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CFO & Company Secretary

Statutory & Tax Auditors

Internal Auditors

Cost Auditors

Secretarial Auditors

Bankers

Technical & Financial Collaborator

Registered Office & Works

Share Transfer Agent

BOARD OF DIRECTORS

Brijmohan Lall Munjal (Chairman)
 Yogesh Chander Munjal (Managing Director)
 Isao Ito (Joint Managing Director)
 Katsuhiko Matsuura
 Ashok Kumar Munjal
 Pankaj Munjal
 Krishan Chand Sethi
 Vinod Kumar Agarwal
 Surinder Kumar Mehta
 Nand Dhameja
 Devi Singh
 Charu Munjal

Pankaj Gupta

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

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

M/s Ramanath Iyer & Co., Cost Accountants, Delhi

Chandrasekaran Associates, New Delhi
 (upto 31.03.2014)

Satyender Kumar & Associates,
 Gurgaon (w.e.f. 01.04.2014)

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

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'14	March'13	March'12	March'11	March'10
Share Capital	799.92	799.92	799.92	799.92	799.92
Reserve & Surplus	34812.93	29480.57	24816.28	19497.88	17254.96
Total Shareholder's Funds	35612.85	30280.49	25616.20	20297.80	18054.88
Unsecured Loans	0.00	0.00	1000.00	500.00	3124.14
Secured Loan	0.00	2110.87	6315.65	8069.95	8878.67
Total Term Liability	0.00	2110.87	7315.65	8569.95	12002.81
Current Liabilities & Provisions	21,814.06	20802.28	21289.90	20637.64	16666.45
Total Assets / Liabilities	57426.91	53193.64	54221.75	49505.39	46724.14
Net Sales	159797.31	158142.66	155688.13	128932.65	100390.87
(% Growth year on year)	1.05%	1.58%	20.75%	28.37%	19.15%
Profit Before Interest Deprn. & Tax (PBDIT)	11129.86	10272.47	12414.66	8334.05	7385.35
Profit Before Interest Deprn. & Tax (PBDIT)-%	6.97	6.50	7.97	6.46	7.36
Interest	270.32	716.57	1101.91	914.01	1206.84
Depreciation	2840.99	2764.20	2722.88	2624.67	2307.64
Profit Before Tax (PBT)	8018.55	6791.70	8589.87	4793.49	3870.87
Profit After Tax (PAT)	6970.09	6068.06	6712.90	3401.91	2461.00
Earnings per Share (EPS) (Rs.)	17.43	15.17	16.78	8.51	6.15
Book Value per Share (Rs.)	89.03	75.71	64.05	50.75	45.14
Dividend Payout %	# 175.00%	150.00%	150.00%	125.00%	100.00%
Dividend per share	# 3.50	3.00	3.00	2.50	2.00

Recommended by Board of Directors

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY NINTH ANNUAL GENERAL MEETING OF THE MEMBERS OF MUNJAL SHOWA LIMITED WILL BE HELD ON THURSDAY, THE 28TH DAY OF AUGUST, 2014 AT 11:00 AM AT THE COMPANY'S REGISTERED OFFICE SITUATED AT 9-11, MARUTI INDUSTRIAL AREA, SECTOR-18, GURGAON-122015 (HARYANA) TO TRANSACT THE FOLLOWING BUSINESS: -

ORDINARY BUSINESS:

1. To receive, consider and adopt the Financial Statement of the Company for the year ended March 31, 2014 including Audited Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss for the year ended on that date together with the reports of Directors and Auditors thereon.
2. To declare a dividend of Rs. 3.50/- per equity share on 3,99,95,000 equity shares of Rs. 2 each fully paid up for the financial year 2013-14.
3. To appoint a director in place of Mr. Brijmohan Lall Munjal (DIN 00004134), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. S R Batliboi & Company LLP, Chartered Accountants, (ICAI Firm registration No. 301003E), Gurgaon the retiring Auditors as Statutory Auditors of the Company for 3 (three) consecutive years from the date of the 29th Annual General Meeting for a term upto the conclusion of 32nd Annual General Meeting of the Company in the Calendar year 2017 and to fix their remuneration.

SPECIAL BUSINESS:

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

As Ordinary Resolutions

5. Remuneration of the Cost Auditors for the financial year ended March 31, 2015

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications(s) or re-enactment thereof, for the time being in force), the Cost Auditors M/s Ramanath Iyer & Co., Cost Accountants appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015, be paid remuneration of Rs. 2,25,000/- plus service tax and out-of pocket expenses;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. Appointment of Mrs. Charu Munjal as Director of the company

"RESOLVED THAT Mrs. Charu Munjal (DIN03094545), who was appointed as an additional Director of the Company by the Board of Directors with effect from May 23, 2014 in terms of section 161(1) read with Section 149 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and Article 89 of the Articles of Association of the Company and whose term of office expires at the Annual General Meeting and in respect of who the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of directors by rotation."

7. Appointment of Mr. Devi Singh as an Independent Director

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Mr. Devi Singh (DIN 00015681) director of the Company be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation to hold office for a term of five consecutive years upto 31st March 2019.”

8. Appointment of Mr. Nand Dhameja as Independent Director

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Mr. Nand Dhameja (DIN 02351762) director of the Company, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation to hold office for a term of five consecutive years upto 31st March 2019.”

9. Appointment of Mr. Krishan Chand Sethi as Independent Director

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Mr. Krishan Chand Sethi (DIN 00004471) director of the Company, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation to hold office for a term of five consecutive years upto 31st March 2019.”

10. Appointment of Mr. Vinod Kumar Agrawal as Independent Director

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Mr. Vinod Kumar Agrawal (DIN 00004463) director of the Company, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation to hold office for a term of five consecutive years upto 31st March 2019.”

11. Appointment of Mr. Surinder Kumar Mehta as Independent Director

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Mr. Surinder Kumar Mehta (DIN 00002888) director of the Company , be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation to hold office for a term of five consecutive years upto 31st March 2019.”

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

“RESOLVED THAT pursuant to the recommendations of the Nomination and Remuneration Committee and in partial modification of the earlier Resolution passed in the Twenty Eighth Annual General Meeting held on September 03, 2013, the consent of the Company be and is hereby accorded under Sections 196, 197, and 203 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under, read with schedule –V to the Companies Act, 2013 and subject to the approval of the Central Government, if required the Basic Salary payable to Mr. Isao Ito- Joint Managing Director (DIN 05134031) be increased to Rs. 9,00,000/- per month from Rs. 7,50,000/- per month with effect from September 01, 2014 for the remaining period of his tenure.

RESOLVED FURTHER THAT all other terms and conditions of his appointment including remuneration shall remain unchanged.

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

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

As Special Resolution

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

“RESOLVED THAT pursuant to the recommendations of the Nomination and Remuneration Committee and in partial modification of the earlier Resolution passed in the Twenty Eighth Annual General Meeting held on September 03, 2013, the consent of the Company be and is hereby accorded under Sections 196, 197, and 203 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under, read with schedule –V to the Companies Act, 2013 and subject to the approval of the Central Government, if required the Basic Salary payable to Mr. Yogesh Chander Munjal- Managing Director (DIN 00003491) be increased to Rs. 13,00,000/- per month from Rs. 11,50,000/- per month with effect from September 01, 2014 for the remaining period of his tenure.

RESOLVED FURTHER THAT all other terms and conditions of his appointment including remuneration shall remain unchanged.

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

Place: New Delhi
Dated: May 23, 2014

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

Registered Office:
9-11, Maruti Industrial Area,
Sector - 18, Gurgaon, Haryana - 122 015

PANKAJ GUPTA
CFO & COMPANY SECRETARY
Membership No: F5187

Email: mssladmin@munjalshowa.net
Website: www.munjalshowa.net
CIN: L34101HR1985PLC020934
Phone No. 0124-4783000 Fax No. 0124-2341359

NOTES:-

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

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

- 02) Corporate members intending to send their authorised representatives to attend the meeting are advised to send a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the meeting.
- 03) The Explanatory Statement setting out the material facts concerning Special Business at Item Nos. 5 to 13 of the accompanying notice as required by Section 102 of the Companies Act, 2013, is annexed hereto. The relevant details of persons seeking re-appointment/appointment under Item No. 3, 5 to 11, as required by clause 49 IV (G) (i) of the listing agreement with the Stock Exchanges are also annexed.
- 04) Pursuant to Section 91 of the Companies Act, 2013 and listing agreement, the Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, August 09, 2014 to Thursday, August 28, 2014 (both days inclusive).
- 05) The dividend as recommended by the Board of Directors, if approved at the Twenty Ninth Annual General Meeting, shall be paid to those members, who hold the shares in physical format, whose names appear on the Company's Register of Members of the Company on Thursday, August 28, 2014. In respect of the shares held in electronic form, the dividend shall be paid on the basis of beneficial ownership as per details furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), depositories for this purpose as on close of working hours of Friday, August 08, 2014.
- 06) Pursuant to the provisions of Section 205A of the Companies Act, 1956, dividend for the financial year 2007-08 and thereafter, which remains unclaimed for a period of 7 years would be transferred by the Company to the "Investor Education and Protection Fund (IEPF)" established by the Central Government. Dividends declared for the financial years 1994-95 to 2005-06 remaining unpaid/ unclaimed have already been transferred to the Investor Education and Protection Fund. Dividend declared for the financial year 2006-07 is in the process of transfer to IEPF and the last date of transfer is August 13, 2014.
- 07) 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
31.03.2008	07.08.2008	13.08.2015
31.03.2009	07.08.2009	13.08.2016
31.03.2010	11.08.2010	17.08.2017
31.03.2011	11.08.2011	17.08.2018
31.03.2012	09.08.2012	16.08.2019
31.03.2013	03.09.2013	09.09.2020

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

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

- 08) Members are requested to notify immediately any change of address including email IDs.
- i) To their Depository Participants (DPs) in respect of their electronic share accounts, and
 - ii) 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.
- 09) 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.
- 10) Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend are requested to write to the Company.
- 11) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members / transferee(s) are required to furnish a copy of their PAN to the Company / Registrar & Transfer Agent, MCS.
- 12) Members are requested to bring their copy of the Annual Report and Attendance Slip duly filled in to the Annual General Meeting.
- 13) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

VOTING THROUGH ELECTRONIC MEANS

1. Pursuant to Section 108 and corresponding Rules of Companies Act, 2013, the Company will provide e voting facility to the members. All business to be transacted at the forthcoming Annual General Meeting can be transacted through the electronic voting system provided by Central Depository Services (India) Limited (CDSL).
2. The notice of Annual General Meeting will be sent to the members, whose names appear in the register of members/ depositories as at closing hours of business, on Friday, July 25, 2014.
3. The shareholders shall have one vote per equity share held by them. The facility of e-voting would be provided once for every folio/ client id, irrespective of the number of joint holders.
4. The Company has appointed Mr. Satyender Kumar, Practicing Company Secretary, as the scrutinizer for conducting the e-voting process in the fair and transparent manner.
5. The scrutinizer shall, within a period of not exceeding three working days from the date of conclusion of e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the company and make a final report to Chairman of the Company.
6. The Results shall be declared at the Annual General Meeting of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.munjalshowa.net and on the website of CDSL within two(2) days of passing of the resolutions at the Annual General Meeting of the Company and communicated to the NSE and BSE Limited.
7. The result of the e-voting alongwith Scrutinizer's Report will also be placed at the website of the Company viz. www.munjalshowa.net and also on www.cdslindia.com.
8. The scrutinizer's decision on the validity of e-voting will be final.

Instructions for Voting through electronic mode

A In case of members receiving e-mail:

- i. If you are holding shares in demat form and have earlier logged on to www.evotingindia.com and casted your vote for Electronic Voting Sequence Number (EVSN) of any Company, then your existing login id and password are to be used.
- ii. If you have forgotten the password then enter the User ID and Captcha Code. Then, click on forgot password & enter the details as prompted by the system.

Procedure for shareholders casting their vote electronically for the first time

- iii. To initiate the voting process, log on to the e-voting website www.evotingindia.com.
- iv. Click on “Shareholders” tab to cast your votes.
- v. Thereafter, select the relevant Electronic Voting Sequence Number (EVSN) alongwith “Company Name” from the drop down menu and click on “SUBMIT” for voting.
- vi. Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
User ID	For NSDL:8 Character DP ID followed by 8 Digits Client ID For CDSL: 16 digits beneficiary ID	Folio Number registered with the Company
Image Verification	Next enter the image verification as displayed and click on Login.	
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders)	Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details#	Enter your bank account number for the purpose of dividend as registered with your depository participant in case of electronic shares or with the company in respect of physical shares.	
DOB#	Enter your date of birth as recorded in your demat account or in the company records in respect of your shareholding in the Company.	

CDSL users can enter any one of the details viz. dividend bank details or date of birth, in order to login; however, NSDL users mandatorily have to mention their bank account number in order to login. In case bank details are not recorded with the depository, please enter the No. of shares held by you as on 25 July, 2014 in the Dividend Bank details field.

- vii. After entering these details appropriately, click on “SUBMIT” tab.
- viii. Members holding shares in physical form will then reach directly to the EVSN selection screen. However, members holding shares in demat form will now reach ‘Password Change’ menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@ # \$ % & *). Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- ix. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x. Now select the relevant Electronic Voting Sequence Number (EVSN) alongwith "Company Name" on which you choose to vote.
- xi. On the voting page, you will see "Resolution Description" and against the same the option "YES/NO" for voting. Select the option "YES" or "NO" as desired. The option "YES" implies that you assent to the resolution and option "NO" implies that you dissent to the resolution.
- xii. Click on the "Resolutions File Link" if you wish to view the entire resolutions.
- xiii. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xiv. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.
- xv. You can also take out print of the voting done by you by clicking on "Click here to print" option on the voting page.
- xvi. If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- B. In case of members receiving the physical copy of notice of the Annual General Meeting (for members whose e-mail ids are not registered with the company/ depository participant(s) or requesting physical copy)

Please follow all steps from sl. no. (i) to sl. no. (xvi) above, to cast vote.
- C. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to www.evotingindia.co.in and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.
- D. The voting period begins on 9.00 a.m., Thursday, August 21, 2014 and ends on 5.30 p.m., Saturday, August 23, 2014. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of July 25, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- E. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under "Help" section or write an email to helpdesk.evoting@cdslindia.com.
14. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays and Public Holidays, up to and including the date of the Annual General Meeting of the Company. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.

The Register of Directors and their shareholding, maintained under Section 170 of the Companies Act, 2013 and Register of Contracts or Arrangements in which Directors are interested maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.

ANNEXURE TO THE NOTICE

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

Item No. 5

The Board on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ended March 31, 2015 at a remuneration of Rs. 2,25,000/- plus applicable service taxes and out of pocket expenses, in accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014. The remuneration payable to Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out in Item No. 5 of the notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5.

Item No. 6

The Board of Directors of the Company in its meeting held on May 23, 2014 has appointed Mrs. Charu Munjal as an Additional Director of the Company w.e.f. May 23, 2014. A notice under Section 160 of the Companies Act, 2013 has been received from a member proposing the candidature of Mrs. Charu Munjal as a Director of the Company.

Mrs. Charu Munjal aged 42 years has been appointed as the Non Executive Director of the Company w.e.f. May 23, 2014. She holds a Diploma in Textile Designing from Banaras Hindu University and has considerable exposure in creative designing and marketing field.

She is presently holding the membership of the Board/ Committee(s) of the following Companies.

S.No.	Name of Company	Nature of Office
1	Shivam Autotech Limited	Executive Director

Except Mrs. Charu Munjal herself being an appointee and Mr. Yogesh Chander Munjal, being relative of Mrs. Charu Munjal, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6.

This explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

The resolution is accordingly recommended for the approval of the Members as an Ordinary resolution.

