT ASSETS		
Interest accrued but not due on deposit	324,496	125,005
Unbilled revenue	74,112,515	25,773,342
Unamortised premium on forward contracts (Refer note No 11 of Schedule 23)	2,620,522	847,089
	77,057,533	26,745,436

SCHEDULES TO THE ACCOUNTS

	As at March 31, 2011 <u>Rs.</u>	As at March 31, 2010 <u>Rs.</u>
SCHEDULE 13: 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 22,605,476 being considered doubtful)	64,158,352	53,028,721
Loans to employees/ suppliers (including Rs 28,045, Previous Year Rs 28,045 being considered doubtful)	15,335,560	18,794,746
Balances with customs, excise, etc.	136,504,614	123,037,191
Deposits – others	13,956,263	13,503,393
Advance income tax/tax deducted at source (net of provision of Rs.703,383,905, Previous Year Rs. 556,383,905)	182,753,609	160,013,533
	<u>412,708,398</u>	<u>368,377,584</u>
Less: Provision for doubtful advances	22,482,038	22,633,521
	<u>390,226,360</u>	<u>345,744,063</u>
Included in Loans and Advances are:		
Due from private limited company in which two of directors of the Company are interested as directors	5,963,816	-
Maximum Balance outstanding at any time during the Year	5,963,816	-
SCHEDULE 14: CURRENT LIABILITIES		
Acceptances	303,007,412	271,112,278
Sundry creditors		
(a) total outstanding dues of Micro and Small Enterprise*	218,670,248	174,508,780
(b) total outstanding dues of creditors other than Micro and Small Enterprise**	1,147,795,938	808,777,431
Interest accrued but not due on loans	8,985,073	4,441,922
Other liabilities	45,643,274	56,431,711
Investor Education and Protection Fund shall be credited by following amount (as and when due):		
- Unpaid dividend	3,142,146	2,847,310
	<u>1,727,244,091</u>	<u>1,318,119,432</u>
* Amount represents amounts due to micro and small enterprises, to the extent such parties have been identified from available documents/information. (Refer Note No. 7 of Schedule 23).		
** Includes payable to directors of the Company	9,058,449	4,455,917
SCHEDULE 15: PROVISIONS		
Provision for wealth tax	188,541	333,261
Provision for leave encashment	18,016,534	12,510,170
Provision for gratuity (Refer Note No. 9 of Schedule 23)	22,590,673	8,298,460
Provision for warranties (Refer Note No. 6.1 of Schedule 23)	17,413,824	15,937,306
Provision (others) (Refer Note No 6.1 of Schedule 23)	20,000,000	32,500,000
Proposed dividend	99,987,500	79,990,000
Tax on proposed dividend	16,220,472	13,594,301
	<u>194,417,544</u>	<u>163,163,498</u>

SCHEDULES TO THE ACCOUNTS

	For the year ended March 31, 2011	For the year ended March 31, 2010
	Rs.	Rs.
SCHEDULE 16: OTHER INCOME		
Interest :		
Bank Deposits (Gross, tax deducted at source Nil, previous year Nil)	199,491	125,005
On Income-tax refunds	1,769,585	10,441,071
On loans to employees/ others (Gross, tax deducted at source Nil, previous year Rs. 72,794)	1,334,860	1,994,815
Profit on sale of current non-trade investments	6,779,463	3,716,431
Dividend on current non-trade investments (Gross)	-	350,223
Sale of scrap (Net of excise duty realised Rs 15,150,327, previous year Rs. 11,211,747)	211,527,857	159,932,101
Profit on disposal of fixed assets (net)	10,495,091	-
Exchange Differences (net)	-	21,016,759
Unclaimed liabilities and provisions written back (net)	1,322,715	-
Miscellaneous income	1,507,079	1,934,449
	234,936,141	199,510,854
SCHEDULE 17: RAW MATERIALS AND COMPONENTS CONSUMED		
Inventories as at April 1, 2010	173,440,002	167,482,413
Add: Purchases	9,758,848,298	7,475,525,472
	9,932,288,300	7,643,007,885
Less: Inventories as at March 31, 2011	233,864,044	173,440,002
	9,698,424,256	7,469,567,883
SCHEDULE 18: PERSONNEL EXPENSES		
Salaries, wages and bonus	463,464,623	359,512,533
Contribution to provident fund	20,536,578	17,244,183
Gratuity Expense (Refer Note No 9 of Schedule 23)	14,292,213	3,192,895
Contribution to superannuation fund	2,555,513	2,107,991
Workmen and staff welfare expenses	46,271,651	39,399,575
	547,120,578	421,457,177
SCHEDULE 19: OPERATING AND OTHER EXPENSES		
Consumption of stores and spares	469,801,319	412,111,411
Sub-contracting expenses	190,403,203	135,883,925
Power and fuel	460,611,021	347,760,984
Freight and forwarding charges	33,640,571	45,178,973
Rent	2,371,400	1,754,900
Rates and taxes	3,937,607	410,070
Insurance	10,934,528	8,933,131
Repairs and maintenance		
- Plant and machinery	128,183,323	109,414,403
- Buildings	6,888,470	8,868,544
- Others	16,183,678	16,611,384
Advertising and sales promotion	882,424	718,031
Cash discounts	23,481,966	23,954,453

