

**MUNJAL
SHOWA**



34th Annual
Report
2018-19

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BOARD OF DIRECTORS

Mr. Yogesh Chander Munjal (Chairman & Managing Director)
 Mr. Shigeki Kobayashi (Joint Managing Director)
 Mr. Ashok Kumar Munjal
 Mrs. Charu Munjal
 Mr. Devi Singh
 Mrs. Geeta Anand (w.e.f November 03, 2018)
 Mr. Nand Lal Dhameja
 Mr. Pankaj Munjal (upto September 29, 2018)
 Mr. Surinder Kumar Mehta
 Mr. Teruyoshi Sato (upto May 30, 2018)
 Mr. Vinod Kumar Agrawal
 Mr. Yasuhiro Yamamoto (w.e.f May 30, 2018)

AUDIT COMMITTEE

Mr. Vinod Kumar Agrawal-Chairman
 Mr. Devi Singh- Member
 Mr. Nand Lal Dhameja-Member
 Mr. Ashok Kumar Munjal-Member

SHARE TRANSFER/ STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. Nand Lal Dhameja-Chairman
 Mr. Yogesh Chander Munjal-Member
 Mr. Shigeki Kobayashi- Member
 Mr. Ashok Kumar Munjal-Member

NOMINATION AND REMUNERATION COMMITTEE

Mr. Surinder Kumar Mehta-Chairman
 Mr. Vinod Kumar Agrawal-Member
 Mr. Devi Singh-Member
 Mr. Yogesh Chander Munjal-Member (w.e.f. May 01, 2018)

CSR COMMITTEE

Mr. Yogesh Chander Munjal- Chairman
 Mr. Vinod Kumar Agrawal- Member
 Mr. Shigeki Kobayashi- Member

RISK MANAGEMENT COMMITTEE

(Non-Mandatory)

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

CHIEF FINANCIAL OFFICER

Mr. Pankaj Gupta

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Geetanjali Sharma

STATUTORY & TAX AUDITORS

M/s Deloitte Haskins & Sells LLP, Gurugram

INTERNAL AUDITORS

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

SECRETARIAL AUDITORS

M/s Satyender Kumar & Associates, Gurugram

BANKERS

The Bank of Tokyo- MUFG Bank Limited
 Standard Chartered Bank
 State Bank of India
 Citi Bank N.A.
 Canara Bank
 HDFC Bank Limited
 Kotak Mahindra Bank Limited

SHARE TRANSFER AGENT

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

TECHNICAL & FINANCIAL COLLABORATOR

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

REGISTERED OFFICE & WORKS

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

Manesar Plant

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

Haridwar Plant

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

YEARLY FINANCIAL RESULTS AT A GLANCE

(Rs. In lakhs)

	March'19	March'18	March'17	March'16	March'15
Share Capital	799.93	799.93	799.93	799.93	799.93
Reserve & Surplus	60,262.86	56,162.32	50,466.90	44,492.09	40,272.34
Total Shareholder's Funds	61,062.79	56,962.25	51,266.83	45,292.02	41,072.27
Current Liabilities & Provisions	18,085.08	22,367.92	16,309.93	15,661.40	20,202.77
Total Assets / Liabilities	79,147.87	79,330.17	67,576.76	60,953.42	61,275.04
Revenue from operations (Net GST & Excise duty)	169,269.32	160,210.77	147,724.69	150,183.71	164,296.67
(% Growth year on year)	5.65	8.45	(1.64)	(8.59)	2.82
Profit Before Interest Depreciation & Tax (PBDIT)	11,158.80	13,379.62	11,707.16	11,727.48	13,542.34
Profit Before Interest Depreciation & Tax (PBDIT) in %	6.59	8.35	7.92	7.81	8.24
Interest	10.32	14.93	5.40	12.19	44.54
Depreciation	2,594.18	2,824.46	2,906.22	2,929.84	2,867.09
Profit Before Tax (PBT)	8,554.30	10,540.23	8,795.55	8,785.45	10,630.71
Profit After Tax (PAT)	6,259.50	7,751.42	6,071.33	6,115.23	7,562.89
Earnings per Share (EPS) (Rs.)	15.65	19.38	14.14	15.29	18.91
Book Value per Share (Rs.)	152.68	142.42	128.18	113.24	102.69
Dividend payout %	225*	225	200	200	200
Dividend per share	4.50*	4.50	4.00	4.00	4.00

*Recommended by the Board of Directors

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 34TH ANNUAL GENERAL MEETING OF THE MEMBERS OF MUNJAL SHOWA LIMITED WILL BE HELD ON FRIDAY, THE 30TH DAY OF AUGUST 2019 AT 11: 00 AM AT THE COMPANY'S REGISTERED OFFICE SITUATED AT 9-11, MARUTI INDUSTRIAL AREA, SECTOR-18, GURUGRAM-122015 (HARYANA) TO TRANSACT THE FOLLOWING BUSINESSES: -

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company including Balance Sheet as at March 31, 2019, the Statement of Profit and Loss and Cash Flow Statement for the Financial Year ended on that date together with the reports of the Board of Directors and Auditors thereon:

“**RESOLVED THAT** the audited financial statements of the Company including Balance Sheet as at March 31, 2019, the Statement of Profit and Loss and Cash Flow Statement for the Financial Year ended on that date together with the reports of the Board of Directors and Auditors thereon be and are hereby received, considered and adopted.”

2. To declare a dividend on equity shares for the financial year 2018-19.

“**RESOLVED THAT** a final dividend of Rs. 4.50 per equity share of Rs. 2/- each fully paid up for the financial year 2018-19 be and is hereby approved and declared.”

3. To appoint a director in place of Mr. Shigeki Kobayashi (DIN 07626553), who retires by rotation at this Annual General Meeting and being eligible has offered himself for re-appointment.

“**RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Shigeki Kobayashi (DIN 07626553), who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.”

4. To appoint a director in place of Mr. Ashok Kumar Munjal (DIN 00003843), who retires by rotation at this Annual General Meeting and being eligible has offered himself for re-appointment.

“**RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Ashok Kumar Munjal (DIN 00003843), who retires by rotation and being eligible offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company liable to retire by rotation.”

SPECIAL BUSINESS:

5. **Appointment of Mrs. Geeta Anand (DIN 00078091) as an Independent Director of the Company**

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’), the Companies (Appointment & Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’), (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), on the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Mrs. Geeta Anand (DIN: 00078091), who was appointed as an Additional Director (Independent) of the Company by the Board of Directors with effect from November 03, 2018 and whose term of office expires at this Annual General Meeting and who has submitted a declaration that she meets the criteria for independence as provided in the Act and Listing Regulations, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years with effect from November 03, 2018 to November 02, 2023.

RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof) be and is hereby authorized to do all such things, deeds, matters and acts, as may be required to give effect to this resolution and to do all things incidental and ancillary thereto.”

6. Variation in the terms of appointment of Mr. Yogesh Chander Munjal (DIN 00003491), Managing Director of the Company

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

“RESOLVED THAT pursuant to Sections 188, 190, 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder and applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), partial modification of the earlier resolution passed by the shareholders in the Annual General Meetings held on August 24, 2016, August 24, 2017 and September 26, 2018, and on recommendation of the Nomination and Remuneration Committee, Audit Committee and Board of Directors and subject to any other approvals, consents, sanctions of the concerned authorities, if any, the consent of the members of the Company be and is hereby accorded to revise the remuneration of Mr. Yogesh Chander Munjal (DIN 00003491), Chairman & Managing Director of the Company as mentioned below, with effect from September 01, 2019 upto August 31, 2021 and all other terms and conditions of his appointment as approved by the Shareholders will remain the same as mentioned below:

1. Basic Salary: Increased from Rs. 19,00,000/- to Rs. 20,50,000/- (Rs. Twenty Lakhs fifty thousand only) per month
2. Special Pay: Rs. 3,00,000/- (Rs. Three Lakhs only) per month
3. Perquisites and Allowances: In addition to the above Basic Salary, Special Pay and Commission, he shall be entitled to the following perquisites and allowances:
 - a) Residential Accommodation: He shall be entitled to 60% of the basic salary relevant for the concerned period as and by way of House Rent Allowance with free use of all the facilities and amenities including deploy of security guards which shall be provided by the Company;
 - b) Medical Reimbursement: Reimbursement of actual medical insurance premium and medical expenses incurred by him and his family;
 - c) Leave Travel Concession: For him and his family once in a year incurred in accordance with any Rules specified by the Company;
 - d) Club Fees: Actual fees of clubs will be reimbursed;
 - e) Gas, Electricity & Water: Actual Expenses on Gas, Electricity and Water will be paid by the Company;
 - f) Personal Accident Insurance: Actual premium to be paid by the Company;
 - g) Insurance of Household goods: Actual premium to be paid by the Company;
 - h) Car: Facility of car(s) with driver;
 - i) Telephone: Free telephone facility at Residence including mobile phone facility;
 - j) Leave: One month's leave with full salary for every 11 months of service subject to the condition that the leave accumulated but not availed will not be en-cashed;
 - k) Reimbursement of other expenses: Reimbursement of entertainment, traveling, hotel and other expenses actually and properly incurred for the business of the Company;
 - l) Contribution to Provident and Superannuation Funds: Company's contribution to Provident and Superannuation funds will be as per the Rules of the Company; and
 - m) Gratuity: Not exceeding half month's salary for each completed year of service, as per the Rules of the Company.

RESOLVED FURTHER THAT Mr. Yogesh Chander Munjal (DIN 00003491), Chairman & Managing Director of the Company shall also be entitled to 1% of the net profit of the Company for each financial year calculated as per Section 198 of the Companies Act, 2013 and Rules made thereunder.

RESOLVED FURTHER THAT if in any financial year, the Company has no profits or its profits are inadequate the Company, will pay the approved remuneration by way of Salary and perquisites as specified above including profit based commission subject to the provisions of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors to give effect to the aforesaid resolution.”

7. Variation in the terms of appointment of Mr. Shigeki Kobayashi (DIN 07626553), Joint Managing Director of the Company

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

“**RESOLVED THAT** pursuant to Sections 188, 190, 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder and applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), partial modification of the earlier resolution passed by the shareholders in the Annual General Meetings held on August 24, 2017 and September 26, 2018, and on recommendation of the Nomination and Remuneration Committee, Audit Committee and Board of Directors and subject to any other approvals, consents, sanctions of the concerned authorities, if any, the consent of members of the Company be and is hereby accorded, to increase the Basic Salary of Mr. Shigeki Kobayashi (DIN 07626553), Joint Managing Director of the Company to Rs. 18,50,000/- per month from the existing Rs. 16,00,000/- per month with effect from September 01, 2019, for the remaining period of his tenure.