Mrs. Charu Munjal does not hold by herself or for any other person on a beneficial basis, any shares in the Company.

Item No. 7

Mr. Devi Singh is an Independent Director of the Company. He joined the Board of Director of the Company w.e.f. September 23, 2008. Dr. Singh is the member of the Nomination and Remuneration Committee of the Board of Directors of the Company.

Mr. Singh aged 62 years was born on September 2, 1952 holds a Bachelor's degree and a Masters degree in Economics from Rajasthan University. He holds a Ph.d (Fellow) in International Finance from the Indian Institute of Management at Ahmedabad and is a well known professor of International Finance and Business. He has a total work experience of more than 35 years in teaching, training, research and academic administration and recognized as a leading institution builder. He has been Director of the Indian Institute of Management, Lucknow for more than nine years. He has also served as Director of the Management Development Institute, Gurgaon during 1999-2003. He has been a Ford Foundation and UNDP Fellow (International Management Education). He has been a Visiting Faculty at the International Centre for Public Enterprises, Slovenia, ESCAP Europe and SKK Graduate School of Business, Seoul. He is an alumnus Fellow of the Institute of World Affairs, Connecticut. He has taught leading Business Schools in India. He has been honored with many prestigious awards including 'ISTE National Fellow 2007', 'UP Ratan 2008' and the 'Ishan National Award for Best Director of a Business School' in 1999 among others. He was also honored by the American Biographical Institute, USA with the 'Man of the Millennium Award' in 2000. Mr. Devi Singh has been honoured with the Bharat Asmita Acharya Shreshtha Award-2013 by MIT School of Government, Pune. Besides Munjal Showa Limited, he has been on the Board of leading Indian Corporates. He is also on the Board/Executive Council of leading Institutions/Universities.

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

S. No.	Name of Company	Nature of Office
1	Energy Infratech Limited	Director
2	Future Generali India Insurance Company Limited	Director
3	Future Generali India Life Insurance Company Limited	Director
4	Rural Electrification Corporation Limited	Director, Member Audit Committee

Mr. Singh retires by rotation at the Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Singh being is proposed to be appointed as an independent director for five consecutive years or a term upto March 31, 2019.

In the opinion of the Board, Mr. Singh fulfills the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter of appointment of Mr. Singh as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit of the Company and it is desirable to continue to avail services of Mr. Singh as an Independent Director. The Board recommends the resolution in relation to appointment of Mr. Singh as an Independent Director, for the approval by the shareholders of the Company.

Mr. Singh does not hold by himself or for any other person on a beneficial basis, any shares in the Company. Except Mr. Singh, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7. This explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

Item No. 8

Mr. Nand Dhameja is a Non-Executive Independent Director of the Company. He joined the Board of Director of the Company w.e.f. September 23, 2008. Mr. Dhameja is the member of the Chairman of Share Transfer/ Shareholders Grievance/ Stakeholders Relationship Committee and member of Audit committee of the Board of Directors of the Company.

Mr. Dhameja aged 74 years was born on December 12, 1939 is a Fellow (Ph.D), Indian Institute of Management, Ahmedabad and M.Com. University of Delhi, Delhi. He is currently Adjunct Professor Management Development Institute, Gurgaon. He earlier worked as Professor MDI, Professor, Indian Institute of Public Administration, New Delhi; Chief Consultant and Director Finance- National Productivity Council New Delhi, Faculty, Institute of Chartered Accountant of India, New Delhi; Faculty, Constituent College, University of Delhi, Delhi

Prof. Dhameja has vast experience in research, consultancy and training in India and abroad and has been involved in national and international projects including Privatisation and PSU Disinvestment, Urban infrastructure, Evaluation of Health Care, Implementation of ZBB in Scientific Research and Development organisation. He has contributed number of books and contributed research papers in the areas of finance, management accounting, public enterprises management, public budgeting and financial management; privatisation and PSU disinvestment including urban infrastructure public services financing.

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

Mr. Dhameja retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Dhameja being eligible and offers himself for appointment, is proposed to be appointed as an independent director for five consecutive years for a term upto March 31, 2019.

In the opinion of the Board, Mr. Dhameja fulfills the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter of appointment of Mr. Dhameja as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit of the Company and it is desirable to continue to avail services of Mr. Dhameja as an Independent Director. The Board recommends the resolution in relation to appointment of Mr. Dhameja as an Independent Director, for the approval by the shareholders of the Company.

Mr. Dhameja does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Except Mr. Dhameja, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 8. This explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

Item No. 9

Mr. Krishan Chand Sethi is a Non-Executive Independent Director of the Company. He joined the Board of Director of the Company w.e.f. January 23, 2001. Mr. Sethi is the Chairman of Nomination and Remuneration Committee and member of Audit committee of the Board of Directors of the Company.

Mr. Sethi aged 76 years was born on March 19, 1938 is Master of Economics from the Delhi University and D.Sc. in Economics and Management Enterprises from the University of Zagreb, Croatia. He was Director General of Mangalmai Institute of Management and Technology, Greater Noida, until November 2002. Earlier he was Director General of BLS Institute of Management, Ghaziabad and Director of ITS (Institute of Technology and Science). Mr. Sethi an eminent Scholar, Academician and administrator having experience of around 35 years in the field of Management Education, was also associated with many of the leading and well known institutions in India like IIM Calcutta, MDI Gurgaon, Director of IMT Ghaziabad, etc.

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

Mr. Sethi is a director whose period of office is liable to determination by retirement of director by rotation under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Sethi being eligible and offers himself for appointment, is proposed to be appointed as an independent director for five consecutive years for a term upto March 31, 2019.

In the opinion of the Board, Mr. Sethi fulfills the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter of appointment of Mr. Sethi as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit of the Company and it is desirable to continue to avail services of Mr. Sethi as an Independent director. The Board recommends the resolution in relation to appointment of Mr. Sethi as an Independent Director, for the approval by the shareholders of the Company.

Mr. Sethi does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Except Mr. Sethi, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 9. This explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

Item No. 10

Mr. Vinod Kumar Agrawal is a Non-Executive Independent Director of the Company. He joined the Board of Director of the Company w.e.f. July 29, 2005. Mr. Agrawal is the Chairman of Audit committee and member of Nomination and Remuneration Committee of the Board of Directors of the Company.

Mr. Agrawal aged 71 years was born on May 14, 1943, is a graduate in commerce and law from University of Lucknow. He topped Lucknow University in LLB and LLM examination and was awarded five Gold Medals. He cleared Civil services exams of UPSC in 1966 and joined Indian Customs and Excise services in 1967. He served the prestigious positions in the Government of India. He served as member of Custom Excise and Service Tax Appellate Tribunal. He also served as Chairman of two members committee for simplification of excise procedures. He as a member of CEGAT (now termed as CESTAT) passed various judicial orders resolving disputes on classification, valuation, CENVAT credit, refunds etc. He was awarded by the President of India for "DISTINGUISHED RECORD OF SERVICE" on Republic Day in 1998.

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

Mr. Agrawal is a director whose period of office is liable to determination by retirement of director by rotation under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Agrawal being eligible and offers himself for appointment, is proposed to be appointed as an independent director for five consecutive years for a term upto March 31, 2019.

In the opinion of the Board, Mr. Agrawal fulfills the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter of appointment of Mr. Agrawal as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit of the Company and it is desirable to continue to avail services of Mr. Agrawal as an Independent director. The Board recommends the resolution in relation to appointment of Mr. Agrawal as an Independent Director, for the approval by the shareholders of the Company.

Mr. Agrawal does not hold by himself or for any other person on a beneficial basis, any shares in the Company. Except Mr. Agrawal, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 10. This explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

Item No. 11

Mr. Surinder Kumar Mehta is a Non-Executive Independent Director of the Company. He joined the Board of Director of the Company w.e.f. September 23, 2008. Mr. Mehta is the member of Nomination and Remuneration Committee of the Board of Directors of the Company.

Mr. Mehta, aged 79 years Born on December 6, 1934 at Peshawar (Pakistan) in the family of educationists. He graduated from A S College, Khanna in 1954 and passed out from Punjab University Law College, Jalandhar with high merit in 1957, Enrolled as advocate of Punjab and Haryana High Court, Chandigarh in 1959. He received intensive training in taxation/accounts from M/s Vasudev & Co., Income Tax Advisors, New Delhi and M/s K C Khanna, Chartered Accountants, New Delhi. Joined Hero Group in 1962 with responsibility for group accounts, internal audit, taxation, finance and legal matters and retired from this position in December 2003 as Sr. Vice President. He is Trustee cum General Secretary of Sant Ashram Dhablan Trust (District Patiala) since 1976 and Gurudwara Karamsar Rara Sahib Trust since 1978 and general secretary of Sant Ishar Singh Ji Memorial Public School, Karamsar since 1985. He is looking after as manager since 1995, all educational institutions run by Lala Bahadur Chand Munjal Foundation, Ludhiana, which have student strength of 14000.

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

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

Mr. Mehta is a director whose period of office is liable to determination by retirement of director by rotation under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Mehta being eligible and offers himself for appointment, is proposed to be appointed as an independent director for five consecutive years for a term upto March 31, 2019.

In the opinion of the Board, Mr. Mehta fulfills the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter of appointment of Mr. Mehta as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit of the Company and it is desirable to continue to avail services of Mr. Mehta as an Independent Director. The Board recommends the resolution in relation to appointment of Mr. Mehta as an Independent Director, for the approval by the shareholders of the Company.

Mr. Mehta does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Except Mr. Mehta, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 11. This explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

Item No. 12

The Members had approved basic salary of Mr. Isao Ito- Joint Managing Director as Rs. 7,50,000/- p.m. with effect from May 24, 2013 in the Twenty Eighth Annual General Meeting held on September 03, 2013. Under the leadership of Mr. Isao Ito, profitability of the Company grown during the year in spite of the challenging environment. In view of the vast experience and valuable contribution made by Mr. Isao Ito towards the growth of the Company and the job responsibilities handled by Joint Managing Director in the challenging environment, and on the basis of recommendation of Nomination and Remuneration Committee, your Board of Directors have, by passing a Resolution in their meeting held on May 23rd, 2014, revised the basic salary of Joint Managing Director to Rs. 9,00,000/- per month from Rs. 7,50,000/- per month with effect from September 01, 2014 for the remaining period of his tenure. All other terms and conditions of his appointment including remuneration will remain same.

Except Mr. Isao Ito, no other director, Key Managerial Personnel and their relatives are interested /concerned either financial or otherwise in the Resolution under Item no. 12.

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

Mr. Isao Ito does not hold any equity shares in the Company.

Item No. 13

The Members had approved basic salary of Mr. Yogesh Chander Munjal- Managing Director as Rs. 11,50,000/ - p.m. with effect from May 24, 2013 in the Twenty Eighth Annual General Meeting held on September 03, 2013. Under the leadership of Mr. Yogesh Chander Munjal, the business of your Company has seen new heights of growth year after year. In view of the vast experience and valuable contribution made by Mr. Yogesh Chander Munjal towards the growth of the Company and the job responsibilities handled by Managing Director in the challenging environment, and on the basis of recommendation of Nomination and Remuneration Committee, your Board of Directors have, by passing a Resolution in their meeting held on May 23rd, 2014, revised the basic salary of Managing Director to Rs. 13,00,000/- per month from Rs. 11,50,000/- per month with effect from September 01, 2014 for the remaining period of his tenure. All other terms and conditions of his appointment including remuneration will remain same.

Except Mr. Yogesh Chander Munjal himself and Mrs. Charu Munjal being related to him, no other director, Key Managerial Personnel and their relatives are interested /concerned either financial or otherwise in the Resolution under Item no. 13.

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

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

Place: New Delhi
Dated: May 23, 2014

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

Registered Office:

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

Email: msladmin@munjalshowa.net

Website: www.munjalshowa.net

CIN: L34101HR1985PLC020934

Phone No. 0124-4783000 Fax No. 0124-2341359

PANKAJ GUPTA
CFO & COMPANY SECRETARY
Membership No: F5187

DIRECTOR'S REPORT

Dear Members,

Your Directors have great pleasure in presenting the 29th Annual Report together with the Audited Statement of Accounts for the financial year ended March 31, 2014.

FINANCIAL RESULTS AND APPROPRIATIONS

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

	Year Ended <u>31.03.14</u>	Year Ended <u>31.03.13</u>
Sales and other Income	174074.41	172743.67
Profit before Interest, Depreciation, Tax & Exceptional item	11129.85	10886.81
Exceptional Item (Interest expenses)	-	614.34
Financial Cost	270.32	716.57
Depreciation	2840.99	2764.20
Profit before Tax	8018.54	6791.70
Provision for Taxation	1048.46	723.64
Profit after Tax	6970.08	6068.06
Net Profit brought forward	9572.73	6908.43
Profit available for appropriation	16542.81	12976.49
Dividend (Recommended)	1399.83	1199.85
Dividend Tax (Net)	237.90	203.91
Transfer to General Reserve	2000.00	2000.00
Surplus carried to Balance Sheet	12905.08	9572.73

OPERATIONS

The Company has achieved a sales turnover, including other income, of Rs. 174,074.41 lacs registering a growth of 0.77 per cent vis-à-vis Rs. 172,743.67 lacs in the previous year. The profit before tax in the current year was at Rs. 8018.54 lacs as compared to Rs. 6791.70 lacs in the previous year registering a growth of 18 per cent.

FUTURE PROSPECTS

As per Consumer Confidence Survey March 2014 conducted by Reserve Bank of India the net responses on current economic condition and economic outlook witnessed sharp rise. This is largely due to decline in the negative sentiments along with a rise in positive perceptions. However, net response on current economic conditions remains in the negative zone since September 2012.

Our existing customers have assured to meet predetermined sales targets with around 10 per cent growth, with the support of new models likely to be launched both in 2 Wheeler and 4 Wheeler segment and export in the current year i.e. 2014-15. They have planned major initiative to boost the industry sentiments and accelerate growth in the year 2014-15 mainly through new launches, campaigns, capacity addition and network expansion and a significant step working toward their global vision. In nutshell, 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. 2000 lacs to General Reserve. The balance amount of Rs. 12905.08 lacs (Previous year Rs. 9572.73 lacs) will be retained in the Profit and Loss Account.

DIVIDEND

Your directors are pleased to recommend a dividend of 175 per cent (i.e. Rs. 3.50/- Per equity share of Rs. 2/- each fully paid up) for the year ended March 31, 2014 amounting to Rs. 1399.83 lacs in aggregate as compared to 150 per cent i.e. Rs. 3.00 per share in the corresponding last year. Dividend will be tax free in the hands of shareholders, as the Company will bear the dividend distribution tax of Rs. 237.90 lacs (Previous year Rs. 203.91 lacs). The dividend, if approved, at the Annual General Meeting shall be payable to the shareholders registered in the books of the Company and the beneficial owners whose names are furnished by the depositories, determined with reference to the book closure from August 9, 2014 to August 28, 2014 (both days inclusive).

DIRECTORS

Mr. Anil Kumar Vadehra director of the Company passed away on July 13, 2013. Mr. Vadehra was associated with the Company since December 30, 2005 as an independent director. He continued to take keen interest in the Company and kept himself abreast with the latest developments through discussion with other directors and the officials of the Company. Your directors offer their heartfelt condolences to the bereaved family.

Mr. Brijmohan Lall Munjal non executive director and Chairman of the Company is liable to retire by rotation at the ensuing Annual General Meeting. Mr. Brijmohan Lall Munjal being eligible has offered himself for re-appointment.

Pursuance to Section 149 and the applicable provisions of the Companies Act, 2013, Mr. Nand Dhameja, Dr. Devi Singh, Mr. Krishan Chand Sethi, Mr. Vinod Kumar Agrawal and Mr. Surinder Kumar Mehta will be appointed as independent directors for five consecutive years for a term upto March 31, 2019.