SCHEDULES TO THE ACCOUNTS

	For the year ended March 31, 2011	For the year ended March 31, 2010
	Rs.	Rs.
Royalty	338,946,167	265,086,135
Technicians fee	2,140,724	1,097,167
Warranty expenses	13,186,692	8,904,674
Legal and professional fees	9,899,282	9,857,139
Travelling and conveyance	30,011,833	25,013,796
Communication costs	3,949,610	3,723,708
Printing and stationery	1,263,133	2,013,292
Directors' sitting fees	780,000	735,000
Payment to Auditor		
As auditor		
- Audit fee	1,575,000	1,375,000
- Limited Review	825,000	675,000
- Out-of-pocket expenses	303,467	190,959
In other manner		
- Certification etc.	105,000	527,500
Donations and contributions to charitable institutions	300,569	588,154
Provision for doubtful debts and advances (net)	745,840	-
Exchange differences (net)	60,425,329	-
Loss on disposal of fixed assets (net)	-	1,507,697
Miscellaneous expenses	18,482,270	16,610,914
	1,830,259,426	1,449,506,342
SCHEDULE 20 : DECREASE IN INVENTORIES		
Inventories as at March 31, 2010		
- Work-in-progress	65,535,180	70,784,465
- Finished goods	25,889,888	22,761,885
- Scrap	1,804,392	143,746
	93,229,460	93,690,095
Inventories as at March 31, 2011		
- Work-in-progress	53,150,105	65,535,180
- Finished goods	32,450,170	25,889,888
- Scrap	591,175	1,804,392
	86,191,450	93,229,459
	7,038,010	460,635
SCHEDULE 21: FINANCIAL EXPENSES		
Interest		
- on Term Loans	79,642,427	81,792,434
- on banks	985,658	1,691,299
- others	6,030,159	30,756,262
Bank charges	4,742,274	6,444,107
	91,400,518	120,684,102
SCHEDULE 22: EARNINGS PER SHARE (EPS)		
Net profit as per profit and loss account, basic & diluted	340,190,792	246,099,572
Weighted average number of equity shares in calculating basic and diluted EPS	39,995,000	39,995,000
EPS, basic & diluted	8.51	6.15

SCHEDULE 23: 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 and one plant at Haridwar.

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 (as amended) 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 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) 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. Borrowing cost relating to acquisition of fixed assets, which take substantial period of time to get ready for its intended use, are also included to the extent they relate to the period till such assets are ready to be put to use. Machinery spares which can be used only in connection with an item of fixed assets and whose use as per technical assessment is expected to be irregular are capitalized.
- In respect of accounting periods commencing on or after 7th December, 2006, exchange differences arising on reporting of the long-term foreign currency monetary items at rates different from those at which they were initially recorded during the year, or reported in the previous financial statements are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, if these monetary items pertain to the acquisition of a depreciable fixed asset.
- 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 except for certain non factory buildings like boundary wall, tubewell and road which are depreciated at 3.34%, the rate of which is higher than the rate 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.

d) Intangible assets and amortisation

Designs and Drawings

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.

Computer Software

Costs relating to Software, which are acquired, are capitalized and amortised on a straight line basis over the useful lives of four years.

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

e) Impairment

The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on external/internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset.

f) 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.

g) 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.

h) 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.

i) 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 income on investments is accounted for when the right to receive the payment is established.

j) Miscellaneous expenditure

Costs incurred in raising funds are amortized equally over the period for which the funds are acquired. During an earlier 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.3,623,652 (Previous year: Rs. 3,623,652) has been charged to Profit & Loss Account.

k) 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.

l) 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. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange differences

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 year, 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 the 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. However, exchange difference in respect of accounting period commencing on or after 7th December, 2006 arising on the forward exchange contract undertaken to hedge the long term foreign currency monetary item, in so far as they relate to the acquisition of depreciable capital asset, are added to or deducted from the cost of asset and in other cases, are accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of such long term asset / liability but not beyond 31st March, 2011.

(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.

m) 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.

n) Income taxes

Tax expense comprises of current and deferred 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.

o) 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

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.

p) Segment Reporting Policies

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

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 is having negligible export and operates mainly in India i.e. only one business and geographical segment and thus no further disclosures are required to be made as per Accounting Standard (AS-17).

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. Tetsuo Terada - Joint Managing Director (from 18th May, 2010)
 - Mr. Kazuhiro Nishioka- Joint Managing Director (upto 23rd March, 2010)
 - 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 Private 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
 - Shivam Autotech Limited

* Public limited company till 18th May, 2010.

(ii) The remuneration paid to directors is disclosed in Note no. 12.1 of the notes to accounts.

During the year, the Company has entered into transactions with related parties. Those transactions along with related balances as at March 31, 2011 and March 31, 2010 and for the years then ended are presented in the following table:

Related Party Disclosure

	Enterprises with significant influence over the Company		Key Management Personnel & their relatives		Enterprises over which Directors and their relatives have significant influence		TOTAL	
	2011	2010	2011	2010	2011	2010	2011	2010
Transactions for the year:								
Sale of Goods								
Hero Honda Motors Limited	-	-	-	-	9,594,919,673	8,164,659,928	9,594,919,673	8,164,659,928
Majestic Auto Limited	-	-	-	-	190,024	97,249	190,024	97,249
Showa Corporation, Japan	437,016	441,018	-	-	-	-	437,016	441,018
Purchase of Goods								
Hero Honda Motors Limited	-	-	-	-	8,547	96,100	8,547	96,100
Sunbeam Auto Private Limited	-	-	-	-	1,934,627,942	1,626,978,856	1,934,627,942	1,626,978,856
Majestic Auto Limited	-	-	-	-	3,724,087	3,169,510	3,724,087	3,169,510
Rockman Industries Limited	-	-	-	-	577,381,889	283,715,227	577,381,889	283,715,227
Shivam Autotech Limited	-	-	-	-	14,000,547	-	14,000,547	-
Showa Corporation, Japan	599,258,037	450,551,082	-	-	-	-	599,258,037	450,551,082
Services								
599,258,037	450,551,082	-	-	2,529,743,012	1,913,959,693	3,129,001,049	2,364,510,775	
Legal and Professional Expenses								
Hero Corporate Services Limited	-	-	-	-	2,650,000	2,583,000	2,650,000	2,583,000
Sale of Fixed Assets								
Mr. Yogesh Chander Munjal	-	-	32,500,000	-	-	-	32,500,000	-
Purchase of Fixed Assets								
Showa Corporation, Japan	1,577,600	23,100,980	-	-	-	-	1,577,600	23,100,980
Royalty								
Showa Corporation, Japan	338,946,167	265,086,135	-	-	-	-	338,946,167	265,086,135
Design & Drawing fees								
Showa Corporation, Japan	44,486,115	47,150,175	-	-	-	-	44,486,115	47,150,175
Technician Fee								
Showa Corporation, Japan	2,140,724	1,097,167	-	-	-	-	2,140,724	1,097,167
Interest on L/C								
Showa Corporation, Japan	1,957,564	2,785,107	-	-	-	-	1,957,564	2,785,107
Travelling Expenses Paid								
Showa Corporation, Japan	1,106,666	1,446,292	-	-	-	-	1,106,666	1,446,292
Reimbursement of expenses given								
Showa Corporation, Japan	632,270	-	-	-	-	-	632,270	-
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

	Enterprises with significant influence over the Company		Key Management Personnel & their relatives		Enterprises over which Directors and their relatives have significant influence		TOTAL	
	2011	2010	2011	2010	2011	2010	2011	2010
Thakurdevi Investment Pvt. Ltd.	-	-	-	-	-	6,000,000	-	6,000,000
Dayanand Munjal Investment Pvt. Ltd.	-	-	-	-	31,200,000	6,000,000	31,200,000	6,000,000
Mr. Suresh Chander Munjal	-	-	-	6,000,000	-	-	-	6,000,000
Mr. Yogesh Chander Munjal	-	-	8,000	8,000	-	-	8,000	8,000
	20,800,000	20,800,000	8,000	6,008,000	31,200,000	25,200,000	52,008,000	52,008,000
Employee Benefits for Key Management Personnel								
Mr. Yogesh Chander Munjal	-	-	16,853,064	14,730,418	-	-	16,853,064	14,730,418
Mr. Tetsuo Terada	-	-	11,729,856	-	-	-	11,729,856	-
Mr. Kazuhiro Nishioka	-	-	-	13,051,673	-	-	-	13,051,673
Balances at the year end:	-	-	28,582,920	27,782,091	-	-	28,582,920	27,782,091
Sundry Creditors								
Trade Payable								
Hero Corporate Services Limited	-	-	-	-	657,664	641,036	657,664	641,036
Majestic Auto Limited	-	-	-	-	578,961	353,337	578,961	353,337
Sunbeam Auto Private Limited	-	-	-	-	183,009,190	142,631,743	183,009,190	142,631,743
Arrow Infrastructure Limited	-	-	-	-	-	1,000,000	-	1,000,000
Rockman Industries Limited	-	-	-	-	63,824,039	42,074,450	63,824,039	42,074,450
Shivam Autotech Ltd	-	-	-	-	4,449,034	-	4,449,034	-
Showa Corporation, Japan	486,653,588	370,102,675	-	-	252,518,888	186,700,566	739,172,476	556,803,241
	486,653,588	370,102,675	-	-	-	-	-	-
Commission Payable								
Mr. Yogesh Chander Munjal	-	-	4,847,997	4,455,917	-	-	4,847,997	4,455,917
Mr. Tetsuo Terada	-	-	4,210,452	-	-	-	4,210,452	-
	-	-	9,058,449	4,455,917	-	-	9,058,449	4,455,917
Advances Recoverable in Cash or Kind								
Sunbeam Auto Private Limited	-	-	-	-	5,963,816	4,322,753	5,963,816	4,322,753
	-	-	-	-	5,963,816	4,322,753	5,963,816	4,322,753
Sundry Debtors								
Hero Honda Motors Limited	-	-	-	-	1,211,413,656	1,044,813,647	1,211,413,656	1,044,813,647
Majestic Auto Limited	-	-	-	-	-	35,914	-	35,914
Showa Corporation, Japan	65,938	69,504	-	-	-	-	65,938	69,504
	65,938	69,504	-	-	1,211,413,656	1,044,849,561	1,211,479,594	1,044,919,065
Other Current Assets								
Hero Honda Motors Limited	-	-	-	-	54,593,613	25,773,342	54,593,613	25,773,342
	-	-	-	-	54,593,613	25,773,342	54,593,613	25,773,342
Sureties Given to Government								
Departments								
Sunbeam Auto Private 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	126,200,000	126,200,000	126,200,000
Sureties Obtained								
Sunbeam Auto Private Limited	-	-	-	-	1,100,000	1,100,000	1,100,000	1,100,000
	-	-	-	-	1,100,000	1,100,000	1,100,000	1,100,000
	1,498,061,684	1,182,630,135	70,149,378	38,246,008	13,810,492,682	11,495,446,092	15,378,703,744	12,716,322,235

	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
5. Capital commitments Estimated amount of contracts remaining to be executed on capital account and not provided for	28,509,546	32,391,504

6. Provisions and Contingencies**6.1 Provisions**

	Balance as at April 01, 2010 (Rs.)	Additions during the year	Amounts used during the year	Unused Amounts reversed during the year	Balance as at March 31, 2011 (Rs.)
Provision for warranties	15,937,306	13,186,672	11,710,174	-	17,413,804
Provision (others)	32,500,000	-	12,500,000	-	20,000,000
Total	48,437,306	13,186,672	24,210,174	-	37,413,804

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.