RESOLVED FURTHER THAT the other terms and conditions of the appointment of Mr. Shigeki Kobayashi, Joint Managing Director be and is hereby remains unchanged.

RESOLVED FURTHER THAT the aggregate of the remuneration payable to Mr. Shigeki Kobayashi, Joint Managing Director in a 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 or such other amendments as may be prescribed at any point of time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution.”

Place: Gurugram
Date: July 31, 2019

By Order of the Board of Directors,
For Munjal Showa Limited

Registered Office:

9-11, Maruti Industrial Area
SECTOR- 18, GURUGRAM, HARYANA - 122 015
CIN: L34101HR1985PLC020934
Phone No. 0124-4783000 Fax No. 0124-2341359
Email: cs@munjalshowa.net
Website: www.munjalshowa.net

(Geetanjali Sharma)
Company Secretary
ACS No. 42219

NOTES:-**01) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

Pursuant to Rule 19 of the Companies (Management and Administration) Rules, 2014, a person can act as proxy on behalf of members not exceeding fifty (50) Members in number and holding, in the aggregate not more than 10% (Ten) of the total share capital of the Company. In case a Member holding more than 10% of the total share capital of the Company carrying voting rights proposes to appoint a proxy, then such Member may appoint a single person as proxy, however, such proxy shall not act as a proxy for any other person or Member.

The instrument of Proxy as attached with the notice, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than forty eight (48) hours before the commencement of the Annual General Meeting (AGM). Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

Proxy holder shall carry his/her valid identity proof (Driving License, Voter ID Card, Passport, PAN card) in order to prove his/her identity.

The attendance slip and a proxy form with clear instructions for filing, stamping, signing and/or depositing the proxy form are enclosed herewith.

- 02) Corporate Members are required to send a certified copy of the Board Resolution, pursuant to Section 113 of the Companies Act, 2013, authorizing their representatives to attend and vote on their behalf at the Meeting.
- 03) A brief resume of each of the directors proposed to be appointed / re-appointed pursuant to the provisions of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, and Clause 1.2.5 of Secretarial Standards-2 is annexed herewith as Annexure A.
- 04) In terms of Section 152 of the Companies Act, 2013, Mr. Shigeki Kobayashi and Mr. Ashok Kumar Munjal, retires by rotation at the Meeting and being eligible, offer themselves for re-appointment. The Board of Directors of the Company recommends their re-appointment. Brief resume of Mr. Shigeki Kobayashi and Mr. Ashok Kumar Munjal is given in Annexure A.
- 05) The Explanatory Statement setting out the material facts concerning Special Business at Item No. 5 to 7 of the accompanying notice as required by Section 102 of the Companies Act, 2013, is annexed hereto.
- 06) Only bonafide members of the Company whose names appear on the Register of Members/Proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-members from attending the meeting. Further, in case if the Company receives multiple proxies for the same holding of a member, the proxy which is dated last shall be considered valid, if it is not dated then all the proxies so send by the member shall considered to be as invalid. 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.
- 07) The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, August 17, 2019 to Friday, August 30, 2019 (both days inclusive) in terms of the provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the purpose of 34th AGM of the Company and for determining the entitlement of the shareholders for dividend for the financial year 2018-19, if declared.
- 08) The Final Dividend of Rs. 4.50 per equity share of Rs. 2/- each fully paid up as recommended by the Board of Directors of the Company, if declared at the AGM, will be paid within thirty days from the date of declaration, to those members or their mandates:
 - a) Whose names appear in the list of beneficial owners as at the end of business hours on August 16, 2019 in the list of Beneficial Owners furnished by the National Securities Depository Limited ('NSDL') and the Central Depository Services (India) Limited ('CDSL') immediately before commencement of the Book Closure in respect of shares held in electronic form; and
 - b) Whose names appear as member in the Register of Members of the Company after giving effect to the valid transfers in physical forms lodged with the Company and the Registrar & Share Transfer Agent of the Company on or before August 16, 2019.

- 09) Members are requested to note that under Section 124 and Section 125 of Companies Act, 2013 (erstwhile Section 205A of the Companies Act, 1956) read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules) the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF) constituted by the Central Government of India.

The Company had, accordingly, transferred Rs. 6,94,213/- being unpaid and unclaimed dividend amount pertaining to dividend for financial year 2010-11 to the IEPF within the stipulated time period.

The Company has uploaded the information in respect of unpaid and unclaimed dividends from financial year 2009-10 onwards on the website of the IEPF Authority viz. www.iepf.gov.in and under 'Investors' section on the website of the Company viz. www.munjalshowa.net.

The concerned members are requested to verify the details of their unclaimed amounts, if any, from the said websites and write to the Company's Registrar before the same becoming due for transfer to the Investor Education and Protection Fund.

- 10) Pursuant to the provisions of IEPF Rules, all shares in respect of which dividend has not been paid or claimed for seven consecutive years shall be transferred by the Company to the IEPF Authority ("IEPF Account") within thirty days of expiry of the said period of 7 years. Accordingly during the financial year 2017-18, 64,497 Equity Shares of Rs. 2/- each fully paid up and during the financial year 2018-19, 21,650 Equity Shares of Rs. 2/- each fully paid up, in respect of which the dividend remained unpaid or unclaimed for seven consecutive years were transferred to the IEPF Authority.

Further, all the shareholders who have not claimed / encashed their dividends in the last seven consecutive years from 2011-12 are advised to claim the same. In case valid claim is not received, the Company will proceed to transfer the respective shares to the IEPF Account in accordance with the procedure prescribed under the IEPF Rules.

- 11) To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address including their email IDs:
- i) To their Depository Participants (DPs) in respect of their electronic share accounts, and
 - ii) To the Company's Registrar, MCS Share Transfer Agent Limited, F-65 Okhla Industrial Area, Phase I, New Delhi 110020 in respect of their physical share folios, if any, quoting their folio number.

- 12) 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.

- 13) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, has mandated that for making dividend payments, companies whose securities are listed on the stock exchanges shall use electronic clearing services (local, regional or national), direct credit, real time gross settlement, national electronic funds transfer etc. The companies and the registrar and share transfer agents are required to seek relevant bank details of shareholders from depositories/ investors for making payment of dividends in electronic mode. It is also mandatory to print the bank details on the physical instrument if the payment is made in physical mode. Accordingly, shareholders are requested to provide or update (as the case may be) their bank details with the respective depository participant for the shares held in dematerialised form and with the registrar and share transfer agent in respect of shares held in physical form.
- 14) 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 holding shares in physical form are required to submit their PAN details to Registrar & Transfer Agent viz. MCS Share Transfer Agent Limited.
- 15) Members are requested to bring their copy of the Annual Report to the AGM.
- 16) In order to enable us to register your attendance at the venue of the AGM, members are requested to please bring their folio number/ demat account number/DP ID-Client ID to enable us to provide a duly filled attendance slip for your signature and participation at the meeting.
- 17) In case of joint holders attending the Meeting, whose name appears to be first will be entitled to vote.

- 18) To support the 'Green Initiative' the Members who have not registered their e-mail addresses are requested to register their email id.
- 19) A Route Map along with prominent landmark showing directions for easy location to reach the venue of the 34th AGM is annexed to the notice as per the requirement of the Secretarial Standards.
- 20) The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts and Arrangements in which Directors are interested under Section 189 of the Act will be available for inspection at the AGM.
All the relevant documents referred to in the accompanying Notice and in the Explanatory Statement are open for inspection by the Members at the Company's Registered Office at Munjal Showa Limited, Plot No. 9 to 11, Maruti Industrial Area, Sector 18, Gurugram (HR) 122015 on all working days (except Sundays and Public Holidays) between 11.00 a.m. to 1.00 p.m. up to the date of this AGM and also at the AGM.
- 21) A member can inspect the proxies lodged at any time during the business hours of the Company from the period beginning 24 hours before the time fixed for the commencement of the AGM and ending with the conclusion of the said meeting, provided he has given to the Company a notice, in writing, of his intention to inspect not less than three days before the commencement of the said meeting.

VOTING THROUGH ELECTRONIC MEANS

In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation 2015, the Company is pleased to provide its members the facility of 'remote e-voting' (e-voting from a place other than venue of the AGM) to exercise their right to vote at the 34th AGM. The business shall be transacted through e-voting services rendered by Central Depository Services (India) Limited (CDSL).

The facility for voting, either through ballot/polling paper shall also be made available at the venue of the 34th AGM. The members attending the meeting, who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote through remote e-voting may attend the meeting but shall not be entitled to cast their vote again at the AGM.

Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. Friday, August 23, 2019 have the option to request for physical copy of the Ballot Form by sending an e-mail to cs@munjalshowa.net by mentioning their Folio/DP-ID and Client-ID No. However, the duly completed Ballot Form should reach the Registered Office of the Company not later than one day before the General Meeting. Ballot Form received after this date will be treated as invalid. A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.

Members may also note that the Notice of the 34th AGM and the Annual Report for FY 2018-19 will be available on the Company's website www.munjalshowa.net for their download and also on the website of Central Depository Services (India) Limited viz. www.evotingindia.com. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: cs@munjalshowa.net

The Company has appointed Mr. Satyender Kumar (FCS 4087), Proprietor- M/s Satyender Kumar & Associates, Company Secretaries, Gurugram as the Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner.

The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of Friday, August 23, 2019.

The Scrutinizer shall immediately after the conclusion of voting at the AGM, count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company. The Scrutinizer shall submit a consolidated Scrutinizers Report of the total votes cast in favour of or against, if any, not later than three (3) days after the conclusion of the AGM to the Chairman of the Company or a person authorised by him, who shall countersign the same.

The Chairman, or any other director authorized by the board, shall declare the result if the voting forthwith.

The Results alongwith the Scrutinizer's Report shall be placed on the Company's website www.munjalshowa.net and on the website of CDSL e-Voting i.e. www.evotingindia.com immediately after the results are declared by the Chairman or any Director authorized by the Chairman, and the same shall be communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed. The result will also be posted on the notice board of the Company at the registered office as well as at the head office and corporate office of the Company, if any.