Details of the proposal for appointment of Mr. Nand Dhameja, Dr. Devi Singh, Mr. Krishan Chand Sethi, Mr. Vinod Kumar Agrawal and Mr. Surinder Kumar Mehta are mentioned in the Explanatory statement under Section 102 of the Companies Act, 2013 of the notice.

Mrs. Charu Munjal has been appointed as an additional director under Section 161(1) read with Section 149 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Article 89 of the Articles of Association of the Company w.e.f May 23, 2014. She shall hold office of director up to the date of ensuing Annual General Meeting. A notice under Section 160 of the Companies Act, 2013, proposing her candidature as Director at the ensuing Annual General Meeting of the Company, has been received.

Brief resumes of Mr. Brijmohan Lall Munjal, Mr. Nand Dhameja, Dr. Devi Singh, Mr. Krishan Chand Sethi, Mr. Vinod Kumar Agrawal, Mr. Surinder Kumar Mehta and Mrs. Charu Munjal have also been given in the explanatory statement to the Notice of the Annual General Meeting.

Your directors recommend their appointment/ re-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 support the broad principles of Corporate Governance. In addition to the basic governance issues, the Board also lays strong emphasis on transparency, accountability and integrity.

AUDITORS

M/s S.R. Batliboi & Co.LLP, Chartered Accountants, Gurgaon, the Auditors of the Company 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 139 & 141 of the Companies Act, 2013 and the rules framed thereunder.

The Board recommends their re-appointment for your approval.

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 due date of statutory dues.

SECRETARIAL AUDITORS

The Company has pursuant to Section 204 of The Companies Act, 2013 appointed M/s Satyender Kumar & Associates, Company secretaries, Gurgaon having Certificate of Practice number 5189 as the Secretarial auditor(s) of the company to conduct audit under Section 204 of the Companies Act, 2013 for the year ending on 31.03.2015.

SECRETARIAL AUDIT REPORT

As a measure of good corporate governance practice, the Company had voluntarily appointed M/s. Chandrasekaran Associates, New Delhi to conduct the secretarial audit for the financial year ended March 31, 2014. The secretarial Audit report confirm that the Company has complied with all applicable provision of the Companies Act and other related acts.

COST AUDITORS

M/s. Ramanath Iyer & Co., Cost Accountants, New Delhi, the Cost 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 u/s 148, would be in accordance with Section 141 of the Companies Act, 2013.

The Board recommends their re-appointment.

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' 2014 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 RECOMMENDATION

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.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company has constituted the Corporate Social Responsibility (CSR) Committee on May 23, 2014 comprising Mr. Krishan Chand Sethi as Chairman and Mr. Vinod Kumar Agrawal and Mr. Yogesh Chander Munjal as other members. The said Committee has been entrusted with the responsibility of formulating and recommending CSR policy indicating the activities to be undertaken by the Company, monitoring and implementation of the framework of CSR policy and recommending the amount to be spent on CSR activities.

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 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

As India's economy continues to accelerate, the performance of both the environmental regulations and the regulator has come under increased national and international scrutiny and pressure. The increasing public demand for better performance by the environmental regulatory agencies is matched by adequate support to these agencies, conditioned on institutional reforms to increase efficiency, transparency and accountability; it would be unfair to expect substantial progress from the corporate and also unfair to solely blame the regulator for the lack of it. We must induct some concern and commitment in our profiting from Clean and Green Development Mechanism to ensure compliance of pollution standards.

We have started believing "waste is a precious resource kept in a wrong place". We further believe that "there is no waste as per the law of the nature". Hence from the solid waste like Iron & Steel from old scrap machines, we are collecting the raw material and we are manufacturing "Lean and Low cost" machines with a philosophy of "Easy to run, Easy to maintain, Easy to clean and Zero accident by meeting all the quality and productivity standard. Everything is done in house starting from design up to finishing of the machine. This concept of reuse of metallic waste is highly appreciated by CII, ACMA and international experts of our Japanese Collaborator.

By Regular training for workers and staff to prevent accident related to mechanical, electrical, chemical, physiological and psychological safety the Company has made "Zero accidents" as acceptable standard. Hazard Identification and Risk Assessment (HIRA) is our primary focus to mitigate and prevent the abnormalities. Because of our dedicated and committed efforts in continual improvement of Safety, Health and Environment area, this year we have received two national awards from Ministry Of Labour and Employment for safety. 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. The Company is rigorously improving to create a better place for our next generation.

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, TPM Club India. Major objectives of TPM are to increase Productivity, to improve Quality, to reduce Costs, to ensure in time Delivery, to increase Safety, to increase profitability, to build Morale and to protect environment by formation of small cross functional work groups (PQCDSME) and to improve overall Plant efficiency. The other objectives are to procure and install maintenance free plant and machinery; and to achieve zero defects, zero break down, zero losses and zero accidents. In nutshell, TPM converts all the losses into Profit.

We have achieved Japan Institute of Plant Maintenance TPM Excellency Award “category A” for Gurgaon as well as our Manesar Plants in the year 2008 & 2010 respectively. The Company had made the TPM declaration for our Haridwar Plant on 23rd March 2011.

To share the TPM & Lean achievements we receive many delegations not only from India rather from all over the World, Countries like USA, Germany, UK, Japan, Thailand, Brazil, Indonesia, Vietnam, China, Singapore, Canada, West Indies, Isrial, Iran, Australia, Fiji etc. Besides that we receive lots of Delegations from CII, (all the regions) ACMA, Honda cluster club, IMTMA, many students from different university ITM, IBA, LBS Business School etc).

Lean Activities:

We have clubbed TPM with lean manufacturing system. Our Company has conducted Lean Manufacturing System (Value Stream Mapping) Work Shop. We have converted huge & complicated machines to Lean Machines . New Lean TPM machines activity has many advantages like reduction in space, electricity consumption, consumable, manpower, fault of operation and setup time etc. and more simple and safe.

LISTING

The shares of your Company are listed at National Stock Exchange of India Limited and BSE Limited, and pursuant to Clause 38 of the Listing Agreement, the Annual Listing fees for the year 2014-15 have been paid to them well before the due date i.e. April 30, 2014. The Company has also paid the annual custodian fees for the year 2014-15 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

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

Your Company believes that employees form the fulcrum of growth and differentiation for the organization. The Company recognizes that people are its principal assets and that to continued growth is dependent upon the Company’s ability to attract and retain quality people. The total headcounts were 3525 at the end of the year as compared to 3292 of the previous year. The Company encourages long-term commitment to the Company by rewarding its people for the opportunities they create and the value generated for customers and shareholders. The Company conducts several training programmes to upgrade the skills of the workforce.

ACKNOWLEDGEMENT

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

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

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

For and on behalf of the Board

Place: New Delhi
Dated: May 23, 2014

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, 2014.

Company's Philosophy on Corporate Governance

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

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

I. BOARD OF DIRECTORS

A. Composition of Board

The Board of Directors of the Company consists of Eleven 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 five 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 2013-14 are as follows:

Name of Director	Number of Board Meetings held during his tenure and attended by him		Attendance at last AGM	Number of Committee Memberships (Excluding Chairmanships) held	Number of Committee Chairmanships held	Number of Outside Directorships held
	Held	Attended				
Executive & Promoter						
Directors						
Mr. Yogesh Chander Munjal	4	4	YES	None	None	None
Mr. Isao Ito	4	3	YES	None	None	None
Non-Executive Directors						
Mr. Brijmohan Lall Munjal	4	4	YES	1	None	8
Mr. Katsuhiko Matsuura*	4	1	YES	None	None	None
Mr. Pankaj Munjal	4	1	NO	2	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
Late Mr. Anil Kumar Vadehra	4	1**	YES	None	None	None
Mr. Surinder Kumar Mehta	4	4	NO	None	1	1
Mr. Nand Lal Dhameja	4	4	YES	None	None	None
Mr. Devi Singh	4	3	YES	1	None	5

* Representative of Showa Corporation, Japan based at Japan.

** Sad Demise of Mr. Anil Kumar Vadehra on July 13, 2013.

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

B. Meetings held in financial year 2013-14

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 2013-14 on May 24, 2013, July 31, 2013, October 31, 2013 and February 05, 2014.

Information supplied to the Board interalia includes:

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

C. Code of Conduct

The Code of Business Conduct & Ethics for Directors/Management Personnel ('the Code'), as adopted by the Board, is a comprehensive Code applicable to all Directors and Management Personnel. The Company's Board of Directors and Management Personnel are responsible for and are committed to setting the standards of conduct contained in this Code and for updating these standards, as appropriate, to ensure their continuing relevance, effectiveness and responsiveness to the needs of local and international investors and all other stakeholders as also to reflect corporate, legal and regulatory developments. This Code should be adhered to in letter and in spirit.

A copy of the Code has been put on the Company's website www.munjalshowa.net. The Code has been circulated to all the Directors and Management Personnel and the compliance of the same is affirmed by them annually. A declaration signed by the Managing Director of the Company is given below:

I hereby confirm that the Company has obtained from all the members of the Board and Management Personnel, affirmation that they have complied with the Code of Business Conduct & Ethics for Directors / Management Personnel in respect of the financial year 2013-14.

II. AUDIT COMMITTEE

The Audit Committee duly re-constituted consisting of four Directors namely Mr. Krishan Chand Sethi, Mr. Ashok Kumar Munjal, Mr. Vinod Kumar Agrawal and Mr. Nand Dhameja being Non- Executive Directors and majority of them are independent directors, to review various areas of audit and accounts. Mr. Nand Dhameja was co-opted w.e.f. July 31, 2013 as member of Audit Committee after the sad demise of Mr. Anil Kumar Vadehra. Mr. Vinod Kumar Agrawal, a non-executive and independent director is the Chairman of the Committee. All the members are having expertise in financial matters. All these Directors have good knowledge of Corporate & Project Finance, Accounts and Corporate Laws. Mr. Vinod Kumar Agrawal, Mr. Ashok Kumar Munjal and Mr. Nand Dhameja are having accounting and related financial management expertise. The terms of reference of the Audit Committee are in line with the Listing Agreement and the Companies Act, 1956. The Audit Committee assures to the Board the adherence of adequate internal control and financial disclosures and other acts conforming to the requirements of Listing Agreement with the Stock Exchanges. The Quarterly Financial Statements of the Company are reviewed by the Committee before submission to the Board for approval.

The terms of Reference of this Committee are wide enough covering the matters specified for Audit Committees under the Listing Agreement. The Audit Committee regularly reviews related party transactions, internal audit reports, appointment of Auditors, management discussion and analysis of financial condition and results of operations apart from other items of financial management and Company's business. The Constitution of Audit Committee also meets with the requirement of Section 177 of the Companies Act, 2013 and the rules made thereunder. The Company Secretary acts as the secretary of the Committee. The Auditors and Head of Finance generally attend the meetings on invitation by the Chairman. During the financial year 2013-14, the Audit Committee met four times, on May 23, 2013, July 30, 2013, October 30, 2013 and February 04, 2014. All the meetings were attended by auditors and Head of Finance.

Attendance of Members at the meetings of the Audit Committee held during 2013-14 was as under:

Members	No. of Meetings attended
Mr. Vinod Kumar Agrawal,	4
Mr. Ashok Kumar Munjal	2
Mr. Krishan Chand Sethi	4
Late Mr. Anil Kumar Vadehra	1*
Mr. Nand Dhameja	2

* Sad Demise of Mr. Anil Kumar Vadehra on July 13, 2013.

III. REMUNERATION COMMITTEE

The Nomination and Remuneration Committee duly re-constituted is responsible (a) formulation of policy for determining qualifications, positive attributes and independence of a director and remuneration for the directors, key managerial personnel and other employees as per Section 178 (3) of the Companies Act, 2013 and recommending the same to the Board and (b) identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria as per the policy approved by the Board. The policy of the Company is to remain competitive in the industry, to attract and retain the best talent and appropriately reward employees for their individual performance and contribution to the business.

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

Mr. Krishan Chand Sethi-Chairman

Mr. Vinod Kumar Agrawal- Member

Mr. Surinder Kumar Mehta-Member

Mr. Devi Singh-Member (Co-opted w.e.f. July 31, 2013)

The meeting of the Remuneration Committee was held on May 23, 2013 under the Chairmanship of Mr. Krishan Chand Sethi. The meeting was attended by Mr. Krishan Chand Sethi, Mr. Vinod Kumar Agrawal and Late 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 appointment and remuneration of Mr. Isao Ito, 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. 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 2013-14 are as under:

Name	Salary, Allowances and Perquisites*	Commission**	Sitting Fee***	Total
Mr. Brijmohan Lall Munjal	Nil	Nil	80000	80000
Mr. Katsuhiko Matsuura	Nil	Nil	Nil	Nil
Mr. Yogesh Chander Munjal	30819479	8625170	Nil	39444649
Mr. Tetsuo Terada	10332292	7372748	Nil	17705040
Mr. Isao Ito	950629	567134	Nil	1517763
Mr. Pankaj Munjal	Nil	Nil	20000	20000
Mr. Ashok Kumar Munjal	Nil	Nil	140000	140000
Mr. Krishan Chand Sethi	Nil	Nil	180000	180000
Mr. Vinod Kumar Agrawal	Nil	Nil	180000	180000
Mr. Anil Kumar Vadehra	Nil	Nil	60000	60000
Mr. Surinder Kumar Mehta	Nil	Nil	80000	80000
Mr. Nand Dhameja	Nil	Nil	140000	140000
Mr. Devi Singh	Nil	Nil	60000	60000

* 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 /STAKEHOLDERS RELATIONSHIP COMMITTEE

The "Share Transfer/Stakeholders Relationship Committee" duly reconstituted has been looking into the transfer of shares, issue of share certificate etc., investor grievances and suggest remedies and measures for improvement. The Committee comprises of four directors, of whom two are Non-Executive Directors, namely Mr. Nand Dhameja and Mr. Ashok Kumar Munjal. The Chairman Mr. Nand Dhameja is a non-executive

independent director. The Company Secretary 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 85 requests/complaints from the shareholders. All the requests/complaints were attended promptly and resolved. The Company endeavors to reply to all complaints received from the shareholders within a period of ten days. As on date no complaints are pending except those, which are under litigation, dispute or court orders. There was no pending share transfer case as on March 31, 2014.

List of requests/complaints received from shareholders during the financial year 2013-2014 is as under:

Sr. No.	Nature of complaints received	Received	Solved	Pending
1.	Transfer / Transmission of shares	11	11	Nil
2.	Non receipt of Annual Report	25	25	Nil
3.	Non receipt of dividend warrants / Revalidation of dividend warrants	39	39	Nil
4.	Miscellaneous	10	10	Nil
TOTAL		85	85	Nil

VI. SHARE TRANSFER SYSTEM

The Board of Directors has delegated the authority to approve the share transfers / transmission to the Company Secretary and/or Head of Finance who attend the same every fortnight and in case of any dispute / difference, they forward the same to the Share Transfer 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
2012-2013	9-11, Maruti Industrial Area, Sec-18, Gurgaon	Tuesday, September 03, 2013	11:00 A.M.	01
2011-2012	9-11, Maruti Industrial Area, Sec-18, Gurgaon	Thursday, August 09, 2012	11:00 A.M.	01
2010-2011	26E & F, Sector 3, IMT Manesar, Gurgaon	Thursday, August 11, 2011	11:00 A.M.	Nil

No resolution has been passed by the Company's shareholders through postal ballot during the Financial Year 2013-14 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. 30 of notes to financial statements for the year ended March 31, 2014.
- 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.
- In the preparation of financial statements, all the prescribed Accounting Standards have been followed.
- The Company is consulting foreign exchange experts on day-to-day basis for hedging / booking the import bill to manage the foreign exchange risks.
- 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. No presentation was made to the institutional investors or to the analysts during the year.