Provision (others)

The Company has in the last year received a show-cause notice from Haryana State Pollution Control Board ('HSPCB') towards contamination of ground water caused due to higher concentration of chromium used by the Company as compared to the minimum expected level. Pursuant to the show cause notice, the management had submitted a time bound remediation plan as per which specified milestones are to be achieved at the end of each quarter till December 2010. A bank guarantee of Rs. 50,000,000 has also been submitted to HSPCB. The management has initiated adequate steps suggested by the experts and has completed the plan within the overall time frame. The matter is pending with Appellate Authority, HSPCB. Since the matter is sub-judice, provision of Rs.20,000,000 (Previous year Rs. 32,500,000) is being retained towards any contingency, as per management's assessment of the costs to be incurred.

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

(Amount in Rs.)

	Particulars	March 31, 2011	March 31, 2010
a)	Demands raised by Income Tax Authorities, being disputed by the Company.	217,314,420	151,149,021
b)	Show cause notices issued by Excise Authorities, being disputed by the Company.	177,506,951	39,228,000
c)	Demand raised by Employees State Insurance Recovery Officer, being disputed by the Company.	4,365,036	4,365,036
d)	Pending cases with Income Tax Appellate Authorities / High Court where Income Tax Department has preferred appeals.	Liability not ascertainable	Liability not ascertainable

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

- i) In respect of Assessment Years 1993-94 and 1996-97, allowability of certain expenses like foreign technician expenses, design and drawing fees were pending under appeal with ITAT. ITAT has decided in favour of Company. The Income tax department has appealed against the Company before the High Court wherein the High Court has ordered in favour of the Company which is pending for appeal effect. The total amount involved is Rs. 1,494,076 (Previous year Rs. 1,494,076).
- ii) In respect of Assessment Years 1998-99 and 1999-00, allowability of certain expenses like foreign technician expenses, design and drawing fees were pending under appeal with ITAT. 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. 373,287 (Previous year Rs. 373,287).

- iii) In respect of Assessment Years 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. 22,649,734 (Previous year Rs. 32,433,639).
- iv) 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. 115,302,063 (Previous year Rs. 116,848,019).
- v) In respect of Assessment Year 2006-07, certain adjustments were made to the transaction values by the tax authorities based on arm's length price of international transactions entered with associated enterprises and on disallowance of royalty and technical fee is pending with ITAT. The Company has obtained legal opinion as per which there is a possibility of success. The amount involved is Rs.77,495,260 (Previous year Rs.53,191,210 excluding interest, penalty etc).
- vi) In respect of Assessment Year 2007-08, certain adjustments were made to the transaction values by the tax authorities based on arm's length price of international transactions entered with associated enterprises and on disallowance of royalty and technical fee. The Company has preferred filing the objections against the draft assessment order and is pending before Dispute Resolution Panel ('DRP') for disposal. The Company has obtained legal opinion as per which there is a possibility of success. The amount of disallowances is Rs 1,433,774,260, on which income tax amounts to Rs.482,608,417 (excluding interest, penalty etc).

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

- (i) The Excise authorities have issued Show Cause Notices (SCN's) on the Company proposing to levy Service tax on royalty payments amounting to Rs. 157,284,357 (Previous year Rs. 39,228,000) as recipient of services under reverse charge mechanism on the royalty paid for such import of services during the period from September 10, 2004 to March 31, 2010. The amount of interest and penalty at this stage is not determinable. The Company has filed reply against the above show cause notices for rectification of mistake by Rs. 70,280,250 and has protested the balance demand of Rs. 87,004,107. The hearing on the same is pending for disposal. However, the Company can claim service tax credit of material amount.
- (ii) The Excise authorities have issued show cause/ demand notices (SCN's) on the Company for wrong availment of service tax and cenvat aggregating to Rs. 20,222,594. The Company has filed reply against the above show cause/ demand notices and has protested the same. The Company has obtained legal opinion as per which there is a possibility of success.

c) Demands raised by Employee State Insurance Recovery Officer:

Contingent liabilities in respect of demands raised by the Employee State Insurance Recovery Officer represent 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. The demand has been stayed by Hon'ble Judge, Employee Insurance Court, Gurgaon.

7. Details of dues to Micro and Small Enterprises as per MSMED Act, 2006 (as certified by the Management)

	2011 (Rs.)	2010 (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	218,670,248	174,508,780
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. In accordance with explanations below Para 10 of Notified Accounting Standard 9 - Revenue Recognition, excise duty on sales amounting to Rs. 975,728,763 (Previous Year Rs. 730,594,416) has been reduced from sales in Profit & Loss Account and excise duty on variation of opening and closing stock of finished goods and scrap amounting to Rs. 426,523 (Previous Year income of Rs. 860,690) 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 or part thereof in excess of six months. The scheme is funded with an insurance company in the form of a qualifying insurance policy. The following tables summarise the components of net benefit expense recognized in the 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 as personnel expenses) in Profit and Loss Account.