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

- i. The remote e-voting period begins on Tuesday, August 27, 2019 at 9.00 a.m. and ends on Thursday, August 29, 2019 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Friday, August 23, 2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after 5.00 p.m. on Thursday, August 29, 2019.
- ii. Members holding shares in physical or in demat form as on Friday, August 23, 2019 shall only be eligible for e-voting.
- iii. The shareholders should log on to the e-voting website www.evotingindia.com.
- iv. Click on Shareholders.
- v. Now Enter your User ID;
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- vi. Next enter the Image Verification as displayed and Click on Login.
- vii. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- viii. If you are a first time user follow the steps given below:

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

- ix. After entering these details appropriately, click on "SUBMIT" tab.
- x. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- xi. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii. Click on the EVSN for the Munjal Showa Limited.

- xiii. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiv. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xv. After selecting the Resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xvi. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xvii. You can also take out print of the voting done by you by clicking on “Click here to print” option on the voting page.
- xviii. If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xix. Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xx. Note for Non-Individual Shareholders & Custodians:
 - a. Non-Individual shareholders (i.e. other than Individuals, HUF and NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporate and Custodians respectively.
 - b. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - c. After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - d. The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - e. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xx. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com. The person, responsible to address the grievances connected with e-voting, is given below:

Name: Mr. Rakesh Dalvi
Designation: Deputy Manager
Address: A Wing, 25th Floor, Marathon Futurex,
Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (E), Mumbai – 400013
Email id: helpdesk.evoting@cdslindia.com
Phone number: 1800225533

Place: Gurugram
Date: July 31, 2019

By Order of the Board of Directors,
For Munjal Showa Limited

Registered Office:

9-11, Maruti Industrial Area
SECTOR- 18, GURUGRAM, HARYANA - 122 015
CIN: L34101HR1985PLC020934
Phone No. 0124-4783000 Fax No. 0124-2341359
Email: cs@munjalshowa.net
Website: www.munjalshowa.net

(Geetanjali Sharma)
Company Secretary
ACS No. 42219

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013****Item No. 5**

The Board of Directors of the Company, upon the recommendation of the Nomination and Remuneration Committee at its meeting held on November 03, 2018, appointed Mrs. Geeta Anand as an Additional Director (Independent) in accordance with the provisions of the Companies Act 2013 and SEBI Listing Regulations. She holds office as an additional director upto the date of this Annual General Meeting.

In accordance with the provisions of Section 149 read with Schedule IV to the Act, appointment of an Independent Director requires approval of Members of the Company. Requisite Notice under Section 160 of the Act proposing the appointment of Mrs. Geeta Anand has been received by the Company.

The Company has received a declaration from Mrs. Geeta Anand that she meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act and under SEBI Listing Regulations. In the opinion of the Board, Mrs. Geeta Anand fulfills the conditions for her appointment as an Independent Director as specified in the Act and the Listing Regulations. Mrs. Geeta Anand is independent of the management and possesses appropriate skills, experience and knowledge.

Mrs. Geeta Anand, aged 68 years is the Managing Director of A G Industries Private Limited, is daughter of Late Mr. Brij Mohan Lall Munjal, Ex-Chairman of Hero Motocorp Ltd. Mrs. Geeta Anand is the promoter of A G Industries Private Limited. She is Commerce graduate and joined as first director of A G Industries Private Limited in 1991. She has very rich experience of more than 27 years of auto components manufacturing industry. She is also actively engaged in CSR activities and involved in empowerment of woman.

Keeping in view the rich and varied experience of Mrs. Geeta Anand in the Industry, it would be in the interest of the Company to consider the appointment of Mrs. Geeta Anand as the Director of the Company.

In compliance with the provisions of Secretarial Standard 2 and SEBI (LODR) Regulations, 2015, the detail of the director is attached with the notice as Annexure A.

Except Mrs. Geeta Anand being an appointee, none of the Directors, Key Managerial Personnel (KMPs) and their relatives is interested /concerned either financially or otherwise, except to the extent of their shareholding in the Company, in passing of the Resolution under Item No. 5 of the notice.

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

This Explanatory Statement together with the accompanying Notice may also be regarded as a disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) of ICSI.

The Board recommends the resolution as set out in Item No. 5, to the members for their approval as Ordinary Resolution.

Item No. 6

Mr. Yogesh Chander Munjal, aged 79 years, is an eminent personality in the corporate world. He is graduated in the field of Architecture from the IIT, Roorkee. Ever since he finished his formal education, he was associated with many of the Hero Group companies in the capacity of CEO and contributed for making the companies as world leaders.

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

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

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

The Members of the company had approved the basic salary of Mr. Yogesh Chander Munjal - Chairman & Managing Director as Rs. 19,00,000/- p.m. with effect from September 01, 2018 in the thirty third Annual General Meeting held on September 26, 2018. Under the leadership of Mr. Yogesh Chander Munjal, the Company has grown since his appointment inspite of the challenging environment. In view of the vast experience and valuable contribution made by Mr. Yogesh Chander Munjal towards the growth of the Company and the job responsibilities handled by the Chairman & Managing Director in the challenging environment, and on the basis of the recommendations of the Nomination and Remuneration Committee and the Audit Committee of the Company, the Board of Directors have, by passing a Resolution in their meeting held on May 30, 2019, revised the remuneration of Chairman & Managing Director as mentioned below, with effect from September 01, 2019 upto August 31, 2021. All other terms and conditions of his appointment including allowances, perquisites and benefits will remain same.

1. Basic Salary: Increased from Rs. 19,00,000/- to Rs. 20,50,000/- (Rs. Twenty Lakhs fifty thousand only) per month
2. Special Pay: Rs. 3,00,000/- (Rs. Three Lakhs only) per month
3. Perquisites and Allowances: In addition to the above Basic Salary, Special Pay and Commission, he shall be entitled to the following perquisites and allowances:
 - a) Residential Accommodation: He shall be entitled to 60% of the basic salary relevant for the concerned period as and by way of House Rent Allowance with free use of all the facilities and amenities including deploy of security guards which shall be provided by the Company;
 - b) Medical Reimbursement: Reimbursement of actual medical insurance premium and medical expenses incurred by him and his family;
 - c) Leave Travel Concession: For him and his family once in a year incurred in accordance with any Rules specified by the Company;
 - d) Club Fees: Actual fees of clubs will be reimbursed;
 - e) Gas, Electricity & Water: Actual Expenses on Gas, Electricity and Water will be paid by the Company;
 - f) Personal Accident Insurance: Actual premium to be paid by the Company;
 - g) Insurance of Household goods: Actual premium to be paid by the Company;
 - h) Car: Facility of car(s) with driver;
 - i) Telephone: Free telephone facility at Residence including mobile phone facility;
 - j) Leave: One month's leave with full salary for every 11 months of service subject to the condition that the leave accumulated but not availed will not be en-cashed;
 - k) Reimbursement of other expenses: Reimbursement of entertainment, traveling, hotel and other expenses actually and properly incurred for the business of the Company;
 - l) Contribution to Provident and Superannuation Funds: Company's contribution to Provident and Superannuation funds will be as per the Rules of the Company; and
 - m) Gratuity: Not exceeding half month's salary for each completed year of service, as per the Rules of the Company.

He shall also be entitle to 1% of the net profit of the Company for each financial year calculated as per Section 198 of the Companies Act, 2013 and Rules made thereunder.

Further if in any financial year, the Company has no profits or its profits are inadequate the Company, will pay the approved remuneration by way of Salary and perquisites as specified above including profit based commission subject to the provisions of the Companies Act, 2013.

The terms of appointment and remuneration including minimum remuneration as detailed in the resolution read with Explanatory Statement may be regarded as an abstract of the terms of Appointment and Memorandum of Interest under section 190 of the Companies Act, 2013.

In compliance with the provisions of Secretarial Standard 2 and SEBI (LODR) Regulations, 2015, the details of the director are attached with the notice as Annexure A.

Except Mr. Yogesh Chander Munjal and Mrs. Charu Munjal or their relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, except to the extent of their shareholding in the Company, in the resolution set out at Item no. 6 of the notice.

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

The Board recommends the resolution as set out in Item No. 6, to the members for their approval as Special Resolution.

Item No. 7

The Members of the company had approved the basic salary of Mr. Shigeki Kobayashi – Joint Managing Director as Rs. 16,00,000/- p.m. with effect from September 01, 2018 in the Thirty third Annual General Meeting held on September 26, 2018. Under the leadership of Mr. Shigeki Kobayashi, the profitability of the Company has grown since his appointment in spite of the challenging environment. In view of the vast experience and valuable contribution made by Mr. Shigeki Kobayashi towards the growth of the Company and the job responsibilities handled by the Joint Managing Director in the challenging environment, and on the basis of the recommendations of the Nomination and Remuneration Committee and the Audit Committee of the Company, the Board of Directors have, by passing a Resolution in their meeting held on May 30, 2019, revised the basic salary of Joint Managing Director to Rs. 18,50,000/- per month from the existing Rs. 16,00,000/- per month from September 01, 2019 for the remaining period of his tenure. All other terms and conditions of his appointment including allowances, perquisites and benefits will remain same.

The terms of appointment and remuneration including minimum remuneration as detailed in the resolution read with Explanatory Statement may be regarded as an abstract of the terms of Appointment and Memorandum of Interest under section 190 of the Companies Act, 2013.

In compliance with the provisions of Secretarial Standard 2 and SEBI (LODR) Regulations, 2015, the details of the director are attached with the notice as Annexure A.

Except Mr. Shigeki Kobayashi and his relatives, none of the Director, Key Managerial Personnel (KMPs) and their relatives are interested /concerned either financially or otherwise, except to the extent of their shareholding in the Company, in the Resolution under Item No. 7 of the notice.

Mr. Shigeki Kobayashi does not hold any equity shares in the Company.

The Board recommends the resolution as set out in Item No. 7, to the members for their approval as Special Resolution.