X. MANAGEMENT

Management Discussion and Analysis Report Industry Structure and Development

Automotive Industry globally as well as in India is one of the key sectors of economy. Due to its backward and forward linkages with several key segments of economy, automotive industry has a strong multiplier effect and acts as one of the key drivers of economic growth.

The Indian Auto Industry comprising passenger cars, two wheelers, three wheelers and commercial vehicles is the seventh largest in the world with an Annual Production of 17.5 million vehicles of which 2.3 million are exported. According to Department of Industrial Policy and Promotion the auto sector accounts for 4% of total foreign direct investment inflow into India. The Indian Auto Component Industry is expected to recover from a rough phase that industry is battling with due to weak demand over last two years due to constant high interest rates and inflationary constraints. Financial Year 2013-2014 witnessed sluggish Production & deceleration in investment.

Considering weak demand in sector the government of India has made policy changes that allow for stronger growth in Automotive Sector. To provide relief to automobile industry Finance Minister in his interim budget speech announced excise duty reduction on Small Cars from 12% to 8% as well as on SUV's from 30% to 24%. Besides this National Manufacturing Policy has set goal of increasing share of manufacturing in GDP to 25% which allow for increased investment in the sector.

The Production of vehicles of all Categories stood at a total 21,481,526 vehicles including passenger vehicles, commercial vehicles, three wheelers and two wheelers in financial year 2013-2014 as against 20,647,611 in financial year 2012-2013, registering a growth of 4.04 per cent. The growth continues to be on account of growth in two wheelers production.

Opportunities and Threats

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

Overall Domestic sales during April-March 2014 grew marginally by 3.53% over same period last year because of growth in Scooter and Motorcycle segment. The growth in two wheeler category was 7.31% during April-March 2014 over April-March 2013.

The main reasons for its downfall being sluggish demand, higher inflation and rising interest rates and not to leave ever escalating fuel Prices. All these factors had a direct impact on disposable incomes of customers, making them cautious of new purchases. However only factor which provided some relief to manufacturers remained benign raw material cost environment.

In order to further improve automobile in Indian Domestic Market, to provide world class facilities of automotive testing and certification and to ensure healthy competition among the manufacturers Ministry Of Heavy Industries and Public Enterprises has undertaken to lay down the road Map for further development of Industry in the form of "Automotive Mission Plan 2006-2016".

There exist few risks that have to be confronted by auto component manufacturers. Crude Oil Prices, rate of interest, volatility in exchange rate, Consumer Price Index influence auto sector significantly. Any volatility in Crude oil Prices may affect market appetite indefinitely. Besides these ever prevailing factors concept of attaining competitiveness on the basis of low cost and abundant labor, low interest rates is becoming inadequate and thus unsustainable. It is felt that emphasis is required on the development of factors which could ensure sustainability in long run. The industry with its deep backward and forward linkages is expected to have a high potential for influencing the share of manufacturing in GDP.

In two-wheelers, our major customers, Hero continues to be the market leader with production of over six million bikes and scooters while Honda has been spearheading the momentum, particularly with its scooters.

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

Today the mood is cautious, and industry growth has moderated. But nonetheless the long term prospects are strong, as India is poised to be one of the fastest growing automotive markets worldwide over the next decade and to harness this opportunity, effective management of the short term challenges and implementation of sustainable strategies is the key to robust industry growth. Overall Outlook of Industry appears promising with major customers of our company planning to expand capacities and global players announcing investments in the sector. Growth of Automotive Industry is directly linked to growth of Automobile Industry since more than 65% sales is to OEM's. Rising Per Capita income and changing demographic distribution are conducive for growth. India has highest population below 35 years which means that more than 100 million people will get added to working population in coming years.

The sector has become a lucrative business proposition for global players and spate of investments plans announced by global and domestic automobile manufactures promises the emergence of India as a global hub for auto components. The capacity expansion programme of Auto component Manufacturers generally tend to follow that of their key customers OEMs.

Also there are other auto OEM such as Maruti Suzuki, Hero Motocorp and Ford that are planning to establish Greenfield facilities in Gujarat with their respective suppliers of Key Components being currently at various stages of making investments in close proximity to these new facilities. Our major customer, Hero MotoCorp has registered highest ever non festive season monthly sales in the month of April 2014 and growth of 14.4 per cent over the corresponding month of previous year.

The outlook of the company appears promising with positive indication for positive growth both in terms of value and volume over medium term. Our key customers Hero MotoCorp Limited, Honda Motorcycles and Scooters India Private Limited and Maruti Suzuki India Limited have plans to register growth in the region of 5-10 per cent in spite of the current economic key performance indicators.

However the large debt funded capital expenditure executed by auto component manufacturers during boom period of 2009-2010 & 2010-2011 means that repayment obligations of term loans availed then will fall due now. In the absence of sufficient cash generation viability, the industry may be exposed to refinancing risk.

Risk and Concerns

Major risks associated with automobile industry continue to be dependency on timely monsoon, high firm interest rates and Inflationary constraints. The inflation rate in India was recorded at 8.59 percent in April of 2014. Inflation Rate in India averaged 9.67 Percent from 2012 until March 2014, reaching an all time high of 11.16 Percent in November of 2013. The persistence inflation was on account of pressures from housing, transport and communication and services led components such as medical care, education and stationery, household requisites and others. High inflation with respect to CPI services reflected the role of wage pressures and other second round effects. Now we expect Stability on Price front which is expected to stimulate demand and thus register higher sales for the company.

The Profitability of Company may be affected by changes in government policies regarding excise duty, custom duty, Income Tax, VAT, Service Tax, Direct Tax Code and any other Central/state levy. The growing cut-throat competition in the two-wheeler industry being price sensitive may squeeze the margins further in future.

Recent decrease in excise Duty announced by Finance Minister in his budget speech has provided some relief to Indian Automotive Industry. If these initiatives are maintained in the final FY15 Budget, it should be a much-needed positive stimulus for the overall manufacturing sector. This reduction in excise duty would reduce the acquisition price, thereby making vehicles more affordable, improve consumer sentiment and hopefully revive the demand for vehicles. The automotive industry is the engine of growth for the manufacturing sector as it

supports key industries like auto components, capital goods, raw materials, electronics, chemicals, plastics, and software. Revived growth in the automotive industry would have significant positive impact on these key downstream and upstream manufacturing sectors that largely depend on the performance of the auto sector.

Internal Control System and its adequacy

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

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

The gamut of this system includes statutes such as, Industrial and Labor laws, financial regulations, taxation laws, corporate and security laws and health, safety and environment regulations. At the heart of our process is the wide use of technology that ensures robustness and integrity of financial reporting, internal controls, allows optimal use and protection of assets, facilitates accurate and timely compilation of financial statements and management reports and ensure compliance with statutory laws, regulations and company policies.

Discussion on financial performance with respect to operational performance

The Financial statements have been prepared in compliance with requirements of Companies Act 1956, Indian Generally Accepted Accounting Policies (IGAAP) and Schedule VI. All mandatory accounting standards have been complied with.

The turnover of the Company for the year under review has increased to Rs. 174,074.41 lacs as against Rs. 172,743.67 lacs during the previous year showing a meager growth of 0.77% and profit before tax was Rs. 8014.20 lacs as against previous year of Rs. 6,791.70 lacs.

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

Employment serves as core of an economic activity. The automobile industry on account of its forward and backward linkage with many other sectors serves as a significant generator of employment, both direct and indirect.

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

Munjal Showa as a Company firmly believes in human Capital and deeply believes that quality and positive attitude of the people are keys to face 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 3525 as on 31st March, 2014. 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, exchange rate variations, global economic, social & demographic factors, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.

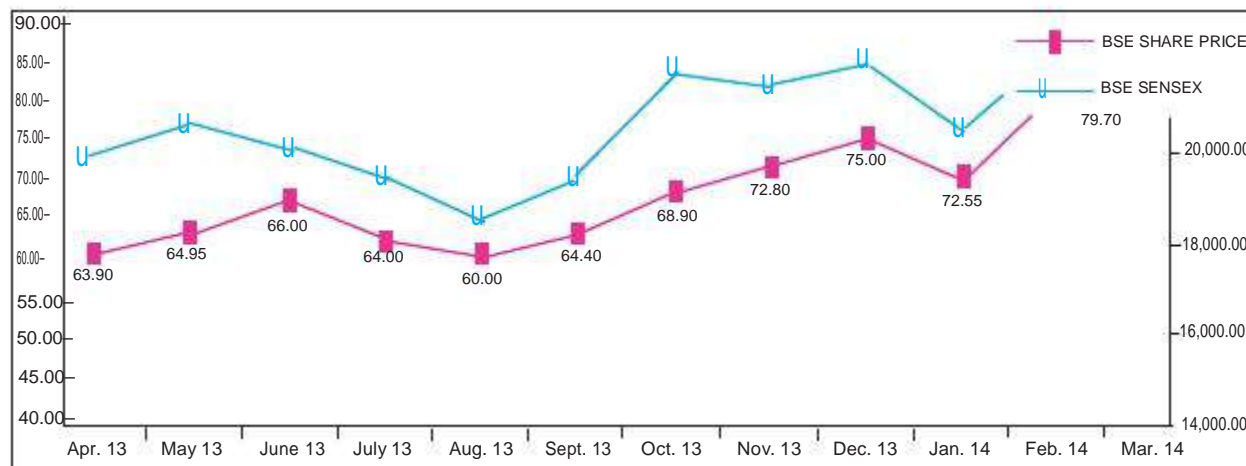
XI. GENERAL SHAREHOLDERS INFORMATION:

1) Annual General Meeting	
- Day, Date and Time - Venue	Thursday, August 28, 2014, 11:00 A. M. 9-11, Maruti Indl. Area, Sec-18, Gurgaon-122015 (HR)
2) Financial Calendar	
(a) Financial Year 2014-2015	April to March
(b) Financial reporting for the quarter ending June'2014	By August 14' 2014
(c) Financial reporting for the half year ending September'2014	By November 14' 2014
(d) Financial reporting for the quarter ending December'2014	By February 14' 2015
(e) Financial reporting for the year ending March'2015	End May' 2015
(f) Annual General Meeting for the year ending March 31, 2015	End September' 2014
3) Face Value of the Equity Share	Rs. 2 per share
4) Date of Book Closure	August 09, 2014 to August 28, 2014 (both days inclusive)
5) Dividend Payment Date	30 days from the date of AGM
6) Listing on Stock Exchanges	BSE 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 2013-2014 on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

YEAR – 2013-14	Bombay Stock Exchange			National Stock Exchange		
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High (Rs.)	Low (Rs.)	Volume (Nos.)
April'13	63.90	57.00	73,770	63.90	57.00	1,03,480
May'13	64.95	57.70	97,266	64.80	57.10	1,82,875
June'13	66.00	58.50	2,57,132	66.00	58.05	2,09,301
July'13	64.00	53.60	94,437	62.95	53.05	1,68,348
August'13	60.00	52.40	87,681	60.00	53.10	95,581
September'13	64.40	55.10	1,22,477	64.30	53.65	2,37,955
October'13	68.90	59.20	1,75,477	68.90	58.60	3,91,099
November'13	72.80	61.10	5,83,201	71.85	60.55	11,07,105
December'13	75.00	66.50	4,28,916	75.25	66.55	8,73,707
January'14	72.55	64.60	1,14,363	73.50	64.50	2,82,795
February'14	79.70	65.90	6,85,542	79.70	65.50	4,17,214
March'14	85.95	73.20	8,33,284	86.20	73.20	5,60,475

**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 were 14021 shares.

12) A. Distribution of Shareholding as on March 31, 2014:

No. of shares	Shareholders	% Shareholders	No. of shares	% Shareholding
Upto 500	7088	70.31	1182777	2.96
501-1000	1442	14.30	1313681	3.28
1001-2000	809	8.03	1419114	3.55
2001-3000	233	2.31	606978	1.52
3001-4000	148	1.47	555443	1.39
4001-5000	102	1.01	489070	1.22
5001-10000	129	1.28	977816	2.44
10001-50000	112	1.11	2319718	5.80
50001-100000	8	0.08	605522	1.51
100001 and above	10	0.10	30524881	76.33
Total	10081	100.00	39995000	100.00

B. Shareholding pattern as on March 31, 2014

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	10400000	26.00
Public Shareholding				
Institutions				
Mutual Funds/ UTI	5	461156	457656	1.15
Financial Institutions/ Banks	6	8500	1500	0.02
Insurance Companies	1	10000	10000	0.03
Foreign Institutional Investors	1	101725	101725	0.25
Non-institutions				
Bodies Corporate	465	4401684	4389684	11.01
Individuals -				
i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	9443	7490476	6737822	18.73
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	9	1311022	1311022	3.28
Any Other-NRI	147	198191	193191	0.50
Any Other-Trust & foundation	1	8246	8246	0.02
GRAND TOTAL	10081	39995000	39214846	100.00
% of Dematerialization			98.05%	

No shares have been pledged by the promoters.

13) Nomination Facility:

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

14) Dematerialization of shares and liquidity : As on March 31, 2014, 39,214,846 equity shares of the Company, which forms 98.05 % of share capital of the Company are in dematerialized form.

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

16) Plant Locations : a) 9-11, Maruti Industrial Area, Gurgaon-122 015, Haryana
b) 26 E & F, Sector-3, IMT Manesar, Gurgaon-122050, Haryana
c) 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.

RTA 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, 2014 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 2013-14.

(Yogesh Chander Munjal)
 Managing Director
 New Delhi,
 May 23, 2014

(Pankaj Gupta)
 CFO & Company Secretary

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, 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

For S. R. BATLIBOI & CO. LLP
 Chartered Accountants
 ICAI Firm's Registration No. 301003E
 per **Vikas Mehra**
 Partner
 Membership No.: 94421

Place: Gurgaon
 Dated: May 23, 2014

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 2013-14 and their impact

Measures taken	Impact
Conversion of 120 Nos., 250 Watts sodium vapour lights to 100 watts LED light	Reduction in power consumption
Usage of LED tube light instead of ordinary tube light	Reduction in power consumption
Open excess power is being used to avoid State Electricity Board Power cuts hence own generation of power through DG Sets minimized	Reduction in fuel consumption and Power cost
Started using PNG in canteen and new Cation Paint Shop and Power Coating Burner	Reduction in power consumption
Ground water excavation has been reduced by recycling waste water	Reduction in power consumption and extraction of raw water
Power saving circuits have been provided in machine shops	Reduction in power consumption
Installation of power factor improvement panel	Reduction in power consumption
Solar Water heater of 5000 ltr. per day capacity Commissioned for Canteen and Plating shop.	Energy Saving

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

Measures taken	Impact
Initiative taken for converting Thermo pack diesel fired burners into Gas fired burner	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 power and fuel consumption and ultimately reduction in energy cost.

Total Energy Consumption and Energy Consumption per unit of production: Being not applicable to auto components sector, the Form A is not furnished.

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. 4,562,077/-
Total	Rs. 4,562,007/-

Total expenditure as a percentage of total turnover 0.03 per cent

(II) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

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

Total Foreign Exchange used and earned

The foreign exchange earnings during the year were Rs. 6,842,794/- and foreign exchange outgo during the year was Rs. 1,450,894,848/-. Details of earnings from exports and foreign exchange outgo on account of imports, Technician fee, royalty, travelling & conveyance, interest expense, design & drawings & misc. expenses are shown in Notes 35, 36 & 39 of Notes to Accounts.