	Gratuity	
	2011 (Rs.)	2010 (Rs.)
Current service cost	3,824,029	2,673,198
Interest cost on benefit obligation	2,951,967	2,539,398
Expected return on plan assets	(2,288,090)	(1,808,690)
Net actuarial loss/ (gain) recognized in the year	9,804,307	(211,011)
Net benefit expense	14,292,213	3,192,895
Actual return on plan assets	2,357,014	2,261,127

Amount recognized in Balance sheet

	Gratuity			
	2011 (Rs.)	2010 (Rs.)	2009 (Rs.)	2008 (Rs.)
Defined benefit obligation	53,307,149	36,899,589	31,742,477	28,472,612
Fair value of plan assets	30,716,476	28,601,129	22,608,621	18,744,432
	22,590,673	8,298,460	9,133,856	9,728,180
Less: Unrecognized past service cost	-	-	-	-
Plan (liability)	(22,590,673)	(8,298,460)	(9,133,856)	(9,728,180)

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

	Gratuity	
	2011 (Rs.)	2010 (Rs.)
Opening defined benefit obligation	36,899,589	31,742,477
Interest cost	2,951,967	2,539,398
Current service cost	3,824,029	2,673,198
Benefits paid	(241,667)	(296,910)
Actuarial loss on obligation	9,873,231	241,426
Closing defined benefit obligation	53,307,149	36,899,589

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

	Gratuity	
	2011 (Rs.)	2010 (Rs.)
Opening fair value of plan assets	28,601,129	22,608,621
Expected return	2,288,090	1,808,690
Contributions by employer	-	4,028,291
Benefits paid	(241,667)	(296,910)
Actuarial gains / (losses)	68,924	452,437
Closing fair value of plan assets	30,716,476	28,601,129

The Company expects to contribute Rs. 22,590,673 to gratuity fund in the year 2011-12.

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

	Gratuity	
	2011 %	2010 %
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:

	2011 %	2010 %
Discount rate	8.00	8.00
Expected rate of return on assets	8.00	8.00
Increase in Compensation cost	7.00	7.00
Employee turnover		
- Upto 30 years	3.00	3.00
- 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.

Notes:

- Information relating to experience adjustment to plan assets and liabilities as required by Para 120 (n)(ii) of the Accounting Standard 15 (revised) on Employee Benefits is not available with the Company. The impact of same is not material.
- The current year being only the fourth year of adoption of AS-15 (revised) by the Company, disclosure as required by Para 120(n) of Accounting Standard 15 (Revised) have been furnished from the year of its adoption.

Defined Contribution Plan

	2011 (Rs.)	2010 (Rs.)	2009 (Rs.)	2008 (Rs.)
Contribution to Provident Fund	18,305,267	15,790,152	12,068,462	10,852,874
Contribution to Superannuation Fund	2,555,513	2,107,991	1,751,591	1,298,621

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. 2,371,400 (Previous Year Rs. 1,754,900)

Minimum Lease Payments:

Not later than one year – Rs 1,837,800 (Previous Year Rs. 2,342,250)

Later than one year but not later than five years – Rs 509,250 (Previous Year Rs. 1,085,340)

Later than five years – Rs. Nil

11. A sum of Rs. 2,620,522 (Previous year Rs. 847,089) on account of unamortized foreign exchange premium on outstanding forward exchange contracts is being carried forward to be charged to Profit and Loss Account of subsequent period.

12. Supplementary statutory information

12.1	Directors' remuneration (excluding sitting fees)	For the year ended March 31, 2011 (Rs)	For the year ended March 31, 2010 (Rs)
	Salaries and allowances	13,475,807	13,245,161
	Commission to whole time directors	9,058,449	8,814,170
	Perquisites (actual/and/or evaluated under the Income Tax Rules, 1962)	3,606,567	3,463,338
	Contribution to provident and superannuation funds	2,442,097	2,259,419
		28,582,920	27,782,088

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 included above. No leave encashment is payable to the Directors.

12.2	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	For the year ended March 31, 2011 (Rs)	For the year ended March 31, 2010 (Rs)
	Profit before tax (as per profit and loss account)	479,537,316	387,087,105
	Add : Provision for doubtful debts and advances	745,840	(1,949,411)
	Provision for warranty	1,476,518	(563,046)
	Provision (Others)	-	32,500,000
	Directors sitting fee	780,000	735,000
	Less: Difference between the original cost of fixed assets and its sale value, in case sale value is higher than the original cost of fixed assets	(13,822,862)	-
	Provision (Others) – adjusted with expenses	(12,500,000)	-
	Net profit as per Section 349 of the Companies Act, 1956	456,216,812	417,809,648
	Add : Directors' remuneration	28,582,920	27,782,088
	Profit as per Section 198	484,799,732	445,591,736
	Commission to Managing Director @ 1% of the net profits	4,847,997	4,455,917
	Commission to Joint Managing Director @ 1% of the net profits for the period from 18 th May, 2010 to 31 st March, 2011 (Previous year upto 23 rd March, 2010)	4,210,452	4,358,253

12.3 Earnings in foreign currency (on accrual basis)			
		For the year ended March 31, 2011 (Rs)	For the year ended March 31, 2010 (Rs)
	Exports at F.O.B. value	16,847,071	3,134,949
12.4 Expenditure in foreign currency (on accrual basis)			
		For the year ended March 31, 2011 (Rs)	For the year ended March 31, 2010 (Rs)
	Technician fees	2,140,724	1,097,167
	Royalty	338,946,167	265,086,135
	Travelling	3,642,379	2,774,745
	Interest	10,337,787	14,374,991
	Design and drawings (considered as intangible asset)	44,486,115	47,150,175
	Miscellaneous Expenses	632,070	74,451
		400,185,242	330,557,664
12.5 Value of imports calculated on CIF basis (excluding material in transit)			
		For the year ended March 31, 2011 (Rs)	For the year ended March 31, 2010 (Rs)
	Capital goods	30,496,100	64,494,681
	Raw materials and components	605,899,674	455,586,853
	Consumables	39,085,250	35,060,546
		675,481,024	555,142,080
12.6 Dividend remitted in foreign exchange (in USD)			
		For the year ended March 31, 2011 (Rs)	For the year ended March 31, 2010 (Rs)
	Year to which dividend pertains	2009-10	2008-09
	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