Place: Gurugram
Date: July 31, 2019

By Order of the Board of Directors,
For Munjal Showa Limited

Registered Office:

9-11, Maruti Industrial Area
SECTOR- 18, GURUGRAM, HARYANA - 122 015
CIN: L34101HR1985PLC020934
Phone No. 0124-4783000 Fax No. 0124-2341359
Email: cs@munjalshowa.net
Website: www.munjalshowa.net

(Geetanjali Sharma)
Company Secretary
ACS No. 42219

Annexure A

Details of the directors seeking appointment/re-appointment in the forthcoming Annual General Meeting (In pursuance of SEBI (LODR) Regulations, 2015) and Secretarial Standard 2-General Meeting

Name of the Director	Mr. Shigeki Kobayashi	Mr. Ashok Kumar Munjal	Mrs. Geeta Anand	Mr. Yogesh Chander Munjal
DIN	07626553	00003843	00078091	0003491
Date of Birth & age	03/04/1964 55 Years	14/02/1951 68 Years	18/01/1951 68 years	13/02/1940 79 Years
Qualification	Graduation from Hamamatsu Technical High School, Shizuoka Prefecture, Japan.	Commerce and Law Graduate from Punjab University	Commerce graduate and joined as first director of A G Industries Private Limited in 1991.	B. Arch.
Experience and Expertise	37 years of experience in technical field	35 years of experience in the field of engineering industry, investment, finance and auto component	Experience of more than 28 years of auto components manufacturing industry. She is also actively engaged in CSR activities and actively involved in empowerment of women.	55 years of experience in the field of engineering industry, investment, finance and auto component
Remuneration proposed to be paid	Provided in Corporate Governance Report	NIL	NIL	Provided in Corporate Governance Report
Date of first appointment on the Board	26/10/2016	02/01/1989	03/11/2018	16/05/1985
Number of Meetings of the Board attended during the year	Details mentioned in the Corporate Governance report.	Details mentioned in the Corporate Governance report.	Details mentioned in the Corporate Governance report	Details mentioned in the Corporate Governance report

Directorships held in other companies	NIL	-A and N Autocast Private Limited -SKH Education Private Limited -Maruti Insurance Broking Private Limited -Sunglow Industries Private Limited -H & H Industries Private Limited -Ledpra Infracon Private Limited -Radha Kishan Buildwell Private Limited -Privilege Estates Private Limited -H And H Real Estate Private Limited -Krishna Ishizaki Auto Limited -Orient Craft Limited -Chandernagar Chemicals And Minerals Private Limited	-A G Industries Pvt. Ltd -AG Industries (Bawal) Pvt. Ltd -AG Training and Innovation Centre -A.G. Premium Steerings and Mouldings Private Limited -Multiples Private Equity Fund II LLP	-Hero Cycles Limited -Dayanand Munjal Investments Private Limited
Board Membership of Listed Companies as on March 31, 2019	Munjal Showa Limited	Munjal Showa Limited	Munjal Showa Limited	Munjal Showa Limited
Number of meeting of the Board attended during the year	Five	Two	Two	Five
Chairman/ Member of the Committee of the Board of directors as on March 31, 2019	Munjal Showa Limited- Member of Share Transfer/ Stakeholders Relationship Committee	Munjal Showa Limited- Member of Audit Committee & Stakeholders Relationship Committee Orient Craft Limited -Member of Audit Committee	NIL	Munjal Showa Limited- Member of Stakeholders Relationship Committee & Chairman of CSR Committee Hero Cycles Limited- Member of Audit Committee and Nomination and Remuneration Committee
Number of Shares held in the Company as on March 31, 2019	NIL	NIL	NIL	NIL

Relationship with other directors, manager and other Key Managerial Personnel of the company	NIL	NIL	NIL	Father in Law of Mrs. Charu Munjal
Terms and Conditions of appointment or re-appointment along with details of remuneration sought to be paid and remuneration last drawn by such person	As per Nomination and Remuneration Policy of the Company as displayed on the Company's website viz. (http://www.munjalshowa.net/wp-content/uploads/2015/05/Nomination-And-Remuneration-Policy1.pdf) Details of the remuneration drawn is mentioned in the Corporate Governance Report	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	Non-executive Independent 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	As per Nomination and Remuneration Policy of the Company as displayed on the Company's website viz. (http://www.munjalshowa.net/wp-content/uploads/2015/05/Nomination-And-Remuneration-Policy1.pdf) Details of the remuneration is mentioned in the Corporate Governance Report

BOARD'S REPORT

Dear Members,

Your Directors are pleased to present the 34th Board Report on the business and operations of the Company together with the Audited Financial Statements for the financial year ended March 31, 2019.

FINANCIAL RESULTS AND APPROPRIATIONS

The salient features of the Company's Financial Results for the year ended March 31, 2019 are as follows:

	Year Ended 31.03.19	(Rs. In lakhs) Year Ended 31.03.18
Sales and other Income (Net of Excise Duty and GST)	169,269.32	160,210.77
Profit before Interest, Depreciation & Tax	11,158.80	13,379.62
Financial Cost	10.32	14.93
Depreciation	2,594.18	2,824.46
Profit before Tax	8,554.30	10,540.23
Tax Expenses		
Current tax	2,793.61	3,110.23
Deferred tax	(498.81)	(321.42)
Total Tax Expense	2,294.80	2,788.81
Profit after Tax	6,259.50	7,751.42
Other comprehensive income net of taxes	10.77	(130.52)
Adjustment to deferred tax liability	-	-
Total Comprehensive Income	6,270.27	7,620.90
Net Profit brought forward	28,254.47	24,559.05
Profit available for appropriation	34,524.74	32,179.95
Dividend payment	1,799.78	1,599.80
Dividend Tax	369.95	325.68
Transfer to General Reserve	2,000.00	2,000.00
Surplus Available	30,355.01	28,254.47

OPERATIONS & STATE OF THE COMPANY'S AFFAIRS

The Company has achieved a sales turnover, including other income (Net of GST & Excise Duty), of Rs. 169,269.32 lakhs vis-à-vis Rs. 160,210.77 lakhs in the previous year. The profit before tax in the current year was at Rs. 8,554.30 lakhs as compared to Rs. 10,540.23 lakhs in the previous year.

The State of affairs of the Company is detailed in the "Management Discussion & Analysis" section which forms part of this report.

CREDIT RATING

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

Long-Term Rating	AA/Stable (reaffirmed)
Short-Term Rating	CRISIL A1+ (reaffirmed)
Rs. (in crores)	
INR 68.5 Long-Term Loans	AA/Stable
INR 30 Cash Credit	AA/Stable
INR 43.5 Letter of Credit	CRISIL A1+
INR 2.25 Bank Guarantee	CRISIL A1+
INR 6 Commercial Paper	CRISIL A1+

TRANSFER TO GENERAL RESERVE

The Board has transferred an amount of Rs. 2,000/- lakhs to General Reserve for the financial year ended March 31, 2019 before recommending the final dividend. The balance amount of Rs. 30,355.01 lakhs (Previous year Rs. 28,254.47 lakhs) will be retained as surplus in the statement of Profit and Loss.

DIVIDEND

Your directors are pleased to recommend a dividend of 225% (i.e. Rs. 4.50 per equity share of Rs. 2/- each fully paid up) for the financial year ended March 31, 2019 amounting to Rs. 1,799.78 lakhs. The Company will bear the dividend distribution tax of Rs. 369.95 lakhs. The dividend, if approved by the shareholders, 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 Saturday, August 17, 2019 to Friday, August 30, 2019 (both days inclusive).

SHARE CAPITAL & DEBENTURES

The authorized share capital of the Company is Rs. 15,00,00,000 (Rupees Fifteen Crores only) divided into 7,50,00,000 (Seven Crores Fifty Lakh) equity shares of Rs. 2 (Rupees Two) each. The paid up Share Capital of the Company as on March 31, 2019 was Rs. 7,99,92,500 (Rupees Seven Crore Ninety Nine Lakhs Ninety Two Thousand Five Hundred only).

During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity. The Company has not accepted or repaid any Debentures, Preference Share, Bond and Security during the financial year, and none of the Directors of the Company hold any shares or security of the Company except Mr. Surinder Kumar Mehta who holds 2000 equity shares of the Company jointly with his wife Mrs. Santosh Mehta. The Company does not have any Debentures or Preferential Shares as on March 31, 2019.

FINANCE

Cash and cash equivalent as at March 31, 2019 was Rs. 4,177.15 lakhs. The Company continues to focus on judicious management of its working capital. Receivables, inventories and other working capital parameters were kept under strict check through continuous monitoring.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has neither given any guarantee nor provided any security covered under the provision of Section 186 of the Companies Act, 2013. The Company has made investments in Mutual funds, Alternative Investments Funds, CP & Market linked debentures and has given loans/advances to its vendors in the ordinary course of business. The details of investments made and loans given are provided in Note no. 5A and 5B of the financial statements for the year ended March 31, 2019.

CORPORATE GOVERNANCE

Your Company has been practicing the principles of good Corporate Governance over the years. The Company has complied with the Corporate Governance requirements as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A separate section on Corporate Governance and Management Discussion & Analysis Report along with a Certificate of the Auditors of your Company confirming the compliance, is annexed as **Annexure-A** and forms an integral part of this Report.

In terms of Regulation 17(8) of SEBI (LODR) Regulations, 2015, Certificate of CEO/CFO is also enclosed as a part of the Report.

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

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the Financial Year under review, your Company has transferred unpaid/ unclaimed dividend, amounting to Rs. 6.94 lakhs for financial Year 2010-11 to the Investor Education and Protection Fund (IEPF) of the Central Government of India.

Further, the Company has also transferred Rs. 2.90 lakhs on September 28, 2018 for financial year 2017-18 being the dividend declared on shares already transferred to IEPF.

STATUTORY AUDITORS

Pursuant to Section 139 of the Companies Act, 2013 ('the Act'), read with the Companies (Audit and Auditors) Rules, 2014, the Members of the Company in 32nd Annual General Meeting approved the appointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Registration No. – 117366W/W-100018) as the Statutory Auditors of the Company for the period of 5 years, who hold office up to the conclusion of the 37th Annual General Meeting of the Company.

The Report given by the Statutory Auditors, M/s Deloitte Haskins & Sells LLP, Chartered Accountants on the financial statement of the Company for the financial year 2018-19, is part of the Annual Report. There has been no qualification, reservation, adverse remark, observations, comments or disclaimer in their Report.

Further, no fraud has been reported by the Statutory Auditors in terms of Section 143(12) of the Companies Act, 2013 during the year.

SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s Satyender Kumar & Associates, a proprietorship firm of Company Secretary to conduct the Secretarial Audit of the Company for the financial year 2018-19. The Report given by the Secretarial Auditor is annexed as **Annexure-B** and forms an integral part of this report. The Board noted the following two observations made by the Secretarial Auditor in his report:

- (a) The appointment of Company Secretary w.e.f 31.01.2019 was approved by the Board in their meeting held on 04.02.2019 without the recommendation of Nomination and Remuneration Committee.
- (b) Two requests for dematerialisation of shares received by the RTA have been confirmed beyond the prescribed time.