For and on behalf of the Board

Place : New Delhi
Dated : May 23, 2014

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, 2014

Sl. No	Name	Age (Years)	Designation	Nature of duties	Qualification	Experience (Years)	Date of Commencement of Employment	Gross Remuneration (Rs.)	Particulars of employment, designation	Percentage/ Nos. of Equity share as per Clause (a) (iii) of Section 217 (2A) of the Act	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	74	Director of the Managing	Overall management affairs of the Company	B. Arch. 50		01.09.1986	39,444,649	Chief Executive-Rockman Cycle Inds. Ltd.	NIL	As per rules of the Company
Employed throughout the period and in receipt of remuneration not less than Rs. 50,00,000/- per month											
2	Tetsuo Terada	37	Joint Managing Director of the	Overall management in Business affairs of the Company	Bachelor of Arts in Business Administration	32	18.05.2010	1,517,763	Manager Showa Corporation Japan	NIL	As per rules of the Company
3	Isao Ito	50	Joint Managing Director	Overall management of the affairs of the Company	Bachelor of Arts in Business Administration	31	24.05.2013	7,705,040	Showa India Private Limited	NIL	As per rules of the Company

NOTES

Information has been furnished on the basis of employees employed throughout the financial year, who were in receipt of remuneration for that year which, in the aggregate, was not less than Rs. 60,00,000/- (Rupees Sixty Lacs Only) or for a part of the Financial Year, who were in receipt of remuneration for any part of that year at a rate which, in the aggregate was not less than Rs. 5,00,000 (Rupees Five Lacs Only) per month. Gross remuneration includes Salary, Company's contribution to Provident Fund and Super Annuation Fund, Medical Reimbursement, Monetary Value of Perquisites & value of Rent Free Accommodation.

All appointees are / were whole time employees of the Company and all appointments are/were on contractual basis.

4. The above employees are not related to any Director of the Company.

For and on behalf of the Board

Place: New Delhi
Dated: May 23, 2014

BRIJMOHAN LALL MUNJAL
Chairman

INDEPENDENT AUDITORS' REPORT

To the Members of Munjal Showa Limited Report on the Financial Statements

We have audited the accompanying financial statements of Munjal Showa Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 ("the Act") 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, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) 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;
 - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs;
 - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For S. R. BATLIBOI & CO. LLP

Chartered Accountants
ICAI Firm's Registration No. 301003E

per **Vikas Mehra**
Partner

Membership No.: 94421

Place: Gurgaon
Dated: May 23, 2014

Annexure referred to in paragraph 1 Under The Heading 'Report on Other Legal and Regulatory Requirements' of our report of even date**Re: Munjal Showa Limited ('the Company')**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) All fixed assets were physically verified by the management during the current 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 disposal of a substantial part 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 Order 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 and having regard to the explanation that purchases of items of inventories and certain fixed assets are of proprietary nature and alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas. There was no sale of services during the year.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.
 - (b) In respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rs. 500,000 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 related to the manufacture of auto components 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, cess, excise duty and other material statutory dues applicable to the Company have generally been regularly deposited with the appropriate authorities *though there has been slight delay in few cases*.
 - (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	122,965,335	Financial year 2008-09	Income Tax Appellate Tribunal
Finance Act, 1994	Service Tax demand and penalty	160,122,857	April 2007 to March 2009 and April 2006 to March 2010	Custom, Excise, Service Tax Appellate Tribunal
	Service Tax demand and penalty	3,984,916	February 2004 to March 2009 & August 2009 to March 2011	Additional Commissioner (Central Excise)

- (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 our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provision of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (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. LLP
 Chartered Accountants
 ICAI Firm's Registration No. 301003E
per Vikas Mehra
Partner
 Membership No.: 94421

Place: Gurgaon
 Dated: May 23, 2014

BALANCE SHEET AS AT MARCH 31, 2014

	Notes	March,31, 2014 Rs.	March 31, 2013 Rs.
Equity and liabilities			
Shareholders' funds			
Share capital	3	79,992,500	79,992,500
Reserves and surplus	4	3,481,292,908	2,948,056,892
		<u>3,561,285,408</u>	<u>3,028,049,392</u>
Non-Current Liabilities			
Long-term borrowings	5	-	-
Deferred tax liabilities (net)	6	118,633,201	142,381,787
Other Long term liabilities	7	-	52,733,957
Long-term provisions	8	14,574,540	7,234,071
		<u>133,207,741</u>	<u>202,349,815</u>
Current Liabilities			
Trade payables	9	1,656,546,158	1,507,863,090
Other current liabilities	9	157,872,804	390,910,309
Short-term provisions	8	233,778,974	190,191,378
		<u>2,048,197,936</u>	<u>2,088,964,777</u>
TOTAL		<u><u>5,742,691,085</u></u>	<u><u>5,319,363,984</u></u>
Assets			
Non-current assets			
Fixed assets			
Tangible assets	10	2,309,510,888	2,439,492,659
Intangible assets	11	19,690,338	20,179,784
Capital work-in-progress		5,363,715	74,414,728
Long term loans and advances	12	440,196,528	382,802,380
Other non-current assets	13.2	61,843	57,468
		<u>2,774,823,312</u>	<u>2,916,947,019</u>
Current assets			
Current investments	14	300,000,000	200,000,000
Inventories	15	493,886,298	399,909,820
Trade receivables	13.1	1,768,736,193	1,416,100,368
Cash and bank balances	16	155,569,293	179,348,259
Short-term loans and advances	12	208,708,650	186,335,914
Other current assets	13.2	40,967,339	20,722,604
		<u>2,967,867,773</u>	<u>2,402,416,965</u>
TOTAL		<u><u>5,742,691,085</u></u>	<u><u>5,319,363,984</u></u>
Summary of significant accounting policies	2.1		

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

As per our report of even date

For S.R.BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm's Registration No.: 301003E

per Vikas Mehra

Partner

Membership No. 94421

Place: Gurgaon

Dated: May 23, 2014

Brijmohan Lall Munjal

Chairman

Yogesh Chander Munjal

Managing Director

Vinod Kumar Agrawal

Director

Pankaj Gupta

CFO & Company Secretary

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

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

	Notes	March 31, 2014 Rs.	March 31, 2013 Rs.
INCOME			
Revenue from operations (gross)	17	17,346,650,876	17,239,645,462
Less : Excise duty		1,366,919,652	1,425,379,479
Revenue from operations (net)		15,979,731,224	15,814,265,983
Other income	18	60,789,783	34,721,380
Total revenue (I)		16,040,521,007	15,848,987,363
EXPENSES			
Cost of raw materials and components consumed	19	11,943,011,542	11,764,974,315
Decrease / (Increase) in inventories	20	(54,591,700)	21,512,423
Employee benefits expense	21	880,437,818	765,916,026
Other expenses	22	2,158,677,820	2,207,903,166
Depreciation and amortization expense	23	284,098,892	276,420,099
Financial costs	24	27,031,774	71,656,919
Exceptional item	25	-	61,434,218
Total expenses (II)		15,238,666,146	15,169,817,166
Profit before tax		801,854,861	679,170,197
Tax expense			
Current tax - Minimum Alternative Tax (MAT)(including Rs. 345,434 relating to earlier year)		168,045,434	136,500,000
Less: MAT credit entitlement (including Rs. 345,434 relating to earlier year)		(39,145,434)	(35,200,000)
Income tax credit for earlier year (net)		(305,095)	(29,326,658)
Deferred tax/expenses (credit)		(23,748,586)	391,038
Total tax expense		104,846,319	72,364,380
Profit for the year		697,008,542	606,805,817
Earnings per share			
Basic and diluted [Nominal value of shares Rs. 2/- (March 31,2013: Rs. 2/-)]	26	17.43	15.17
Summary of significant accounting policies	2.1		

The accompanying notes are integral part of the financial statements.

As per our report of even date

For S.R.BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm's Registration No.: 301003E

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

per Vikas Mehra
Partner

Membership No. 94421

Brijmohan Lall Munjal
Chairman

Yogesh Chander Munjal
Managing Director

Vinod Kumar Agrawal
Director

Place: Gurgaon
Dated: May 23, 2014

Pankaj Gupta
CFO & Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

	March 31, 2014 Rs.	March 31, 2013 Rs.
A. Cash flow from operating activities		
Net Profit before tax	801,854,861	679,170,197
Adjustments for:		
Depreciation and amortisation expense	284,098,892	276,420,099
Loss on disposal of fixed assets (net)	2,253,808	9,945,318
Profit on sale of current investments(net)	(23,267,459)	(15,294,806)
Interest Income	(31,330,108)	(4,005,792)
Interest expense	25,219,948	129,467,485
Exchange difference (net) (unrealised)	12,556,481	-
Amortisation of borrowing costs	1,811,826	3,623,652
Provision for doubtful debts and advances (net)	-	2,691,984
Operating profit before working capital changes	1,073,198,249	1,082,018,137
Movements in working capital :		
Decrease/(Increase) in trade receivables	(352,635,825)	343,104,213
Decrease/(Increase) in inventories	(93,976,478)	90,819,326
Decrease/(Increase) in Long term Loans and Advances	403	(10,536,725)
Decrease in Short term Loans and Advances	(22,372,733)	(35,912,040)
Decrease / (Increase) in other assets	(22,056,562)	63,434,833
(Decrease)/Increase in Trade Payables	136,126,587	(166,667,549)
(Decrease)/Increase in other current liabilities	(5,224,993)	(2,361,440)
Increase/(Decrease) in Short term provisions	23,345,201	3,974,555
Increase in long term provisions	7,340,469	719,972
Cash generated form operations	743,744,318	1,368,593,282
Direct taxes paid (net of refunds)	(192,390,048)	(206,366,194)
Net cash generated form operating activities (A)	551,354,270	1,162,227,088
B. Cash flows from investing activities		
Purchase of fixed assets, intangible asstes, Capital work in progress and capital advance	(135,472,874)	(175,748,875)
Proceeds from disposal of fixed assets	3,824,121	831,399
Purchase of current investments	(5,990,000,000)	(6,270,000,000)
Sale of Current investments	5,913,267,459	6,135,294,806
Interest received	31,325,733	4,001,416
Net cash (used in) investing activities (B)	(177,055,561)	(305,621,254)
C. Cash flows from financing activities		
Repayment of long term borrowings	(211,087,141)	(320,477,659)
Proceeds from short term borrowings	-	749,000,000
Repayment of short term borrowings	-	(949,000,000)
Interest paid	(47,028,192)	(65,073,821)
Dividend paid	(119,570,891)	(119,466,135)
Corporate dividend tax paid	(20,391,451)	(19,464,567)
Net cash (used in) financing activities (C)	(398,077,675)	(724,482,182)
Net increase/decrease in cash and cash equivalents (A+B+C)	(23,778,966)	132,123,652
Cash and cash equivalents at the beginning of the year	179,348,259	47,224,607
Cash and cash equivalents at the end of the year	155,569,293	179,348,259
Components of cash and cash equivalents as at March 31, 2013		
Cash on hand	656,251	423,325
Cheques on hand	2,222,956	2,300,562
Balances with scheduled banks:		
On current accounts	9,002,124	4,992,712
On cash credit accounts	139,199,437	167,557,244
On unpaid dividend accounts (refer note 2 below)	4,488,525	4,074,416
Total cash and equivalents (note 16)	155,569,293	179,348,259

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as stated in Accounting Standard 3 on Cash Flow Statements, prescribed under the Companies Act, 1956.

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

3. Negative Figures have been shown in brackets.

As per our report of even date

For S.R.BATLIBOI & CO. LLP For and on behalf of the Board of Directors of Munjal Showa Ltd.

Chartered Accountants

ICAI Firm's Registration No.: 301003E

per Vikas Mehra **Brijmohan Lall Munjal** **Yogesh Chander Munjal** **Vinod Kumar Agrawal**
Partner **Chairman** **Managing Director** **Director**

Membership No. 94421

Place: Gurgaon

Dated: May 23, 2014

Pankaj Gupta

CFO & Company Secretary

Notes to financial statements for the year ended 31st March, 2014.

1. Corporate information

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

2. Basis of preparation

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting, unless stated otherwise and comply with the mandatory Accounting Standards ('AS') prescribed under the Companies Act, 1956 read with the General Circular 08/2014 dated April 04, 2014 issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India. The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year.

2.1 Summary of significant accounting policies

a) Use of estimates

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

b) Tangible fixed assets

- Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.
- Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.
- Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

c) Depreciation on tangible fixed assets

- Depreciation is provided using Straight Line Method as per the useful life of the asset estimated by the management which are equal to the rates prescribed under Schedule XIV to the Companies Act, 1956 other than the cases as mentioned in para (i) to (iii) below where the rate of depreciation is higher than those prescribed in Schedule XIV to the Companies Act, 1956.

S. No.	Assets	Usefue life/rate
(i)	Certain non factory buildings like bonudary wall,tubewell and road	Depreciated at 3.34%
(ii)	Insurence Spares use is expected irregular	Depreciated over the useful life of related assets.
(iii)	Vehicles	Depreciated over 6 years.

Assets costing less than or equal to Rs. 5,000 are depreciated fully in the year of purchase.

d) Intangible assets

- Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.
- Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the Company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.
- The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5- "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies".
- Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.
- Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the company can demonstrate all the following:
- Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the company can demonstrate all the following:
 1. The technical feasibility of completing the intangible asset so that it will be available for use or sale
 2. Its intention to complete the asset
 3. Its ability to use or sell the asset
 4. How the asset will generate future economic benefits
 5. The availability of adequate resources to complete the development and to use or sell the asset
 6. The ability to measure reliably the expenditure attributable to the intangible asset during development.

Designs and Drawings

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

Computer Software

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

e) Leases

Where the Company is lessee

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

f) Borrowing Costs

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

g) Impairment of tangible and intangible assets

- The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.
- The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.
- Impairment losses, including impairment on inventories, are recognized in the statement of profit and loss.
- After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss.

h) Investments

- Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.
- On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.
- Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.
- On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

i) Inventories

Inventories are, valued as follows:

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

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

j) Revenue Recognition

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

Sale of goods

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

Interest

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

k) Foreign currency transaction

Initial recognition

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

Conversion

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

Exchange differences

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

1. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.
2. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

3. All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of 1 and 2 above, the Company treats a foreign monetary item as “long-term foreign currency monetary item”, if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated 09 August 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period.