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

13.1 Licensed Capacity, Installed Capacity and Actual Production

Class of Goods *	Unit	Installed Capacity **		Actual Production	
		Current year (2011)	Previous year (2010)	Current year (2011)	Previous year (2010)
Shock absorbers	Nos.	30,542,400	30,542,400	27,157,070	22,697,739
Struts	Nos.	2,424,000	2,424,000	10,61,021	938,962
Window balancer	Nos.	818,100	818,100	793,344	513,843

* Licenses are not applicable since 1993-94. ** As certified by the management and relied upon by the auditors being a technical matter.

13.2 Sales

	Unit	Quantity		Value (Rs)	
		Current year	Previous year	Current year	Previous year
Shock absorbers	Nos.	27,134,859	22,692,641	12,218,467,253	9,524,138,410
Struts	Nos.	1,063,824	938,171	1,063,741,531	845,038,131
Window balancer	Nos.	794,860	513,935	117,571,504	65,688,793
Others*				257,685,768	174,884,329
TOTAL				13,657,466,056	10,609,749,663

* 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.

13.3 Consumption of raw materials and components

	Unit	Quantity		Value (Rs)	
		Current year	Previous year	Current year	Previous year
Fork pipe	Nos.	13,060,005	10,886,123	1,527,162,824	1,391,354,920
Bottom case	Nos.	12,063,689	10,293,860	1,817,271,940	1,431,265,202
Main spring cushion	Nos.	27,760,249	22,557,906	1,347,161,009	1,086,698,903
Oil seal	Nos.	28,900,860	24,660,215	688,563,817	571,845,838
Dust seal	Nos.	12,687,221	10,767,856	113,877,848	85,051,927
Other materials and components *				4,204,386,818	2,903,351,093
				9,698,424,256	7,469,567,883

* 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.

13.4 Imported and indigenous raw materials, stores and spares consumed

	Percentage of total consumption		Value (Rs)	
	Current year	Previous year	Current year	Previous year
Raw materials and components				
Imported	7	7	658,377,955	542,395,468
Indigenously procured	93	93	9,040,046,301	6,927,172,415
	100	100	9,698,424,256	7,469,567,883
Stores and spares				
Imported	4	8	18,648,094	34,386,737
Indigenously procured	96	92	451,153,225	377,724,674
	100	100	469,801,319	412,111,411

13.5 Details of Finished Goods

	Quantity		Value (Rs)	
	Current year	Previous year	Current year	Previous year
Opening Stock				
Shock absorbers	48,763	43,665	19,154,462	15,617,471
Struts	8,541	7,750	6,414,372	6,845,067
Window balancer	2,603	2,695	321,054	299,346
			25,889,888	22,761,884
Closing Stock				
Shock absorbers	70,974	48,763	27,930,552	19,154,462
Struts	5,738	8,541	4,388,746	6,414,372
Window balancer	1,087	2,603	130,872	321,054
			32,450,170	25,889,888

14. Derivative Instruments and Unhedged Foreign Currency Exposure

Foreign Exchange Option and Forward Contracts outstanding as at balance sheet date		
Particulars of Derivatives		Purpose
Current Year	Previous Year	
Loans		
JPY 21,980,000 (Notional amount)	JPY 66,813,008 (Notional amount)	Hedge against borrowing in JPY
EUR 332,522 (Notional amount)	EUR 443,363 (Notional amount)	Hedge against borrowing in EURO
USD 310,000 (Notional amount)	None	Hedge against borrowing in USD
JPY 318,944,060 (Notional amount)	JPY 478,416,151 (Notional amount)	Hedge against borrowing in JPY
JPY 816,352,941 (Notional amount)	JPY 1,088,470,588 (Notional amount)	Hedge against borrowing in JPY
Creditors		
JPY 164,150,000	JPY 68,029,412	Forward Contract against payable to Creditors
USD 2,250,000	USD 1,500,000	

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

Particulars	Current Year		Previous Year	
	Amount (Rs)	Foreign Currency	Amount (Rs)	Foreign Currency
Debtors				
USD	3,344,560	75,007	118,961	2,650
JPY	65,938	123,180	69,504	144,800
Advances				
THB	275,245	405,491	11,419	8,241
EUR	-	-	574,368	9,492
GBP	60,506	847	-	-
Creditors				
JPY	239,796,398	447,548,335	216,987,785	452,152,084
GBP	6,051	85	-	-
EURO	2,417,444	38,295	-	-
THB	3,630,616	2,464,442	-	-

15. 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.
Firm Registration No. 301003E
Chartered Accountants

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

per Anil Gupta
Partner
Membership No. 87921

Brijmohan Lall Munjal
Chairman

Yogesh Chander Munjal
Managing Director

Vinod Kumar Agrawal
Director

Place: Gurgaon
Date: May 20, 2011

Mahesh Taneja
VP- Finance and IT

Pankaj Gupta
GM (F&A) & Company Secretary

**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
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 State Code

5	5
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 Balance Sheet.