In view of the point (a) above it is clarified that, the Company has taken the unanimous approval of the Board of Directors for the appointment of Company Secretary in its Board meeting held on Monday i.e. 04.02.2019.

Further in view of the point (b) above it is clarified that, the company has issued a letter to Registrar and Transfer Agent directing to ensure proper and timely compliances with respect to requests received from shareholders of the Company so that there would be no such further delay in future.

The Board has re-appointed M/s Satyender Kumar & Associates, Company Secretary (CP No. 5189) as the Secretarial Auditors of the Company for the financial year 2019-20. Your Company had received their written consent that the appointment will be in accordance with the applicable provisions of the Companies Act, 2013 and rules framed thereunder.

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

The details pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 regarding Conservation of Energy, Technology Absorption and Foreign Exchange earnings & outgo is annexed as **Annexure-C** and forms an integral part of this report.

EXTRACT OF ANNUAL RETURN

In terms of provisions of Section 92, 134(3)(a) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extracts of annual return of the Company in Form MGT 9 may be accessed on the Company's website i.e. www.munjalshowa.net.

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

PARTICULARS OF EMPLOYEES

The statement of particulars of employees as per Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the year ended March 31, 2019, is annexed as **Annexure-E** and forms an integral part of this report.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

In terms of provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Corporate Social Responsibility (hereinafter referred as 'CSR') Committee has formulated a

CSR Policy indicating the activities to be undertaken by the Company. The constitution of CSR Committee is disclosed in Corporate Governance Report.

The CSR policy may be accessed on the Company's website i.e. <http://www.munjalshowa.net/wp-content/uploads/2015/05/Corporate-Social-Responsibility-Policy1.pdf>

As part of its initiatives under CSR, the Company has undertaken projects in the areas of Education, Health, Water and Sanitation. These projects are largely in accordance with Schedule VII of the Companies Act, 2013 and CSR Policy of the Company. The annual report on CSR activities as required under the Companies (CSR Policy) Rules, 2014 is set out as **Annexure-F** and forms an integral part of this report.

Munjal Showa Limited considers corporate social responsibility as an integral part of its business activities and endeavours to utilize the allocated CSR budget for the benefit of the society.

The Company has incurred the CSR expenditure of Rs. 242.26 lakhs during the current financial year being about 132% of Rs. 184.10 lakhs, to be spent during the year. The CSR activities of the Company are approved by the Board and few new initiatives have been proposed that may be considered in future. For the subsequent years, the Company endeavours to spend the budgeted CSR expenditure in accordance with the statutory requirements.

MATERIAL CHANGES AND COMMITMENTS

There are no material changes and commitments affecting the financial position of the Company that have occurred between the end of financial year and the date of the report.

ENVIRONMENT COMPLIANCE

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

The Company has started Green Vendor Development Programme (GVDP) since 2009-10. The aim of the project is to conserve water and energy, minimize generation of waste, terminate hazardous chemicals with non-hazardous chemicals, minimize carbon foot print and generate pollution prevention awareness throughout the plant and to achieve 100 percent legal compliance. The Company is rigorously improving to create a better place for our next generation.

TOTAL PRODUCTIVE MAINTENANCE

The Company has taken up the journey of Total Productive Maintenance (TPM) with the help of JIPM (Japan Institute of Plant Maintenance) Japan and CII, TPM Club India. Major objectives of TPM are to increase (PQCDSME) Productivity, to improve Quality, to reduce Costs, to ensure in time Delivery, to increase Safety, to increase profitability, to build Morale and to protect environment by formation of small cross functional work groups and to improve overall Plant efficiency. The other objectives are to procure and install maintenance free plant and machinery; and to achieve zero defects, zero break down, zero losses and zero accidents. In nutshell, TPM is to identify 21 types of Losses & converts them into Profit. We are able to reduce Repair & Maintenance Cost.

We have achieved TPM Excellency Award "Category A" for Gurugram and Manesar Plants in the years 2008 and 2010 respectively from Japan Institute of Plant Maintenance. We have been awarded by JIPM TPM Excellence Consistency Award for both Gurugram & Manesar Plants in the year 2013. Now we have started TPM Journey in our Haridwar Plant also & we had TPM Kick-Off Ceremony in November 2015.

LEAN TPM ACTIVITIES

We have clubbed TPM with lean manufacturing system. Through Lean we are able to focus & control 7 types of wastes. Our Company has conducted Lean Manufacturing System (Value Stream Mapping) Work Shop through JMAC Japan. We have converted huge & complicated machines by using TPM & Lean Concepts. These machines consume very

less Electricity, occupy less space, take very less inputs like consumables, manpower, tools, oils, compressed air, less set-up time, less cycle time, etc. These machines are 10S Machines (Safe, Simple, Small, Slim, Speed, Smart, Sturdy, Superb, Sushil & Sunder) and help us in reducing Cost of manufacturing. So far we are able to manufacture more than 850 machines In-house with Lean TPM concept inclusive of many CNC Machines.

ISO/TS 16949/LATF16949 ACCREDITATION

Your Company's manufacturing facilities are located at Gurugram, Haridwar and Manesar and we continue to maintain and uphold the prestigious **ISO/TS 16949:2009**, **ISO 14001:2015** and **OHSAS 18001: 2007** (Occupational Health & Safety Assessment Series) certifications from reputed leading Indian and International Certification Institutions. These certifications help in continuous improvements, besides emphasis being laid on prevention of defects, reduction of wastes, prevention of near misses and to ensure maximized customer delight.

LISTING

The shares of your Company are listed on the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE), and pursuant to clause C (9) (d) of Schedule V of SEBI (LODR) Regulations, 2015, the Annual Listing fees for the year 2019-20 has been paid to them well before the due date i.e. April 30, 2019. Annual Custody/ Issuer fee for the year 2019-20 has been paid by the Company to the depositories viz. NSDL and CDSL.

HUMAN RESOURCES

Promoting 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 its continued growth is dependent upon the Company's ability to attract and retain quality people. The total headcounts were 3097 at the end of the year as compared to 3302 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 employee engagement and training programmes to upgrade the skills of the workforce and generate specialist in quality, maintenance and manufacturing. As desired by the Government of India we have started NEEM Scheme and NAPS Scheme in order to enhance the technical skill level of our unemployed youths.

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

BUSINESS RISK MANAGEMENT

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

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

The Board has identified following risks:-

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

The website link is given below:

<http://www.munjalshowa.net/wp-content/uploads/2019/03/Whistle-Blower-Policy.pdf>

RECOMMENDATION OF THE AUDIT COMMITTEE

During the year, all the recommendations of the Audit Committee were accepted by the Board.

CHANGES IN THE NATURE OF BUSINESS

There is no change in the nature of the business of the Company during the Financial Year 2018-19.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Teruyoshi Sato ceased to be a director of the Company w.e.f. May 30, 2018.

Mr. Pankaj Munjal has resigned as Director of the Company w.e.f. September 29, 2018. The Board placed its appreciation for the valuable services rendered by Mr. Pankaj Munjal during his tenure as Director of the Company.

Mrs. Geeta Anand has been appointed as an additional director of the Company w.e.f. November 03, 2018. The Board, after considering the recommendations of Nomination and Remuneration Committee, recommends her appointment as a Non-Executive Independent Director of the Company, not liable to retire by rotation u/s 152 of the Companies Act, 2013, at the 34th Annual General Meeting of the Company.

Mr. Saurabh Agrawal resigned from the post of Company Secretary & Compliance Officer of the Company w.e.f. January 05, 2019. Consequent upon his resignation Ms. Geetanjali Sharma was appointed as Company Secretary & Compliance Officer of the Company w.e.f. January 31, 2019.

During the period 2018-19, Mrs. Charu Munjal and Mr. Yogesh Chander Munjal, Directors were liable to retire by rotation and being eligible had offered themselves for re-appointment before the shareholders at 33rd Annual General Meeting of the Company. The shareholder confirmed their appointment at the 33rd Annual General Meeting of the Company.

At the 33rd Annual General Meeting of the Company, the members confirmed the appointment of Mr. Yasuhiro Yamamoto as Non Executive Director of the Company.

Mr. Shigeki Kobayashi and Mr. Ashok Kumar Munjal are liable to retire by rotation at the 34th Annual General Meeting and being eligible they have offered themselves for re-appointment.

At the 33rd Annual General Meeting of the Company, the members approved the variation in the terms of appointment of Mr. Yogesh Chander Munjal, Managing Director and Mr. Shigeki Kobayashi, Joint Managing Director of the Company w.e.f. September 1, 2018.

At the 33rd Annual General Meeting of the Company, the members approved the re-appointment of Mr. Devi Singh, Mr. Vinod Kumar Agrawal, Mr. Nand Lal Dhameja and Mr. Surinder Kumar Mehta as Independent Directors of the Company for a second term of 5 (five) consecutive years on the Board of the Company w.e.f. April 01, 2019 to March 31, 2024.

Further, in terms of the SEBI (LODR) (Amendment) Regulations, 2018, consent of the Members by way of Special Resolution have also been obtained for continuation of a Non-Executive Director beyond the age of seventy five years. Mr. Vinod Kumar Agrawal, Mr. Surinder Kumar Mehta and Mr. Nand Lal Dhameja have attained the age of more than 75 years and the shareholders have approved their re-appointment through Special Resolution in the 33rd Annual General Meeting for continuation as Independent Directors of the Company.

Pursuant to the provisions of the SEBI (LODR) Regulations, 2015 and the Companies Act, 2013, the profiles of all the directors, seeking appointment or reappointment at the ensuing Annual General Meeting, have been provided in the Notice of 33rd Annual General Meeting.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

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

- a. Mr. Yogesh Chander Munjal- Managing Director
- b. Mr. Shigeki Kobayashi- Joint Managing Director
- c. Mr. Pankaj Gupta- Chief Financial Officer
- d. Ms. Geetanjali Sharma- Company Secretary

The Company appreciates the dedicated and valuable guidance given by all the Directors of the Company.

COMMITTEES OF THE BOARD

The Company has several Committees which have been established in compliance with the requirement of the relevant provisions of applicable laws and statutes. As on March 31, 2019, the Board has five committees: the Audit Committee, the Nomination and Remuneration Committee, the Corporate Social Responsibility Committee, the Share Transfer/ Stakeholders Relationship Committee and the Risk Management Committee (non-mandatory committee). A detailed note on the composition of the Board and its committees is provided in the Corporate Governance Report, which forms a part of the Board Report.