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

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

l) Retirement and other benefits

Retirement benefit in the form of provident fund and superannuation fund (maintained as per the scheme of Life Insurance Corporation) is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the funds. The Company recognizes contribution payable to the fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit plan for its employees, viz., gratuity. The costs of providing benefits under this plan are determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out for the plan using the projected unit credit method. Actuarial gains and losses for the defined benefit plan are recognized in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

m) Income taxes

- Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the income tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.
- Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

- Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits.
- In the situation where the Company is entitled to a tax holiday under the Income Tax Act, 1961 enacted in India, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.
- At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.
- The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.
- Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.
- Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

n) Segment reporting

Identification of segments

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

Segment accounting policies

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

o) 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.

p) Provisions

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

Warranty provisions

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

q) Contingent liabilities

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

r) Cash and cash equivalents

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

s) Derivative instruments

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

3. Share Capital

	March 31, 2014 Rs.	March 31, 2013 Rs.
Authorised		
75,000,000 (March 31, 2013 : 75,000,000) equity shares of Rs.2/- each	<u>150,000,000</u>	<u>150,000,000</u>
Issued		
39,997,500 (March 31, 2013 : 39,997,500) equity shares of Rs. 2/- each	<u>79,995,000</u>	<u>79,995,000</u>
Subscribed and Fully Paid up		
39,995,000 (March 31, 2013 : 39,995,000) equity shares of Rs.2/- each	<u>79,990,000</u>	<u>79,990,000</u>
Share forfeited (amount originally paid up)	<u>2,500</u>	<u>2,500</u>
Total paid-up share capital	<u>79,992,500</u>	<u>79,992,500</u>

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

	March 31, 2014		March 31, 2013	
	No. of shares	Rs.	No. of shares	Rs.
Equity shares				
At the beginning the year	39,995,000	79,992,500	39,995,000	79,992,500
Outstanding at the end of the year	<u>39,995,000</u>	<u>79,992,500</u>	<u>39,995,000</u>	<u>79,992,500</u>

(b) Terms/ rights attached to equity shares

- The Company has only one class of equity shares having par value of Rs. 2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- During the year ended March 31, 2014, the amount of per share dividend recognized as distributions to equity shareholders is Rs. 3.50, (March 31, 2013: Rs. 3.00).
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	March 31, 2014		March 31, 2013	
	No. of shares	% holding	No. of shares	% holding
Equity shares of Rs. 2/- each fully paid		in the class		in the class
(i) Dayanand Munjal Investments Private Limited	15,600,000	39.00%	15,600,000	39.00%
(ii) Showa Corporation, Japan	10,400,000	26.00%	10,400,000	26.00%
(iii) Enam Shares & Securities Private Limited	2,737,000	6.84%	2,737,000	6.84%

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

4. Reserves and Surplus

General reserve	March 31, 2014	March 31, 2013
	Rs.	Rs.
Balance as per the last financial statements	1,990,784,601	1,790,784,601
Add: Amount transferred from surplus balance in the statement of profit and loss	200,000,000	200,000,000
Closing Balance	2,190,784,601	1,990,784,601
Surplus in the statement of profit and loss		
Balance as per the last financial statements	957,272,291	690,842,925
Profit for the year	697,008,542	606,805,817
Less: Appropriations		
Proposed final dividend (amount per share Rs. 3.50 (March 31, 2013 : Rs 3.00))	(139,982,500)	(119,985,000)
Tax on dividend	(23,790,026)	(20,391,451)
Transfer to general reserve	(200,000,000)	(200,000,000)
Total appropriations	(363,772,526)	(340,376,451)
Net surplus in the statement of profit and loss	1,290,508,307	957,272,291
Total reserves and surplus	3,481,292,908	2,948,056,892

5. Long-Term Borrowings

	Non-Current Current maturities portion		Non-Current Current maturities portion	
	March 31, 2014	Rs.	March 31, 2013	Rs.
Term loans				
Indian rupee loan from a bank (secured)	-	-	-	80,000,000
Foreign currency loans:				
External Commercial Borrowing (ECB) from a bank (secured)	-	-	-	127,455,878
Buyer's credit from a bank (secured)	-	-	-	3,631,263
	-	-	-	211,087,141
The above amount includes				
Secured borrowings	-	-	-	211,087,141
Amount disclosed under the head "other current liabilities" (note 9)	-	-	-	(211,087,141)
Net amount	-	-	-	-

- Indian rupee loan from a bank was taken during the financial year 2010-11 and carried interest linked to Bank base rate + 2.50% p.a. The loan was repayable in 10 quarterly instalments of Rs. 20,000,000 each after the initial moratorium of 6 months from the date of first drawdown, viz., 28 February, 2011. The loan was secured by equitable mortgage charge over property at 9-11, Maruti Industrial Area, Gurgaon-122015.
- External Commercial Borrowing ('ECB') from a bank carried a fixed rate of interest @ 8.85% p.a (fixed by interest rate swap contract on INR notional). The loan was repayable in 17 equal quarterly instalments of JPY 68,029,412 (Rs. 31,863,971), started from 31st December, 2009. The loan was secured with an exclusive charge on the fixed assets to be procured out of the loan along with mortgage charge over property at 9-11, Maruti Industrial Area, Gurgaon -122015.

- c. Buyer's credit from a bank in USD carried a fixed rate of interest @ 8.00% p.a. (fixed by interest rate swap contracts on INR notional). The loan was taken during the financial year 2010-11 and was repayable in four half yearly instalments of USD 77,500 (Rs. 3,631,263) each, started from 20th January, 2012. The loan was secured by exclusive charge on specific imported machineries against which buyers credit has been availed.

6. Deferred tax liabilities(net)	March 31,2014	March 31, 2013
	Rs.	Rs.
Deferred tax liabilities		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	145,225,403	160,760,452
Unamortized Cost of arranging the borrowings	-	615,840
Gross deferred tax liabilities	<u>145,225,403</u>	<u>161,376,292</u>
Deferred tax assets		
Impact of expenditure charged to the statement of profit and loss in the current year and earlier years but allowable for tax purposes on payment basis	16,873,071	9,275,374
Provision for Doubtful debts and advances	9,719,131	9,719,131
Gross deferred tax assets	<u>26,592,202</u>	<u>18,994,505</u>
Net deferred tax liabilities	<u>118,633,201</u>	<u>142,381,787</u>
7. Other long term liabilities	March 31,2014	March 31, 2013
	Rs.	Rs.
Payable towards capital goods (note 42)	-	28,160,270
Interest on land cost enhancement payable (note 42)	-	24,573,687
	<u>-</u>	<u>52,733,957</u>

8. Provisions	Long term	Short term	Long term	Short term
	March 31,2014		March 31, 2013	
	Rs.		Rs.	
Provision for employee benefits				
Provision for gratuity (note 27)	-	18,270,944	-	1,308,020
Provision for compensated absences	-	35,313,849	-	24,176,444
	<u>-</u>	<u>53,584,793</u>	<u>-</u>	<u>25,484,464</u>
Other provisions				
Provision for wealth tax	-	261,624	-	193,165
Provision for income tax	-	-	-	3,153,680
Provision for warranties	14,574,540	8,660,031	7,234,071	13,483,618
Provision for contingency	-	7,500,000	-	7,500,000
Proposed dividend	-	139,982,500	-	119,985,000
Tax on proposed dividend	-	23,790,026	-	20,391,451
	<u>14,574,540</u>	<u>180,194,181</u>	<u>7,234,071</u>	<u>164,706,914</u>
	<u>14,574,540</u>	<u>233,778,974</u>	<u>7,234,071</u>	<u>190,191,378</u>

Provision for warranties

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

	March 31, 2014	March 31, 2013
	Rs.	Rs.
At the beginning of the year	20,717,689	17,857,776
Additions during the year	19,320,018	21,117,283
Utilized during the year	16,803,136	18,257,370
Unused amount reversed	-	-
At the end of the year	23,234,571	20,717,689
Current portion	8,660,031	13,483,618
Non-current portion	14,574,540	7,234,071

Provision for contingency

The Company had received a show-cause notice from Haryana State Pollution Control Board ('HSPCB') in 2009-10 towards contamination of ground water caused due to higher concentration of chromium used by the Company as compared to the minimum expected level. Pursuant to the show cause notice, the management had submitted a time bound remediation plan as per which specified milestones were to be achieved at the end of each quarter till December 2010. A bank guarantee of Rs. 50,000,000 had also been submitted to HSPCB. The management had initiated adequate steps suggested by the experts and had completed the plan within the overall time frame. Against the appeal filed by the Company with Appellate Authority, HSPCB, the case had been decided by the appellate authority on November 4, 2011 and as per the order of the appellate authority, bank guarantee of Rs. 37,500,000 had been released and bank guarantee of Rs. 12,500,000 had been forfeited by HSPCB. The Company had filed a writ petition against the order of the appellate authority before the Hon'ble High Court of Punjab and Haryana, which gave the decision for transfer of the case to National Green Tribunal, New Delhi. Since the matter is sub-judice and pending at Tribunal level, provision of Rs. 7,500,000 (March 31, 2013: Rs. 7,500,000), over and above the amount already forfeited by HSPCB, had been retained towards any contingency, as per management's assessment of the costs to be incurred. The table below gives information about movement in provision :

	March 31, 2014	March 31, 2013
	Rs.	Rs.
At the beginning of the year	7,500,000	7,500,000
Additions during the year	-	-
Utilized during the year	-	-
Unused amount reversed	-	-
At the end of the year	7,500,000	7,500,000
Current portion	7,500,000	7,500,000
Non-current portion	-	-

9. Other current liabilities

	March 31, 2014 Rs.	March 31, 2013 Rs.
Trade payables (including acceptances) (note 34 for details of dues to micro and small enterprises)	1,656,546,158	1,507,863,090
Other liabilities		
Current maturities of long term borrowings (note 5)	-	211,087,141
Interest accrued but not due on borrowings	13,202	3,667,129
Investor Education and Protection Fund shall be credited by following amount (as and when due):		
Unpaid dividend	4,488,525	4,074,416
Others:		
Payable towards capital goods (note 42 for Rs. 46,149,388, March 31, 2013 : Rs. 42,240,405)	46,149,388	66,054,311
Security deposit from customers / others*	4,738,770	1,938,770
Interest on land cost enhancement payable (note 42)	51,578,941	45,159,571
Forward contract payable	-	5,195,166
Excise duty payable	-	4,264,436
Custom duty payable	-	688,470
Service tax payable	2,209,141	-
Sales tax/VAT payable	21,853,589	18,169,039
TDS & TCS payable	16,807,056	15,702,724
Cess payable	196,629	370,674
WCT payable	41,797	244,150
PF and ESI payable	6,803,464	5,724,161
Other statutory dues	2,992,302	8,570,151
	157,872,804	390,910,309
	1,814,418,962	1,898,773,399

* Security deposits are repayable on demand.

10. Tangible assets

	Amount in							
	Freehold	Building	Plant &	Furniture &	Office	Computer	Vehicle	Tota
Cost								
At April 01, 2012	457,100,271	706,713,523	2,773,919,043	14,525,254	15,428,439	20,698,872	38,640,696	4,027,026,098
Additions	70,400,675	5,926,534	189,553,498	169,615	2,458,437	2,041,450	5,402,937	275,953,146
Disposals	-	-	21,788,122	-	2,298,512	1,383,409	5,069,763	30,539,808
At March 31, 2013	527,500,946	712,640,057	2,941,684,419	14,694,869	15,588,364	21,356,913	38,973,868	4,272,439,436
Additions	-	1,870,200	107,400,403	86,636	3,380,287	5,367,636	17,949,914	136,055,076
Disposals	-	-	27,014,969	-	5,300	1,332,516	14,157,280	42,520,065
At March 31, 2014	527,500,946	714,510,257	3,022,069,853	14,781,505	18,963,351	25,392,033	42,756,502	4,365,974,447
Depreciation								
At April 01, 2012	-	142,393,919	1,435,317,608	7,301,156	6,032,170	15,402,370	12,998,878	1,599,446,101
Charge for the year	-	23,742,522	218,401,798	763,481	1,092,021	1,473,145	10,293,189	255,766,156
Disposals	-	-	16,699,653	-	1,046,782	1,123,031	3,396,014	22,265,480
At March 31, 2013	-	146,136,441	1,637,019,753	8,064,637	6,077,409	15,752,484	19,896,053	1,832,946,777
Charge for the year	-	23,809,878	224,995,878	687,673	1,121,453	2,020,963	7,323,073	259,958,918
Disposals	-	-	22,988,578	-	1,253	1,251,121	12,201,184	36,442,136
At March 31, 2014	-	169,946,319	1,839,027,053	8,752,310	7,197,609	16,522,326	15,017,942	2,056,463,559
Net Block								
At March 31, 2013	527,500,946	566,503,616	1,304,664,666	6,630,232	9,510,955	5,604,429	19,077,815	2,439,492,659
At March, 2014	527,500,946	544,563,938	1,183,042,800	6,029,195	11,765,742	8,869,707	27,738,560	2,309,510,888

Note :

1. Tangible assets having purchase cost of Rs.28,261,151, March 31, 2013: Rs. 25,511,468, (Written down value Rs.4,099,971 , March 31, 2013: Rs. 6,607,446) were discarded during the year.
2. Freehold land costing Rs. 245,498,631 (March 31, 2013: Rs. 245,498,631) allotted to the Company by Haryana State Industrial and Infrastructure Development Corporation Limited, is not yet registered in the name of the Company. Addition to freehold land of Rs. Nil (March 31, 2013: Rs. 70,400,675) represent accrual for price adjustment claimed by the authority that had allotted the land to the Company in an earlier year (note 42).

11. Intangible assets

Amount in Rs.

	Computer Software	Designs and drawings	Total
Gross block			
At April 01, 2012	8,667,697	92,437,365	101,105,062
Purchase	285,169	20,986,500	21,271,669
Deletions	-	10,101,900	10,101,900
At March 31, 2013	8,952,866	103,321,965	112,274,831
Purchase	214,230	23,436,300	23,650,530
Deletions	-	-	-
At March 31, 2014	9,167,096	126,758,265	135,925,361
Amortization			
At April 01, 2012	4,402,660	74,637,955	79,040,615
Charge for the year	2,179,589	18,474,354	20,653,943
Deletions	-	7,599,511	7,599,511
At March 31, 2013	6,582,249	85,512,798	92,095,047
Charge for the year	1,132,330	23,007,646	24,139,976
Deletions	-	-	-
At March 31, 2014	7,714,579	108,520,444	116,235,023
Net Block			
At 31 March 2013	2,370,617	17,809,167	20,179,784
At 31 March 2014	1,452,517	18,237,821	19,690,338

Note: Intangible assets having purchase cost of Rs.Nil, March 31, 2013: Rs. 10,101,900 (Written down value: Rs.Nil, March 31, 2013: Rs. 2,502,388) were discarded during the year.

12. Loans and advances

	Non-current	Current	Non-Current	Current
	March 31, 2014		March 31, 2013	
	Rs.		Rs.	
Capital advances				
Unsecured, considered good	4,516,324	-	7,763,236	-
(A)	4,516,324	-	7,763,236	-
Security deposits				
Unsecured, considered good	27,719,354	470,000	26,726,355	470,000
(B)	27,719,354	470,000	26,726,355	470,000
Advances recoverable in cash or in kind or for value to be received				
Unsecured, Considered good	-	36,196,361	-	30,177,728
Unsecured, Considered doubtful	-	24,213,552	-	24,213,552
		- 60,409,913		- 54,391,280
Less: Provision for doubtful advances		-(24,213,552)		-(24,213,552)
(C)	-	36,196,361	-	30,177,728
Other loans & advances				
Secured considered good				
Loan to suppliers (secured by hypothecation of vehicles)	-	2,466,666	-	1,300,000

	Non-current March 31, 2014 Rs.	Current March 31, 2014 Rs.	Non-Current March 31, 2013 Rs.	Current March 31, 2013 Rs.
Unsecured, considered good				
Advance income tax/tax deducted at source (net of provision for taxation)	322,441,263	-	300,945,234	-
MAT credit entitlement	74,345,434	-	35,200,000	-
Prepaid expenses	-	17,212,746	-	16,381,018
Loan to employees/suppliers	11,174,153	9,400,638	12,167,555	14,134,831
Balance with statutory/government authorities	-	142,962,239	-	123,872,337
Unsecured, considered doubtful				
Loan to employees/suppliers	-	489,676	-	489,676
	407,960,850	172,531,965	348,312,789	156,177,862
Less : Provision for doubtful advances	-	(489,676)	-	(489,676)
(D)	407,960,850	172,042,289	348,312,789	155,688,186
Total (A+B+C+D)	440,196,528	208,708,650	382,802,380	186,335,914
Loan and advances include:				
Due from a Private Limited Company in which two directors of the Company are interested as directors	-	-	-	2,918,684

13. Trade receivables and other assets

13.1 Trade receivables

	Non-current March 31, 2014 Rs.	Current March 31, 2014 Rs.	Non-Current March 31, 2013 Rs.	Current March 31, 2013 Rs.
Debts outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	-	2,426,716	-	4,104,252
Unsecured, considered doubtful	-	3,890,861	-	3,890,861
	-	6,317,577	-	7,995,113
Provision for doubtful receivables	-	(3,890,861)	-	(3,890,861)
(A)	-	2,426,716	-	4,104,252
Other receivables				
Unsecured, considered good	-	1,766,309,477	-	1,411,996,116
(B)	-	1,766,309,477	-	1,411,996,116
Total (A+B)	-	1,768,736,193	-	1,416,100,368

13.2 Other assets

	Non-current March 31, 2014 Rs.	Current March 31, 2014 Rs.	Non-Current March 31, 2013 Rs.	Current March 31, 2013 Rs.
Unsecured, considered good unless otherwise stated				
Non-current bank balances (note 16)	50,000	-	50,000	-
(A)	50,000	-	50,000	-
Unamortized expenditure				
Unamortized premium on forward contracts	-	-	-	675,432
Ancillary cost of arranging the borrowings (note 2.1 (f))	-	-	-	1,811,827
(B)	-	-	-	2,487,259

	Non-current March 31, 2014 Rs.	Current March 31, 2014 Rs.	Non-Current March 31, 2013 Rs.	Current March 31, 2013 Rs.
Others				
Interest accrued but not due on deposit	11,843	-	7,468	-
Other claim receivable	-	-	-	2,630,251
Unbilled revenue	-	40,967,339	-	15,605,094
	(C) 11,843	40,967,339	7,468	18,235,345
Total (A+B+C)	61,843	40,967,339	57,468	20,722,604

Unamortised premium on forward contracts

A sum of Rs. Nil (March 31, 2013: Rs. 675,432) on account of unamortized foreign exchange premium on outstanding forward exchange contracts is being carried forward to be charged to the statement of profit and loss of subsequent period.