3	1	0	3	2	0	1	1
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 Date Month Year

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

Public Issue

N	I	L
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 Rights Issue

N	I	L
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 Bonus Issue

N	I	L
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 Private Placement

N	I	L
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III Position of Mobilisation and Deployment of Funds (Amount in Rs.)

Total Liabilities <table border="1"><tr><td>3</td><td>0</td><td>2</td><td>8</td><td>8</td><td>7</td><td>7</td><td>7</td><td>9</td><td>8</td></tr></table>	3	0	2	8	8	7	7	7	9	8	Total Assets <table border="1"><tr><td>3</td><td>0</td><td>2</td><td>8</td><td>8</td><td>7</td><td>7</td><td>7</td><td>9</td><td>8</td></tr></table>	3	0	2	8	8	7	7	7	9	8
3	0	2	8	8	7	7	7	9	8												
3	0	2	8	8	7	7	7	9	8												
Sources of Funds	Reserves and Surplus																				
Paid - up Capital <table border="1"><tr><td>7</td><td>9</td><td>9</td><td>9</td><td>2</td><td>5</td><td>0</td><td>0</td></tr></table>	7	9	9	9	2	5	0	0	<table border="1"><tr><td>1</td><td>9</td><td>4</td><td>9</td><td>7</td><td>8</td><td>8</td><td>0</td><td>5</td><td>2</td></tr></table>	1	9	4	9	7	8	8	0	5	2		
7	9	9	9	2	5	0	0														
1	9	4	9	7	8	8	0	5	2												
Secured Loans <table border="1"><tr><td>8</td><td>0</td><td>7</td><td>0</td><td>0</td><td>5</td><td>3</td><td>6</td><td>8</td></tr></table>	8	0	7	0	0	5	3	6	8	Unsecured Loans <table border="1"><tr><td>5</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></tr></table>	5	0	0	0	0	0	0	0	0		
8	0	7	0	0	5	3	6	8													
5	0	0	0	0	0	0	0	0													
Deffered Payment Liabilities <table border="1"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	Deffered Tax Liabilities (Net) <table border="1"><tr><td>1</td><td>4</td><td>2</td><td>0</td><td>9</td><td>1</td><td>8</td><td>7</td><td>8</td></tr></table>	1	4	2	0	9	1	8	7	8								
N	I	L																			
1	4	2	0	9	1	8	7	8													

Application of Funds

Net Fixed Assets <table border="1"><tr><td>2</td><td>6</td><td>4</td><td>4</td><td>1</td><td>4</td><td>3</td><td>9</td><td>2</td><td>1</td></tr></table>	2	6	4	4	1	4	3	9	2	1	Investments <table border="1"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L			
2	6	4	4	1	4	3	9	2	1								
N	I	L															
Net Current assets <table border="1"><tr><td>3</td><td>7</td><td>5</td><td>6</td><td>7</td><td>4</td><td>7</td><td>4</td><td>6</td></tr></table>	3	7	5	6	7	4	7	4	6	Misc. Expenditure <table border="1"><tr><td>9</td><td>0</td><td>5</td><td>9</td><td>1</td><td>3</td><td>1</td></tr></table>	9	0	5	9	1	3	1
3	7	5	6	7	4	7	4	6									
9	0	5	9	1	3	1											
Accumulated Losses <table border="1"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L														
N	I	L															

IV Performance of Company (Amount in Rs.)

Turnover (including other income) <table border="1"><tr><td>1</td><td>2</td><td>9</td><td>1</td><td>6</td><td>6</td><td>7</td><td>3</td><td>4</td><td>3</td><td>4</td></tr></table>	1	2	9	1	6	6	7	3	4	3	4	Total Expenditure <table border="1"><tr><td>1</td><td>2</td><td>4</td><td>3</td><td>7</td><td>1</td><td>3</td><td>6</td><td>1</td><td>1</td><td>8</td></tr></table>	1	2	4	3	7	1	3	6	1	1	8
1	2	9	1	6	6	7	3	4	3	4													
1	2	4	3	7	1	3	6	1	1	8													
Profit / Loss before Tax <table border="1"><tr><td>4</td><td>7</td><td>9</td><td>5</td><td>3</td><td>7</td><td>3</td><td>1</td><td>6</td></tr></table>	4	7	9	5	3	7	3	1	6	Profit / Loss after Tax <table border="1"><tr><td>3</td><td>4</td><td>0</td><td>1</td><td>9</td><td>0</td><td>7</td><td>9</td><td>2</td></tr></table>	3	4	0	1	9	0	7	9	2				
4	7	9	5	3	7	3	1	6															
3	4	0	1	9	0	7	9	2															
Earning per Share in Rs. <table border="1"><tr><td>0</td><td>8</td><td>.</td><td>5</td><td>1</td></tr></table>	0	8	.	5	1	Dividend rate% <table border="1"><tr><td>1</td><td>2</td><td>5</td></tr></table>	1	2	5														
0	8	.	5	1																			
1	2	5																					

V Generic Names of Three Principal Products / Services of Company (As per monetary terms)