SUBSIDIARY COMPANIES, JOINT VENTURES OR ASSOCIATE COMPANIES

During the financial year 2018-19, no Company became or ceased to be a Subsidiary/Joint Venture/Associate of the Company.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the other committees of the Board. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

NOMINATION AND REMUNERATION POLICY AND REMUNERATION TO THE DIRECTORS

The Board on the recommendation of the Nomination & Remuneration Committee has framed a policy for selection and appointment of Directors, Senior Management Personnel including Key Management Personnel and affixing their remuneration. The salient features of the Nomination and Remuneration Policy are mentioned below:

- The Nomination and Remuneration Policy of the Company is designed to attract, motivate, improve productivity and retain manpower by creating a congenial work environment, encouraging initiatives, personal growth, team work and inculcating a sense of belongingness and involvement, besides offering appropriate remuneration packages and superannuation benefits.
- The objective of the Policy is to formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a director (executive/non-executive/independent director) of the Company
- The Committee shall comprise at least three (3) Directors, all of whom shall be non-executive Directors and at least half shall be Independent.
- The Nomination and Remuneration Committee shall meet at least once in a year.
- Quorum of the meeting shall be either two members or one-third of the members of the committee, whichever is greater, including at least one independent director in attendance.
- The Role of the Committee includes: Periodically reviewing the size and composition of the Board to have an appropriate mix of executive and independent Directors to maintain its independence and separate its functions of governance and management and to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company;
- Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board, relating to the remuneration for the Director, key managerial personnel and other employees.
- Establishing and reviewing Board KMP and Senior Management succession plans in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management.
- The Board on recommendation of the Committee shall carry out evaluation of performance of every Director, KMP and Senior Management at regular interval (yearly or as deemed fit).

During the Financial Year 2018-19, no changes or amendments were made in such policy but certain modifications were made and approved by the Board of Directors in their meeting held on May 30, 2019, pursuant to amendments in SEBI (LODR) Regulations, 2015. The revised Nomination and Remuneration Policy is available on our website at:

<http://www.munjalshowa.net/wp-content/uploads/2019/06/Nomination-and-Remuneration-Policy.pdf>

The details of remuneration under Section 197 of the Companies Act, 2013 paid to directors are given in point no. IV of Corporate Governance Report which forms integral part of this report.

BOARD DIVERSITY POLICY

The Company recognizes and embraces the importance of a diverse board in its success. We believe that a truly diverse board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will help us, retain our competitive advantage. The Board has adopted the Board Diversity Policy which sets out the approach to diversity of the Board of Directors.

The Board Diversity Policy is available on our website at:

<http://www.munjalshowa.net/wp-content/uploads/2016/02/Boards-Diversity-Policy.pdf>

MEETINGS

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year five Board Meetings were convened and held on May 30, 2018, July 30, 2018, November 03, 2018, February 04, 2019 and March 12, 2019. The details are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. **(Please refer point no. I & II of Corporate Governance Report)**

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors make the following statement in terms of Section 134(3)(c) & (5) of the Companies Act, 2013, which is to the best of their knowledge and belief and according to the information and explanations obtained by them:

- a. In the preparation of the annual accounts for the Financial Year ended March 31, 2019, the applicable accounting standards and no material departures were made from the same;
- b. Appropriate accounting policies have been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the financial year ended March 31, 2019 and of the profits of your Company for the financial year ended March 31, 2019;
- c. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- d. The annual accounts for the Financial Year ended March 31, 2019 have been prepared on a going concern basis;
- e. They have laid down Internal Financial Controls which were followed by the Company and that such Internal Financial Controls are adequate and were operating effectively; and
- f. They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

RELATED PARTY TRANSACTIONS

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 during the financial year 2018-19 were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. Hence, requirement of Form AOC-2 as required under section 188(1) of the Companies Act, 2013 is not applicable to the Company for all the transactions.

The Company generally provided interest free loan to all its permanent employees and workers. As per the same, the Company has provided interest free loan of Rs. 40,000 to Mr. Saurabh Agrawal, Key Managerial Personnel of the Company in financial year 2017-18. The form AOC-2 in respect of such transaction has been provided as **Annexure-G**. The said loan amount of Rs. 40,000/- was repaid by Mr. Saurabh Agrawal partly in the year 2017-18 and balance in the year 2018-19.

All transactions with related parties were placed before Audit Committee and Audit committee has given omnibus approval for repetitive and foreseen transactions. The Board also noted these transactions on quarterly basis. The details of related party transactions are given in note number 32 of Financial Statements.

The Company has developed a policy on Related Party Transactions. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website and the link of such policy is given below:

<http://www.munjalshowa.net/wp-content/uploads/2019/06/Related-Party-Transactions-Policy.pdf>

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

The observations of the Auditors in their report read with the notes to accounts are self-explanatory and do not require any specific comments.

There is no other qualification, reservation or adverse remark, comment, observation or disclaimer made by the auditor in his report and the Company Secretary in practice in his secretarial audit report.

MAINTAINANCE OF COST RECORDS

The provisions of Section 148 of the Companies Act, 2013 is not applicable to the Company so the Company is not required to maintain cost records under the aforesaid section.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

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

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

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

The Companies Act, 2013 has introduced under Section 143(3)(i) stating that the statutory auditors of the Company shall include in his audit report whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls in addition to the reporting by Board of Directors in director's responsibility statement. The concept of reporting on internal financial controls is still new in India. This new reporting requirement has thrown up many challenges. The Company has developed the internal financial control processes and that was vetted by the internal auditors during the year. The same has also been verified by the statutory auditors and who have reported that all the material Internal financial controls exist during the financial year 2018-19.

The Company, with the help of reputed professionals has developed a compliance tool for the purpose of legal compliance of all the applicable Acts to the Company.

COMPLIANCE OF THE SECRETARIAL STANDARDS

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

GENERAL

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

1. Details relating to deposits covered under Chapter V of the Act.

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

SEXUAL HARASSMENT POLICY

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

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

Various workshops and awareness programme w.r.t. sexual harassment has been carried out during the FY. 2018-19.

POLICIES

We seek to promote and follow the highest level of ethical standards in all our business transactions guided by our value system. The SEBI (LODR) Regulations, 2015 mandated the formulation of certain policies for all listed companies. All our corporate governance policies are available on our website i.e. <http://www.munjalshowa.net/>

Policy	Web-link
Policy for Determination of Materiality of Information or Events	http://www.munjalshowa.net/wp-content/uploads/2019/05/Policy-for-Determination-of-Materiality-of-Information-or-Events.pdf
Boards Diversity Policy	http://www.munjalshowa.net/wp-content/uploads/2016/02/Boards-Diversity-Policy.pdf
Corporate Social Responsibility Policy	http://www.munjalshowa.net/wp-content/uploads/2015/05/Corporate-Social-Responsibility-Policy1.pdf
Vigil Mechanism / Whistle Blower Policy	http://www.munjalshowa.net/wp-content/uploads/2019/03/Whistle-Blower-Policy.pdf
Nomination and Remuneration Policy	http://www.munjalshowa.net/wp-content/uploads/2019/06/Nomination-and-Remuneration-Policy.pdf
Records and Archives Management Policy	http://www.munjalshowa.net/wp-content/uploads/2016/02/Records-and-Archives-Management-Policy.pdf
Related Party Transaction Policy	http://www.munjalshowa.net/wp-content/uploads/2019/06/Related-Party-Transactions-Policy.pdf
Code of Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons	http://www.munjalshowa.net/wp-content/uploads/2019/03/Code-of-Conduct-and-Fair-Disclosure-Under-SEBI-Insider-Trading-Regulation-2015.pdf
Code of Conduct for Directors and Senior Management Personnel	http://www.munjalshowa.net/wp-content/uploads/2016/02/Code-of-conduct.pdf
Sexual Harassment Policy	http://www.munjalshowa.net/wp-content/uploads/2019/06/Sexual-Harassment-Policy.pdf

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 Uttarakhand, 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: Gurugram
Date: May 30, 2019

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

Vinod Kumar Agrawal
(Director)
(DIN 00004463)
A-224 1st Floor, Defence Colony
New Delhi, 110024

**ANNEXURE 'A' TO THE BOARD'S REPORT
CORPORATE GOVERNANCE REPORT****Report on Corporate Governance**

The Directors have pleasure in presenting the Corporate Governance Report for the year ended March 31, 2019.

Company's Philosophy on Corporate Governance

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

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

GOVERNANCE STRUCTURE

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

Kotak Committee on Corporate Governance

The Securities and Exchange Board of India ('SEBI') accepted some of the recommendations with or without modifications on 28th March, 2018 of the Kotak Committee on Corporate Governance and consequently, on 9th May, 2018 the SEBI amended (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as Listing Regulations). Your Company welcomes this progressive step of SEBI and has already been in compliance with many of the recommendations made by the Kotak Committee as part of its Corporate Governance framework. The Company shall ensure that it incorporates the amendments introduced in the Listing Regulations and the same are complied with on or before the effective date.

I. BOARD OF DIRECTORS**A. Composition of Board**

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

As on 31st March, 2019, the Board of Directors of the Company consists of ten (10) 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 plays 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; three directors including one woman director are non-executive directors and five directors are Non-Executive Independent directors. The independent Director of the Company is not serving as independent Director in more than seven Listed Companies. The Chairman of the Board is an executive director.

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. No Director is a member of more than 10 Committees (Audit Committees and

Stakeholders' Relationship Committees) or acts as Chairperson of more than 5 Committees (Audit Committees and Stakeholders' Relationship Committees) across all the companies in which he is a director.