14. Current investments

	March 31, 2014 Rs.	March 31, 2013 Rs.
Current investments (valued at lower of cost and fair value, unless stated otherwise)		
<i>Unquoted mutual funds</i>		
Nil (March 31, 2013: 112,332,288) units of Rs. 1,000 each fully paid-up of Canara Robeco Treasury Advantage Fund- Regular Growth	-	200,000,000
119,238,675 (March 31, 2013 : Nil) units of Rs. 1,000 each fully paid-up of Morgan Stanley Liquid Fund - Growth Plan	150,000,000	-
102,448,618 (March 31, 2013 : Nil) unit of Rs. 1,000 each fully paid-up of Baroda Pioneer Liquid Fund - Plan A Growth	150,000,000	-
	300,000,000	200,000,000
Aggregate amount of unquoted investments	300,000,000	200,000,000
Net assets value of above investment	300,919,177	200,128,531

15. Inventories (valued at lower of cost and net realizable value)

	March 31, 2014 Rs.	March 31, 2013 Rs.
Raw materials and components [Including stock in transit Rs. 96,388,359 (March 31, 2013 : Rs. 86,224,585)] (refer note 19)	270,638,209	232,535,774
Work in progress (refer note 20)	77,316,851	82,160,289
Finished goods (refer note 20)	87,682,805	28,278,763
Stores and spares [Including stock in transit Rs. 5,667,227 (March 31, 2014 Rs. 3,073,625)]	57,875,819	56,593,477
Scrap	372,614	341,517
	493,886,298	399,909,820

16. Cash and bank balances

	Non-current March 31, 2014 Rs.	Current March 31, 2014 Rs.	Non-Current March 31, 2013 Rs.	Current March 31, 2013 Rs.
Cash and cash equivalents				
Balances with banks:				
- On current accounts		- 9,002,124		- 4,992,712
- On cash credit accounts		- 139,199,437		- 167,557,244
- On unpaid dividend accounts		- 4,488,525		- 4,074,416
Cheques on hand		- 2,222,956		- 2,300,562
Cash on hand		- 656,251		- 423,325
		- 155,569,293		- 179,348,259

	Non-current March 31, 2014 Rs.	Current March 31, 2014 Rs.	Non-Current March 31, 2013 Rs.	Current March 31, 2013 Rs.
Other bank balances:				
Deposits with original maturity for more than 12 months	50,000	-	50,000	-
	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Amount disclosed under non-current assets (note 13.2)	(50,000)	-	(50,000)	-
	<u>- 155,569,293</u>	<u>-</u>	<u>- 179,348,259</u>	<u>-</u>

Fixed deposit receipt of Rs.50,000 (March 31, 2013 Rs. 50,000) pledged with VAT authorities.

17. Revenue from operations

	March 31, 2014 Rs.	March 31, 2013 Rs.
Revenue from operations		
Sale of products:		
Finished goods	17,093,964,475	16,980,937,971
Other operating revenue:		
Scrap Sales	252,686,401	258,707,491
Revenue from operations (gross)	<u>17,346,650,876</u>	<u>17,239,645,462</u>
Less : Excise duty #	1,366,919,652	1,425,379,479
Revenue from operations (net)	<u>15,979,731,224</u>	<u>15,814,265,983</u>

In accordance with explanations below Para 10 of Notified Accounting Standard 9 - Revenue Recognition, excise duty on sales amounting to Rs.1,366,919,652 (March 31, 2013: Rs. 1,425,379,479) has been reduced from sales in the statement of profit and loss and excise duty on variation of opening and closing stock of finished goods and scrap amounting to Rs. 2,245,117 (March 31, 2013: Rs. (2,066,379)) has been considered as (income)/ expense in note 22 of the financial statements.

	March 31, 2014 Rs.	March 31, 2013 Rs.
Details of product sold		
Finished goods sold		
Shock absorbers	15,507,254,684	15,750,457,680
Struts	1,092,138,334	745,387,567
Window balancer	92,564,693	99,167,764
Other components	402,006,764	385,924,960
	<u>17,093,964,475</u>	<u>16,980,937,971</u>

18. Other Income

	March 31, 2014 Rs.	March 31, 2013 Rs.
Interest income on :		
Bank deposits	4,375	4,375
Income-tax refunds	28,393,541	1,761,160
Loans to employees	561,856	1,485,777
others	2,370,336	754,480
Profit on sale of current investments	23,267,459	15,294,806
Exchange differences (net)	-	5,254,044
Liabilities on longer required written back (net)	2,129,031	3,706,702
Miscellaneous Income	4,063,185	6,460,036
	<u>60,789,783</u>	<u>34,721,380</u>

19. Cost of raw materials and components consumed

	March 31, 2014 Rs.	March 31, 2013 Rs.
Inventory at the beginning of the year	232,535,774	294,237,077
Add : Purchases during the year	11,981,113,977	11,703,273,012
	12,213,649,751	11,997,510,089
Less : Inventory at the end of the year	270,638,209	232,535,774
Cost of raw materials and components consumed *	11,943,011,542	11,764,974,315

* Including price variation claims of Rs. Nil (March 31, 2013 : Rs. 30,480,000) relating to earlier year but settled during the year.

Details of raw material and components consumed

	March 31, 2014 Rs.	March 31, 2013 Rs.
Fork pipe	1,827,586,503	2,021,982,866
Bottom case	2,499,746,753	2,433,115,799
Main spring cushion	1,399,022,289	1,621,380,695
Oil seal	745,849,277	788,741,928
Dust seal	142,809,712	138,563,521
Other materials and components	5,327,997,008	4,761,189,506
	11,943,011,542	11,764,974,315

Details of inventory

	March 31, 2014 Rs.	March 31, 2013 Rs.
Raw materials and components		
Fork pipe	4,265,992	3,755,481
Bottom case	82,251,478	49,090,808
Main spring cushion	6,333,830	7,312,713
Oil seal	36,181,258	39,280,442
Dust seal	1,069,183	1,239,458
Other materials and components	140,536,468	131,856,872
	270,638,209	232,535,774

20. Decrease/(Increase) in inventories

	March 31, 2014 Rs.	March 31, 2013 Rs.
Inventories at the beginning of the year		
Work-in-Progress	82,160,289	87,925,592
Finished goods	28,278,763	43,817,880
Scrap	341,518	549,521
	110,780,570	132,292,993
Inventories at the end of the year		
Work-in-progress	77,316,851	82,160,289
Finished goods	87,682,805	28,278,763
Scrap	372,614	341,518
	165,372,270	110,780,570
	(54,591,700)	21,512,423

Details of inventory	March 31, 2014 Rs.	March 31, 2013 Rs.
Work-in-Progress		
Shock absorbers	72,605,578	78,317,301
Struts	3,200,976	2,560,773
Window balancer	1,510,297	1,282,215
	77,316,851	82,160,289
Finished goods		
Shock absorbers	78,986,311	20,872,359
Struts	8,491,316	6,960,734
Window balancer	205,178	445,670
	87,682,805	28,278,763
21. Employee benefits expense	March 31, 2014 Rs.	March 31, 2013 Rs.
Salaries, wages and bonus	754,998,635	667,866,790
Contribution to provident fund	29,254,458,	24,416,683
Gratuity expense (note 27)	23,899,364	4,837,493
Contribution to superannuation fund	4,233,996	3,731,912
Staff welfare expenses	68,051,365	65,063,148
	880,437,818	765,916,026
22. Other expenses	March 31, 2014 Rs.	March 31, 2013 Rs.
Consumption of stores and spares	498,247,540	519,008,953
Job work expenses	244,702,360	236,609,440
Differential excise duty on opening and closing inventories	2,245,117	(2,066,379)
Power and fuel	576,494,340	596,977,373
Freight and forwarding charges	58,727,640	43,967,695
Rent	2,307,750	2,257,500
Hire charges	369,000	5,060,568
Rates and taxes*	13,130,356	10,483,566
Insurance	14,860,461	13,663,336
Repairs and maintenance:		
- Plant and machinery	133,065,754	168,954,289
- Buildings	8,728,630	14,357,936
- Others	31,599,423	23,874,131
Advertising and sales promotion	1,457,891	1,434,432
Cash discounts	30,864,650	37,619,444
Royalty	411,949,297	414,067,806
Technician fee	3,384,482	880,768
Warranty expense	19,320,018	21,117,283
Legal and professional fees	16,659,415	15,023,678
Travelling and conveyance	36,334,786	33,770,584
Communication costs	4,236,364	4,433,386
Printing and stationery	3,356,964	3,211,789
Directors' sitting fees	940,000	950,000
Payment to statutory auditor (Refer details below)	3,676,791	3,434,116

Donations and contributions to charitable institutions	415,259	852,539
Provision for doubtful debts and advances	-	2,691,984
Bank charges	1,591,474	1,678,359
Exchange differences (net)	12,556,481	-
Loss on disposal of tangible and intangible assets (net)	2,253,808	9,945,318
Miscellaneous expenses	25,201,769	23,643,272
	2,158,677,820	2,207,903,166

Payment to statutory auditors'**As auditors':**

- Audit fee	2,000,000	1,800,000
- Tax audit fee	300,000	300,000
- Limited reviews	900,000	900,000
- Out-of-pocket expenses	196,791	264,116

In other manner:

- Certification etc.	280,000	170,000
	3,676,791	3,434,116

23. Depreciation and amortization expense

	March 31, 2014 Rs.	March 31, 2013 Rs.
Depreciation of tangible assets	259,958,918	255,766,156
Amortisation of intangible assets	24,139,974	20,653,943
	284,098,892	276,420,099

24. Finance costs

	March 31, 2014 Rs.	March 31, 2013 Rs.
Interest expense (including interest on income tax of Rs. Nil (March 31, 2013 : Rs. 340,114)	25,219,948	68,033,267
Amortization of borrowing costs	1,811,826	3,623,652
	27,031,774	71,656,919

25. Exceptional item

	March 31, 2014 Rs.	March 31, 2013 Rs.
Interest expense (note 42)	-	61,434,218
	-	61,434,218

26. Earning per share (EPS)

	March 31, 2014 Rs.	March 31, 2013 Rs.
Net profit as per statement of profit and loss (Rs.)	697,008,542	606,805,817
Weighted average number of equity shares for calculating basic and diluted EPS	39,995,000	39,995,000
Basic and Diluted earnings per share (Rs.)	17.43	15.17
Nominal value per share (Rs.)	2.00	2.00

27. Gratuity

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

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

Statement of profit and loss

Net employee benefit expense recognized in employee cost:

	March 31, 2014	March 31, 2013
	Rs.	Rs.
Current service cost	7,424,390	5,335,682
Interest cost on benefit obligation	5,633,738	4,854,830
Expected return on plan assets	(5,529,097)	(4,652,620)
Net actuarial (gain) / loss recognized in the year	16,370,333	(700,399)
Net benefit expense	(5,529,097)	4,837,493
Actual return on plan assets	6,261,141	5,606,573

Balance Sheet

Benefit asset/liability

	March 31, 2014	March 31, 2013
	Rs.	Rs.
Defined benefit obligation	(99,194,889)	(70,421,727)
Fair value of plan assets	80,923,945	69,113,707
	(18,270,944)	(1,308,020)
Less : Unrecognized past service cost	-	-
Plan (liability)	(18,270,944)	(1,308,020)

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

	March 31, 2014	March 31, 2013
	Rs.	Rs.
Opening defined benefit obligation	70,421,727	60,685,370
Interest Cost	5,633,738	4,854,830
Current Service Cost	7,424,390	5,335,682
Benefits paid	(1,387,343)	(707,709)
Actuarial losses on obligation	17,102,377	253,554
Closing defined benefit obligation	99,194,889	70,421,727

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

	March 31, 2014	March 31, 2013
	Rs.	Rs.
Opening fair value of plan assets	69,113,707	58,157,751
Expected return	5,529,097	4,652,620
Contributions by employer	6,936,440	6,057,092
Benefits paid	(1,387,343)	(707,709)
Actuarial gains	732,044	953,953
Closing fair value of plan assets	80,923,945	69,113,707

The Company expects to contribute Rs. 11,064,117 (March 31, 2013: Rs. 12,903,377) to gratuity fund in the year 2014-15.

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

	March 31, 2014	March 31, 2013
	%	%
Investments with insurer	100	100

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

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

	March 31, 2014	March 31, 2013
	%	%
Discount rate	8.00	8.00
Expected rate of return on assets	8.00	8.00
Increase in compensation cost	7.00	7.00
Employee turnover		
-upto 30 years	3.00	3.00
-above 30 years but upto 44 years	2.00	2.00
-above 44 years	1.00	1.00

Note :

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

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

	March 31, 14	March 31, 13	March 31, 12	March 31, 11	March 31, 10
	Rs.	Rs.	Rs.	Rs.	Rs.
Defined benefit obligation	99,194,889	70,421,727	60,685,370	53,307,149	36,899,589
Fair value of plan assets	80,923,945	69,113,707	58,157,751	30,716,476	28,601,129
Deficit	18,270,944	1,308,020	2,527,619	22,590,673	8,298,460
Experience adjustments on plan liabilities	17,106,581	(253,554)	(98,498)	(9,873,231)	(566,120)
Experience adjustments on plan assets	732,044	953,953	2,082,083	68,924	452,437

Defined Contribution Plan :

	March 31, 2014	March 31, 2013
Contribution to Provident Fund	26,798,003	22,313,243
Contribution to Superannuation Fund	4,233,996	3,731,912

28. Leases

Operating lease : Company as lessee

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

	March 31, 2014	March 31, 2013
	Rs.	Rs.
Lease payments for the year	2,307,750	2,257,500

29. Segment Information

Based on the guiding principles given in Accounting Standard on 'Segmental Reporting' (AS-17), notified under the Companies (Accounting Standards) Rules, 2006, (as amended), the Company's primary business segment is manufacturing of auto components for two-wheeler and four-wheeler industry. The business comprises manufacturing and selling of various auto components, viz, front fork, shock absorbers, struts, gas springs and window balancers, having similar risks and rewards because of similar nature of these items. The Company operates only in India i.e. only one business and geographical segment and thus, no further disclosures are required to be made as per Accounting Standard (AS-17).