Item Code No. (ITC Code)	<table border="1"><tr><td>8</td><td>7</td><td>1</td><td>4</td><td>9</td><td>9</td><td>.</td><td>0</td><td>0</td></tr></table>	8	7	1	4	9	9	.	0	0						
8	7	1	4	9	9	.	0	0								
Product Description	<table border="1"><tr><td>S</td><td>H</td><td>O</td><td>C</td><td>K</td><td>A</td><td>B</td><td>S</td><td>O</td><td>R</td><td>B</td><td>E</td><td>R</td><td>S</td></tr></table>	S	H	O	C	K	A	B	S	O	R	B	E	R	S	
S	H	O	C	K	A	B	S	O	R	B	E	R	S			
Item Code No. (ITC Code)	<table border="1"><tr><td>8</td><td>7</td><td>0</td><td>8</td><td>8</td><td>0</td><td>.</td><td>0</td><td>0</td></tr></table>	8	7	0	8	8	0	.	0	0						
8	7	0	8	8	0	.	0	0								
Product Description	<table border="1"><tr><td>S</td><td>T</td><td>R</td><td>U</td><td>T</td><td>S</td></tr></table>	S	T	R	U	T	S									
S	T	R	U	T	S											
Item Code No. (ITC Code)	<table border="1"><tr><td>8</td><td>7</td><td>0</td><td>8</td><td>8</td><td>0</td><td>.</td><td>0</td><td>0</td></tr></table>	8	7	0	8	8	0	.	0	0						
8	7	0	8	8	0	.	0	0								
Product Description	<table border="1"><tr><td>W</td><td>I</td><td>N</td><td>D</td><td>O</td><td>W</td><td>B</td><td>A</td><td>L</td><td>A</td><td>N</td><td>C</td><td>E</td><td>R</td><td>S</td></tr></table>	W	I	N	D	O	W	B	A	L	A	N	C	E	R	S
W	I	N	D	O	W	B	A	L	A	N	C	E	R	S		

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

Brijmohan Lall Munjal
Chairman

Yogesh Chander Munjal
Managing Director

Vinod Kumar Agrawal
Director

Place: Gurgaon
Date: May 20, 2011

Mahesh Taneja
VP- Finance and IT

Pankaj Gupta
GM (F&A) & Company Secretary

SECRETARIAL AUDIT REPORT

The Shareholders

M/s. Munjal Showa Limited
9-11, Maruti Industrial Area,
Gurgaon-122015

We have examined the registers, records and documents of Munjal Showa Limited (the Company) for the financial year ended 31st March 2011 in the light of the provisions contained in-

- The Companies Act, 1956 and the Rules made thereunder.
 - The Depositories Act, 1996 and the Rules made thereunder and the bye-laws of the Depositories who have been given the requisite Certificates of Registration under the Securities and Exchange Board of India Act, 1992
 - The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder.
 - The Securities and Exchange Board of India Act, 1992 and the Rules, Guidelines and Regulations made thereunder including:
 - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.
 - The Securities and Exchange Board of India (Prohibition of Insider Trading Regulations), 1999 and
 - The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines 1999
 - The listing agreement with the National Stock Exchange and with the Bombay Stock Exchange
- A. Based on our examination and verification of the records made available to us and according to the clarifications and explanations given to us by the Company, we report that the Company has, in our opinion, complied with the applicable provisions of the Companies Act, 1956 and the rules made thereunder and of the various Acts and the Rules, Regulations and Guidelines made thereunder, listing agreement as mentioned above and of the Memorandum and Articles of Association of the Company, with regard to:
1. Maintenance of various statutory and non-statutory registers and documents and making necessary changes therein as and when the occasion demands.
 2. Filing with the Registrar of Companies the Forms, returns and resolutions.
 3. Service of the requisite documents by the Company on its members, Registrar and Stock Exchanges.
 4. Composition of the Board, appointment, retirement and resignation of directors.
 5. Remuneration of executive and independent directors.
 6. Service of notice and agenda of Board Meetings and Meetings of the committee of directors.
 7. Meetings of the Board and its committees.
 8. Holding Annual General Meeting and production of the various registers thereat.
 9. Recording the minutes of proceedings of board meetings, committee meetings and General Meetings.
 10. Appointment and remuneration of Auditors.
 11. Registration of transfer of shares held in physical mode.
 12. Dematerialisation and rematerialisation of shares.
 13. Investment of company's funds.
 14. Execution of contracts, affixation of common seal, registered office and the name of the Company.
 15. Requirement of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) regulations 1997.
 16. Requirement of the Securities and Exchange Board of India (Prohibition of Insider Trading regulations) 1999
 17. Requirements set out in the listing agreement with the aforementioned stock exchanges.
- B. I further report that-
- (i) the directors of the Company have complied with the various requirements relating to making of disclosures, declarations in regard to their other directorships, memberships of committees of the board of companies of which they are directors, their shareholding and interest or concern in the contracts entered into by the Company in the pursuing its normal business, and
 - (ii) There was no prosecution initiated against or show cause notice received by the Company and no fine or penalties were imposed on the company under the aforementioned Acts, Rules, Regulations and guidelines made thereunder or on its directors and officers.

New Delhi
 12th May, 2011

For Chandrasekaran Associates
 Company Secretaries

Dr. S Chandrasekaran
 Senior Partner
 FCS: 1644, CP : 715

MUNJAL SHOWA LIMITED

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

ATTENDANCE SLIP

I, hereby record my presence at the 26th ANNUAL GENERAL MEETING of the Company held on Thursday the 11th day of August' 2011 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:

- Members/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 _____
_____ 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 26th Annual General Meeting of the Company to be held on
Thursday the 11th day of August' 2011 at 11.00 A.M. and at any adjournment thereof.

Signed this _____ day of _____ 2011

Folio No.	
DP ID & Client ID NO.	

Affix a
Fifteen paise
Reveue
Stamp

FOR OFFICE USE ONLY:

DATE & TIME OF RECEIPT:

Signature _____

PROXY NO:

Note: The proxy form duly completed and signed should be deposited at the Registered Office of the Company not less than FORTY-EIGHT 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.