The details of the composition and category of directors, attendance of each Director at the Board Meetings and the last Annual General Meeting, number of other Board of Directors or Committees in which a Director is a member or chairperson during financial year 2018-19 are as follows:

Name of Director and DIN	Board Meetings held during his/her tenure and attended		Attendance at the last AGM on September 26, 2018	Number of memberships in Audit/ Stakeholders' Relationship Committee(s)**	No. of post of Chairperson in Audit/ Stakeholder Committee(s)**	Number of Directorship(s) held in other Companies	Date of joining the Board
	Held	Attended					
Executive & Promoter Directors							
Mr. Yogesh Chander Munjal (DIN: 00003491)	5	5	Yes	2	None	3	16/05/1985
Mr. Shigeki Kobayashi (DIN: 07626553)	5	5	Yes	1	None	1	26/10/2016
Non-Executive Non Independent Directors							
Mr. Ashok Kumar Munjal (DIN: 00003843)	5	2	No	3	None	13	02/01/1989
Mrs. Charu Munjal ^ (Woman Director) (DIN: 03094545)	5	4	No	None	None	2	23/05/2014
Mr. Teruyoshi Sato ¹ (DIN: 07825074)	1	0	No	None	None	1	19/05/2017
Mr. Yasuhiro Yamamoto ² (DIN: 08127304)	5	1	No	None	None	1	30/05/2018
Non-Executive Independent Directors							
Mrs. Geeta Anand ³ (DIN: 00078091)	3	2	NA	None	None	5	03/11/2018
Mr. Devi Singh* (DIN: 00015681)	5	5	Yes	1	None	7	23/09/2008
Mr. Nand Lal Dhameja* (DIN: 02351762)	5	5	Yes	2	1	1	23/09/2008

Mr. Pankaj Munjal ¹ (DIN: 0005330)	2	0	No	3	None	11	16/05/1985
Mr. Surinder Kumar Mehta* (DIN: 0002888)	5	5	Yes	None	None	3	23/09/2008
Mr. Vinod Kumar Agrawal* (DIN: 00004463)	5	5	Yes	1	1	1	29/07/2005

¹ Resigned as Non- Executive Director w.e.f. May 30, 2018

² Appointed as Non-Executive Director w.e.f. May 30, 2018

³ Appointed as Non-Executive Independent Director w.e.f. November 03, 2018

⁴ Resigned as Non-Executive Independent Director w.e.f. September 29, 2018

* Re-appointed as Non-Executive Independent Director w.e.f. April 01, 2019

** Excludes the Directorship as per Regulation 26 of the Listing Regulations, but includes Munjal Showa Limited.

^ Holds the directorship in Shivam Autotech Limited (Listed Entity) as Executive Director

The Directors on the Board of the Company are highly experienced, competent and have the skills as required in the context of business of the Company. The detailed skills, expertise and competencies of the Directors is given below:

Mr. Yogesh Chander Munjal	Mr. Yogesh Chander Munjal, aged 79 years, is an eminent personality in the corporate world. He graduated in the field of Architecture from the IIT, Roorkee.
Mr. Shigeki Kobayashi	Mr. Shigeki Kobayashi, aged 55 years, completed his graduation from Hamamatsu Technical High School, Shizuoka Prefecture, Japan. He has approx 37 years experience in technical field.
Mr. Ashok Kumar Munjal	Mr. Ashok Kumar Munjal, aged 68 years is a Commerce and Law Graduate from Punjab University and having 35 years of experience in the field of engineering industry, investment, finance and auto component.
Mrs. Charu Munjal	Mrs. Charu Munjal aged 47 years, holds a Diploma in Textile Designing from Banaras Hindu University and has considerable exposure in creative designing and marketing field.
Mr. Yasuhiro Yamamoto	Mr. Yasuhiro Yamamoto, aged 55 years, having 36 years of vast experience in technical field, completed his Graduation in Engineering from Japan. He started his career with Showa Corporation, Asaba Plant in 1982. He is well-experienced in managing Business Planning of fice, Motorcycle and Hydraulic Components operation department.
Mr. Devi Singh	Mr. Devi Singh aged 66 years is a well-known Professor of International Finance and Management. He is recognized as one of the top Academic Leaders in India who has created and transformed Institutions of higher learning. He holds Ph.D. in International Finance from Indian Institute of Management, Ahmedabad.
Mr. Vinod Kumar Agrawal	Mr. Agrawal aged 76 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.

Mr. Nand Lal Dhameja	Prof. Dhameja aged 79 years 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 has been awarded: 'Paul H. Appleby Award' for excellent service in the field of Public Administration and for the Indian Institute of Public Administration, for the year 2018.
Mr. Surinder Kumar Mehta	Mr. Mehta aged 84 years 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 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.
Mrs. Geeta Anand	Mrs. Geeta Anand aged 68 years, Managing director of A G Industries Private Limited. A G Industries Private Limited has been promoted by her. She is Commerce graduate and joined as first director of A G Industries Private Limited in 1991. She has very rich experience of more than 28 years of auto components manufacturing industry.

There are (5) five Independent Directors on the Board of the Company. All the Independent Directors fulfill the conditions of Independence as given under Companies Act, 2013 and SEBI (LODR) Regulations, 2015 and are independent of the management of the Company.

During the year under review Mr. Pankaj Munjal has resigned as Independent Director of the Company w.e.f September 29, 2018 due to pre-occupation. The Board placed its appreciation for the valuable services rendered by Mr. Pankaj Munjal during his tenure as Director of the Company.

None of the Directors hold any shares or security of the Company as on March 31, 2019 except Mr. Surinder Kumar Mehta who holds 2000 equity shares of the Company jointly with his wife Mrs. Santosh Mehta.

There is no inter se relationship among the other directors except Mrs. Charu Munjal, who is daughter-in-law of Mr. Yogesh Chander Munjal.

None of the Independent Directors of the Company is serving as an Independent Director in more than 7 listed companies. Further, no Independent Director of the Company who is a whole time director in another listed company is serving as an Independent Director in more than 3 listed companies.

None of the Directors on the Board is a Director in more than 10 Public companies nor are they members in Committees of the Board in more than 10 Committees or Chairperson of more than 5 Committees.

On an annual basis, the Company obtains from each Director details of the Board and Board Committee positions she / he occupies in other Companies and changes, if any, regarding their Directorships. In addition, the Independent Directors provide an annual confirmation that they meet the criteria of independence as defined under Section 149(6) on an annual basis of the Companies Act, 2013.

At the 33rd Annual General Meeting held on September 26, 2018, the shareholders approved the re-appointment of Mr. Vinod Kumar Agrawal, Mr. Surinder Kumar Mehta, Mr. Nand Lal Dhameja and Mr. Devi Singh, as Non-Executive Independent Directors to hold office for another term of five consecutive years with effect from April 01, 2019 to March 31, 2024 through Special Resolution.

Further, in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, consent of the members by way of Special Resolution have also been obtained for continuation of a Non-Executive Director beyond the age of seventy five years. Mr. Vinod Kumar Agrawal, Mr. Surinder Kumar Mehta and Mr. Nand Lal Dhameja have attained the age of more than 75 years and the shareholders have approved their re-appointment through Special Resolution in the 33rd Annual General Meeting for continuation as Independent Directors of the Company.

B. Meetings held in financial year 2018-19

The Board meets at least once in a quarter and the gap between two consecutive meetings does not exceed 120 days to consider, amongst other business, the quarterly performance of the Company and its financial results. The Board held five (5) meetings during the financial year 2018-19 on May 30, 2018, July 30, 2018, November 03, 2018, February 04, 2019 and March 12, 2019.

The notice of each Board Meeting is given in writing to each Director of the Company. The agenda along with the relevant notes and other material information were sent to each Director in advance and in exceptional cases tabled at the meeting.

Also, the Board Meetings of the Company has been held with proper compliance of the provisions of the Companies Act, 2013, Listing Regulations and Secretarial Standards, as applicable thereon.

Information supplied to the Board inter-alia includes:

- Annual operating plans and budgets of business, capital budgets and updates,
- Quarterly and annual 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,
- Reviewing and resolving material defaults in financial obligation to and by the Company, or substantial non-payments for goods sold by the Company, if any,
- Reviewing and taking necessary steps for materially important show cause, demand, prosecution and penalty notices,
- Reviewing and resolving, if any, fatal or serious accidents or dangerous occurrences, any material significant 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 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, if any,
- Reviewing the compliance with regulatory or statutory provisions or listing requirements including steps taken to rectify the instance of non-compliances, if any, as well as shareholders services such as non-payment of dividend and delays in share transfer.
- Other business as prescribed by any other laws applicable during the FY. 2018-19.

C. Code of Conduct

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

A copy of the Code has been uploaded on the Company's website i.e. 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 2018-19.”

The web-link of the Code of Conduct is given below:

<http://www.munjalshowa.net/wp-content/uploads/2016/02/Code-of-conduct.pdf>

D. Board Training and Induction

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

The web-link of terms and conditions for the appointment of Independent Director is as under:

<http://www.munjalshowa.net/wp-content/uploads/2015/05/TERMS-AND-CONDITIONS-FOR-THE-APPOINTMENT-OF-INDEPENDENT-DIRECTOR.pdf>

The Director is also introduced to the compliances required under the Companies Act 2013, Listing Regulations and other relevant regulations.

The Director is presented with a presentation introducing the Company which shows its history over 35 years of its existence, Annual Reports, policy on the CSR activities pursued by the Company etc.

Familiarization programme for Independent Directors:

Objective	The Company follows a structured orientation and training programme for the Independent Directors to understand and get them updated on the business and operations of the Company on a continuous basis.
Familiarization Program for Independent Directors	Industry overview and business model of the Company and an outline of corporate plan and annual targets
	Introduction to product profile
	Operations overview Financial performance and budget & control processes
	Overview of sales & marketing
	Familiarization on Statutory compliances as a Board Member including their Roles, Rights and Responsibilities

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

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

<http://www.munjalshowa.net/wp-content/uploads/2015/05/Familiarization-Program-For-Independent-Directors1.pdf>

COMMITTEES OF THE BOARD

With a view to have a more focused attention on business and for better governance and accountability, the Board has constituted the following mandatory committees viz. Audit Committee, Share Transfer/ Stakeholders’ Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and voluntary committee viz. Risk Management Committee (*It is applicable for only top 500 companies to constitute Risk Management Committee, thus it is not mandatory for our Company*). The terms of reference of these Committees are determined by the Board and their relevance reviewed from time to time. Meetings of each of these Committees are convened by the respective Chairman of the Committee, who also informs the Board about the summary of discussions held in the Committee Meetings. The Minutes of the Committee Meetings are sent to the respective members individually and tabled at the next consecutive Board Meetings.

II. AUDIT COMMITTEE

The Audit Committee comprises of Mr. Vinod Kumar Agrawal, Mr. Ashok Kumar Munjal, Mr. Nand Lal Dhameja and Mr. Devi Singh, being Non- Executive Directors and majority of them are independent directors, to review various areas of audit and accounts. Mr. Vinod Kumar Agrawal, a non-executive and independent director is the Chairman of the Committee. All the members are having expertise in financial matters. All these Directors have good knowledge of Corporate & Project Finance, Accounts and Corporate Laws. Mr. Vinod Kumar Agrawal, Mr. Ashok Kumar Munjal, Mr. Nand Lal Dhameja and Mr. Devi Singh are having accounting and related financial management expertise.