30. Related party disclosures

Names of related parties and related party relationship

- (a) Key management personnel and their relatives
 - Mr. Yogesh Chander Munjal – Managing Director
 - Mr. Tetsuo Terada – Joint Managing Director (till April 24, 2013)
 - Mr. Isao Ito - Joint Managing Director (w.e.f. May 24, 2013)
 - Mrs. Nidhi Kapoor – Daughter of Mr. Yogesh Chander Munjal
- (b) Enterprise with significant influence over the Company
 - Showa Corporation, Japan
- (c) Enterprises owned or significantly influenced by key management personnel and their relatives
 - Dayanand Munjal Investments Private Limited
 - Majestic Auto Limited
 - Shivam Autotech Limited

31. Capital and other commitments

At March 31, 2014, the estimated amount of contracts remaining to be executed on capital account and not provided for is Rs.10,626,508 (March 31, 2013: Rs.9,839,822).

32. Contingent Liabilities

	March 31, 2014	March 31, 2013
	Rs.	Rs.
Demands raised by Income Tax Authorities, being disputed by the Company	420,200,375	201,073,766
Show cause notices / demands issued by Excise Authorities, being disputed by the	229,361,897	229,361,897
Demand raised by Employees State Insurance Recovery Officer, being disputed by the	4,365,036	4,365,036
Pending cases with Income Tax Appellate Authorities (ITAT) / High Court	Liability not	Liability not
where Income Tax Department has preferred appeals	ascertainable	ascertainable

(a) Demands raised by the Income Tax Authorities :

- i) 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 before 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 total amount involved is Rs. 373,287 (March 31, 2013 Rs. 373,287).
- ii) In respect of Assessment Years 2002-03, 2003-04 and 2004-05 issues relating to allowability of certain percentage of expenses like royalty, technician fee, design and drawing, prior period (2004-05) was decided by ITAT in favor of the Company during the year. The department filed an appeal before the Hon'ble Delhi High Court which was dismissed by the Hon'ble court. The amount involved is Rs. Nil (March 31, 2013: Rs. 22,649,734).
- iii) In respect of Assessment Year 2006-07, certain adjustments were made to the transaction values by tax authorities based on arm's length price of international transactions entered with associated enterprises and on account of disallowance of royalty and technical fee. The matter is pending before ITAT. The amount involved is Rs.92,272,211 (March 31, 2013 Rs.77,495,260).
- iv) In respect of Assessment Year 2007-08, certain adjustments were made to the transaction values by tax authorities based on arm's length price of international transactions entered with associated enterprises and on account of disallowance of royalty and technical fee. The matter is pending before ITAT. The amount involved is Rs.103,112,323 (March 31, 2013: Rs.93,013,110) including interest.
- v) In respect of Assessment Year 2008-09, certain adjustments were made to the transaction values by the tax authorities based on arm's length price of international transactions entered with associated enterprises and on account of disallowance of royalty and technical fee. The matter is pending before ITAT. The amount involved is Rs. 99,266,894 (March 31, 2013: Rs.90,771,580) including interest.
- vi) In respect of Assessment Year 2009-10, certain adjustments were made to the transaction values by the tax authorities based on arm's length price of international transactions entered with associated enterprises and on account of disallowance of royalty and technical fee. The matter is pending before ITAT. The amount involved is Rs. 125,175,660 (March 31, 2013: Rs Nil) including interest.
- vii) In respect of Assessment Year 2010-11, certain adjustments were made to the transaction values by the tax authorities based on arm's length price of international transactions entered with associated enterprises and on account of disallowance of royalty, technical fee etc. The Company filed an objection against the draft assessment order before Dispute Resolution Panel ('DRP') and the same is currently pending disposal. The amount of disallowances is Rs.269,752,593, on which income tax amounts to Rs 91,688,906 (March 31, 2013: Rs. Nil) (excluding interest, penalty etc).

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

- (i) The Excise authorities had issued Show Cause Notices (SCN's) on the Company proposing to levy Service tax on royalty payments amounting to Rs. 157,284,357 (March 31, 2013: Rs. 157,284,357) as recipient of services under reverse charge mechanism on the royalty paid for such import of services during the period from September 10, 2004 to March 31, 2010. In an order passed by the Commissioner (Adjudication), Service Tax during the last year, against the above show cause notices, service tax demand of Rs. 87,561,221 has been confirmed and balance demand has been dropped. In addition, penalty of Rs. 122,561,221 (March 31, 2013: Rs. 122,561,221) have also been levied. The Company has paid Rs. 63,406,462 against the above demand as per its computation alongwith interest under protest and has filed appeal with CESTAT which is pending for disposal.
- (ii) The Excise authorities have issued show cause/ demand notices (SCN's) on the Company for wrong availment of service tax and cenvat aggregating to Rs. 22,130,757 (March 31, 2013: Rs 20,275,476). The Company has filed reply against the above show cause/ demand notices and has protested the same.

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

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

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

33. Derivative Instruments and unhedged foreign currency exposure**(a) Foreign Exchange Option and Forward Contracts Outstanding as at reporting date**

Particulars		Purpose
March 31, 2014	March 31, 2013	
(i) Foreign Exchange Option Borrowings Nil	(i) Foreign Exchange Option Borrowings USD 77,500 (INR Equivalent: Rs. 4,207,475) (National amount) JPY 204,088,234 (INR Equivalent: Rs. 117,677,276)(Notional amount)	Hedge against borrowing in USD Hedge against borrowing in JPY
(ii) Forward Contracts Borrowings Nil	(ii) Forward Contracts Borrowings JPY 68,029,412 (INR Equivalent: Rs. 39,225,759)(Notional amount)	Hedge against borrowing in JPY
Interest on borrowings Nil	Interest on borrowings JPY 1,151,565 (INR Equivalent: Rs. 663,992)(Notional amount)	Hedge against interest payable on borrowing in JPY
Trade Payables Nil	Trade Payables USD 1,500,000 (INR Equivalent: Rs. 81,435,000)	Forward Contract against Trade payables

(b) Particulars of unhedged foreign currency exposure as at the reporting date

Particulars	March 31, 2014		March 31, 2013	
	Amount in Rs.	Foreign currency	Amount in Rs.	Foreign currency
Trade receivables				
USD	297,618	4,967	86,653	1,596
JPY	52,979	91,076	71,656	124,274
THB	266,268	143,680	-	-
Advances				
USD	-	-	115,095	2,120
THB	570,811	308,680	-	-
Trade payables & payable	40,538,335	679,348	17,912,128	329,936
towards capital goods	175,958,706	291,243,307	70,023,875	121,443,382
USD	4,962,159	60,027	3,190,600	45,842
JPY	6,793,833	3,663,433	7,077,660	3,817,096
EURO				

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

	March 31, 2014 Rs.	March 31, 2013 Rs.
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	232,731,934	248,830,333
- Interest due on above	-	-
	232,731,934	248,830,333
The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act 2006.	-	-

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

	March 31, 2014 Rs.	March 31, 2013 Rs.
Raw materials and components	955,982,673	729,715,107
Stores and spares	45,708,111	58,890,331
Capital Goods	2,639,530	-
	1,004,330,314	788,605,438

36. Expenditure in foreign currency (on accrual basis)

	March 31, 2014 Rs.	March 31, 2013 Rs.
Technician fee	3,384,482	880,768
Royalty	411,949,297	414,067,805
Travelling and conveyance	4,544,705	3,217,733
Interest expense	1,035,726	6,387,500
Design and drawings (considered as intangible asset)	23,436,300	20,986,500
Miscellaneous expenses	2,214,024	19,071
	446,564,534	445,559,377

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

	% of total consumption		Value in Rs.	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Raw materials and components				
Imported	9%	7%	1,029,546,605	850,406,174
Indigenously obtained	91%	93%	10,913,464,937	10,914,568,141
	100%	100%	11,943,011,542	11,764,974,315
Stores and spares				
Imported	16%	14%	81,678,615	70,070,938
Indigenously obtained	84%	86%	416,568,925	448,938,015
	100%	100%	498,247,540	519,008,953

38. Net dividend remitted in foreign exchange

Year of remittance (ending on)	March 31, 2014	March 31, 2013
Period to which it relates	2012-13	2011-12
Number of non-resident shareholders	1	1
Number of equity shares held on which dividend was due	10,400,000	10,400,000
Amount remitted (in Rs.)	31,200,000	31,200,000
Amount remitted (in USD)	461,880	560,144

39. Earnings in foreign currency (on accrual basis)

	March 31, 2014 Rs.	March 31, 2013 Rs.
Exports at F.O.B. value	6,842,794	3,850,595
	6,842,794	3,850,595

40. During the previous year ended March 31, 2013, the Company had revised the estimated useful life of vehicles and certain plant and machinery based on technical estimates made by the management. Accordingly, additional depreciation of Rs. Nil (March 31, 2013: Rs. 11,127,479) was accounted for in the financial statements. Had the Company continued to use the earlier basis of providing depreciation, the charge to the statement of profit and loss for the year would have been lower by Rs. Nil (March 31, 2013: Rs.7,517,169) (net of tax of Rs.3,610,310) and the net block of fixed assets would correspondingly have been higher by Rs. Nil (March 31, 2013: Rs.11,127,479).

41. During the year, the Company has recognized Rs. 74,345,434 (March 31, 2013: Rs 35,200,000) as Minimum Alternative Tax (MAT) credit entitlement under 'Loans and advances' which represents that portion of the MAT liability, the credit of which would be available based on the provision of Section 115JAA of the Income Tax Act, 1961. The management based on the future profitability projections and also profit earned during the current year is confident that there would be sufficient taxable profit in foreseeable future which will enable the Company to utilize the said MAT credit entitlement.

42. The Haryana State Industrial and Infrastructure Development Corporation Limited based on Hon'ble Supreme Court's final order had demanded an amount of Rs.131,834,893 from the Company as land enhancement cost including interest in relation to Manesar land to be payable in five half yearly installment. Based on final working, the Company capitalised Rs.70,400,675 as land cost and charged off Rs.61,434,218 as interest cost (disclosed as exceptional item) during the previous year. The Company as a member of Industrial Association, Manesar has filed Civil Writ Petition (CWP) before the Honorable High Court, Punjab & Haryana challenging the aforesaid demand amount. The Hon'able High Court has directed the members of

industrial association to pay third installment of the demand i.e 60% of the total demand. In compliance of the directions of the Court, the Company has paid Rs. 45,413,852 (March 31, 2013: Rs. Nil) in order to make up the payment till 60% of the total demand. In addition, the Company has also paid interest amounting to Rs. 12,861,342 (March 31, 2013: Rs. Nil). The Company has provided for additional interest of Rs.15,869,590 till March 31, 2014 (March 31, 2013: Rs. 8,299,040). The total amount payable towards additional land cost is Rs.46,149,388 (March 31, 2013: Rs.70,400,675) (disclosed in note 7 and 9 to the financial statements) and towards interest cost is Rs.51,578,941 (March 31, 2013: Rs. 69,733,258) (disclosed in note 7 and 9 to the financial statements).

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

As per our report of even date

For S.R.BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm's Registration No. 301003E

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

per Vikas Mehra
Partner

Membership No. 94421

Brijmohan Lall Munjal
Chairman

Yogesh Chander Munjal
Managing Director

Vinod Kumar Agrawal
Director

Place: Gurgaon
Dated: May 23, 2014

Pankaj Gupta
CFO & Company Secretary

SECRETARIAL AUDIT REPORT

**The Board of Directors
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 2014 in the light of the provisions contained in-

- The Companies Act, 1956 and the Rules made thereunder;
- The Depositories Act, 1996 and the Regulation made thereunder;
- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- The Securities and Exchange Board of India (Prohibition of Insider Trading Regulations), 1999 and
- The listing agreement entered into by the Company with Stock Exchanges having nation-wide trading terminals.

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 non executive directors.
6. Service of notice and agenda of Board Meetings and Meetings of the committee of directors.
7. Meeting 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. The Company has declared dividend and paid to the eligible shareholders in compliance with the provisions of Section 205 of the Act during the year.
12. The Company has transferred the unclaimed/unpaid dividend to Investor Education and Protection Fund in compliance with the provisions of Section 205C of the Act during the year.
13. Registration of transfer of shares held in physical mode.
14. Dematerialisation and Rematerialisation of shares.
15. Execution of contracts, affixation of common seal, registered office and the name of the Company.
16. Requirement of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) regulations 2011.
17. Requirement of the Securities and Exchange Board of India (Prohibition of Insider Trading regulations) 1999
18. Requirements set out in the listing agreement with Stock Exchanges having nation-wide trading terminals.

B. We further report that-
the Company has complied with various requirements relating to disclosures, declarations made by the Directors with respect to directorships, memberships of committees of the Board of Companies of which they are directors, their shareholding and interest of concern in the contracts entered into by the Company in the pursuing its normal business.

New Delhi
May 15, 2013

For Chandrasekaran Associates
Company Secretaries

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

Munjal Showa Limited

Registered Office: 9-11, Maruti Industrial Area, Sector-18, Gurgaon -122015, CIN: L3410HR1985PLC020934, Website: www.munjalshowa.net, Email: msladmin@munjalshowa.net, Tel: +91124478300/4783100

ATTENDANCE SLIP

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

No. of Share(s) held:

Name of the Member/ proxy (IN BLOCK LETTERS)
Address of the member

I, hereby record my presence at the 29th ANNUAL GENERAL MEETING of the Munjal Showa Limited held on Thursday the 28th day of August' 2014 at 9-11, Maruti Industrial Area, Sector-18, Gurgaon-122 015, Haryana at 11.00 A.M.

Signature of the member/ Proxy

Notes:

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

Munjal Showa Limited

Registered Office: 9-11, Maruti Industrial Area, Sector-18, Gurgaon -122015
CIN: L3410HR1985PLC020934, Web: www.munjalshowa.net,
Email: msladmin@munjalshowa.net, Tel: +91124 478300/4783100

Form No. MGT-11
PROXY FORM

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

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

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

Name: _____ E-mail ID _____
 Address: _____ Signature: _____ or failing him/her

 Name: _____ E-mail ID _____
 Address: _____ Signature: _____

as my/our proxy to attend and vote, in case of a poll, for me/us and on my/our behalf at the 29th Annual General Meeting of the Company, to be held on Thursday, the 28th of August, 2014 at 11:00 A.M at the Registered Office of the Company and at any adjournment thereof in respect of such resolutions and in such manner as are indicated below:

Reso. No.	Description	For*	Against*
1.	Adoption of Annual Accounts and Reports thereon for the Financial Year 31 st March, 2014.		
2.	Declaration of Dividend.		
3.	Appointment of Mr. Brijmohan Lall Munjal, who retires by rotation and being eligible, offers himself for re-appointment.		
4.	Appointment of M/s S. R. Batliboi & CO. LLP, As Statutory Auditors of the Company and to fix their remuneration for the Financial Year ending 31 st March, 2015.		
5.	Remuneration of the Cost Auditor for the financial Year ended March 31,2015		
6.	Appointment of Mrs. Charu Munjal as Director of the Company		
7.	Appointment of Mr. Devi Singh as an Independent Director.		
8.	Appointment of Mr. Nand Dhameja as an Independent Director.		
9.	Appointment of Mr. Krishan Chand Sethi as an Independent Director.		
10.	Appointment of Mr. Vinod Kumar Agrawal as an Independent Director.		
11.	Appointment of Mr. Surinder Kumar Mehta as an Independent Director.		
12.	Variation in Terms Of Appointment of Mr. Isao Ito-Joint Managing Director.		
13.	Variation in Terms Of Appointment of Mr. Yogesh Chander Munjal-Managing Director.		

Signed this _____ day of _____ 2014.

Signature _____

Affix Revenue Stamp

Notes:

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