The powers, role and terms of reference of the Audit Committee cover the areas as contemplated under Section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations, as applicable, besides other terms as referred by the Board of Directors.

The Audit Committee assures to the Board the adherence of adequate internal controls and financial disclosures and other acts conforming to the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The quarterly financial results of the Company are reviewed by the Committee before submission to the Board for approval.

The Company Secretary of the Company 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 2018-19, the Audit Committee met four (4) times, on May 30, 2018, July 30, 2018, November 03, 2018 and February 04, 2019. All the meetings were attended by the auditors and the head of Finance. The maximum gap between any two meetings was less than one hundred and twenty days.

The Composition and attendance of Members at the meetings of the Audit Committee held during 2018-19 was as under:

Name of the Chairman and Member	Attendance at the Audit Committee Meetings held on			
	May 30, 2018	July 30, 2018	November 03, 2018	February 04, 2019
Non-Executive Directors				
Mr. Ashok Kumar Munjal (Member)	No	No	No	No
Non-Executive and Independent Directors				
Mr. Vinod Kumar Agrawal (Chairman)	Yes	Yes	Yes	Yes
Mr. Nand Lal Dhameja (Member)	Yes	Yes	Yes	Yes
Mr. Devi Singh (Member)	Yes	Yes	Yes	Yes

Terms of References of Audit Committee

The Audit Committee shall play the following role:

- The recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- Review and monitor the auditor's independence and performance, and effectiveness of audit process.
- Examination of the financial statement and the auditor's report thereon.
- Approval or any subsequent modification of transaction of the Company with the related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertaking or assets of the Company, wherever it is necessary.
- Evaluation of internal financial controls and risk management systems.
- Monitoring the end use funds raised through public offers and related matters.

The Audit Committee shall receive comments from the auditors:

- About the internal control system.
- About the scope of audit.
- Observation of the auditors about the audit.

- Review of financial statements before submission to the board of directors.
- Discussion on related issue with the internal auditors.
- Discussion on related issue with statutory auditors.
- Discussion on related issue with the management.

The Audit Committee shall have the following authorities and powers:

- Audit committee shall have the authority to investigate into any matter which is related to Section 177 (4) of the Companies Act, 2013.
- Audit committee shall have power to obtain professional advice from external sources on any matter which is related to section 177(4) of Companies Act, 2013 and have full access to information contained in the records of the Company.

The Audit Committee shall hear to the Auditors and key managerial personnel of the Company when it considers the audit report but the auditors and key managerial personnel shall not have the right to vote.

The Audit Committee will have roles, duties, functions and powers etc. as mentioned in the Companies Act, 2013 read with Rules made thereunder and the Listing Regulations.

III.NOMINATION AND REMUNERATION COMMITTEE –

The powers, role and terms of reference of the Nomination and Remuneration Committee cover the areas as contemplated under Section 178 of the Act and Regulation 19 of Listing Regulations, besides other terms as referred by the Board of Directors.

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

- To identify persons who are qualified to become directors and who may be appointed as senior management personnel of the Company i.e. who are members of its core management team excluding Board of Directors, comprising all members of management one level below the executive directors, including the functional heads in accordance with the criteria laid down; recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- To formulate the criteria for determining qualification positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- To formulate the criteria for evaluation of performance of independent directors and the board of directors;
- To devise a policy on diversity of board of directors;
- To extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- Succession planning of the Board of Directors and Senior Management Employees;

The Composition and the attendance of members at the meetings of the Nomination and Remuneration Committee held during 2018-19 are as under:

Name of the Chairman and Member	Attendance at the Nomination and Remuneration Committee Meeting held on	
	May 30, 2018	November 03, 2018
Non-Executive and Independent Directors		
Mr. Surinder Kumar Mehta (Chairman)	No	Yes
Mr. Yogesh Chander Munjal (Member)	Yes	Yes
Mr. Vinod Kumar Agrawal (Member)	Yes	Yes
Mr. Devi Singh (Member)	Yes	Yes

IV. REMUNERATION OF DIRECTORS

The remuneration structure of Executive Directors comprises of basic salary, commission, perquisites and other allowances. Non-executive Directors do not draw any remuneration from the Company except sitting fees for attending the meetings of Board of Directors and Committees thereof as may be determined by the Board of Directors from time to time. There are no other pecuniary relationships or transactions with the Non-Executive Directors except payment of sitting fees. Payments of sitting fees to non-executive directors are made within the limits prescribed under the Companies Act, 2013. The details of the remuneration paid to Directors for the financial year 2018-19 are as under:

(In Rupees)

Name	Salary	Perquisites	Cont to PF & Allowances	Commission	Sitting Fee	Total
Sh. YOGESH CHANDER MUNJAL	25,650,000	1,801,695	18,156,000	1,886,155	NIL	47,493,850
SH. SHIGEKI KOBAYASHI	21,550,000	739,917	1,793,865	9,498,845	NIL	33,582,627
SH. TERUYOSHI SATO ¹	NIL	NIL	NIL	NIL	NIL	NIL
SH. ASHOK KUMAR MUNJAL	NIL	NIL	NIL	NIL	100,000	100,000
SH. PANKAJ MUNJAL ²	NIL	NIL	NIL	NIL	NIL	NIL
SMT CHARU MUNJAL	NIL	NIL	NIL	NIL	220,000	220,000
SH. VINOD KUMAR AGRAWAL	NIL	NIL	NIL	NIL	620,000	620,000
SH. NAND LAL DHAMEJA	NIL	NIL	NIL	NIL	680,000	680,000
SH. DEVI SINGH	NIL	NIL	NIL	NIL	580,000	580,000
SH. SURINDER KUMAR MEHTA	NIL	NIL	NIL	NIL	320,000	320,000
SH. YASHUHIRO YAMAMOTO ³	NIL	NIL	NIL	NIL	NIL	NIL
SMT. GEETA ANAND ⁴	NIL	NIL	NIL	NIL	180,000	180,000

¹ Resigned w.e.f. 30.05.2018

² Resigned w.e.f. 29.09.2018

³ Appointed w.e.f. 30.05.2018

⁴ Appointed w.e.f. 03.11.2018

Sitting fee indicated above also includes payment for Board-level committee meetings.

During FY 2018-19, the Company did not advance any loan to any of its Directors. Further, there are no pecuniary relationships or transactions between the Non-Executive Directors and the Company, other than the sitting fees to Non-Executive and Independent Directors for attending the meetings of the Board and its Committees.

The criteria of making payment to non-executive directors, is disclosed in the Nomination and Remuneration Policy of the Company which is uploaded on the website of the Company i.e. <http://www.munjalshowa.net/wp-content/uploads/2015/05/Nomination-And-Remuneration-Policy1.pdf>

V. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The CSR Committee was constituted on May 23, 2014 under the provision of Section 135 of the Companies Act, 2013. The Company has framed a CSR Policy which is uploaded on the website of the Company i.e. <http://www.munjalshowa.net/wp-content/uploads/2015/05/Corporate-Social-Responsibility-Policy1.pdf>

The terms of reference of the CSR Committee broadly comprise as:

- To review the existing CSR Policy and to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- To provide guidance on various CSR activities to be undertaken by the Company and to monitor its progress.

The composition of the CSR Committee as at March 31, 2019 and the details of members participation at the meetings of the Committee are as under:

Name of the Chairman and Member	Attendance at the Corporate Social Responsibility Meetings held on May 30, 2018
Executive Directors	
Mr. Yogesh Chander Munjal (Chairman)	Yes
Mr. Shigeki Kobayashi (Member)	Yes
Non-Executive and Independent Director	
Mr. Vinod Kumar Agrawal (Member)	Yes

VI. RISK MANAGEMENT COMMITTEE

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

The roles and responsibilities of the Risk Management Committee are as prescribed under Regulation 21 of the Listing Regulations and includes monitoring and reviewing of risk management plan on a quarterly basis and reporting the same to the Board of Directors periodically as it may deem fit, in addition to any other terms as may be referred by the Board of Directors, from time to time. The Company has a risk management framework to identify, monitor and minimize risks as also identify business opportunities.

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

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

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

The committee comprises of Mr. Yogesh Chander Munjal (Chairman & Managing Director), Mr. Pankaj Gupta (Chief Financial Officer) and Mr. K Chakravorty (Advisor- Commercial).

Details of members' participation at the meetings of the Committee are as under:

Name of the Chairman and Member	Attendance at the Risk Management Committee Meetings held on			
	May 30, 2018	July 30, 2018	November 03, 2018	February 04, 2019
Mr. Yogesh Chandra Munjal (Chairman)	Yes	Yes	Yes	Yes
Mr. Pankaj Gupta (Member)	Yes	Yes	Yes	Yes
Mr. K. Chakravorty (Member)	Yes	Yes	Yes	Yes

VII. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee oversees, inter-alia, redressal of shareholder and investor grievances, transfer/transmission of shares, issue of duplicate shares, exchange of new design share certificates, recording dematerialisation/rematerialisation of shares and related matters. The roles and responsibilities of the Stakeholders Relationship Committee are as prescribed under Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.

The Chairman Mr. Nand Lal Dhameja is a non-executive independent director. The Company Secretary of the Company acts as the Compliance Officer of the Company and any request / complaint can be forwarded to the Company at e-mail Id cs@munjalshowa.net.

During the year, the Company received one complaint from the shareholder. All the complaints have been resolved to the satisfaction of the complainants and no investor complaint was pending at the beginning or at the end of the year.

The total number of shares transferred in physical form during the year under review was 15110 shares. There was no pending share transfer case as on March 31, 2019.

Attendance of Members at the meetings of the Stakeholders Relationship Committee held during 2018-19 was as under:

Name of the Chairman and Member	Attendance at the Stakeholders Relationship Committee Meetings held on			
	May 30, 2018	July 30, 2018	November 03, 2018	February 04, 2019
Executive Directors				
Mr. Yogesh Chander Munjal (Member)	Yes	Yes	Yes	Yes
Mr. Shigeki Kobayashi (Member)	Yes	Yes	Yes	Yes
Non-Executive Directors				
Mr. Ashok Kumar Munjal (Member)	No	No	No	No
Non-Executive Independent Director				
Mr. Nand Lal Dhameja (Chairman)	Yes	Yes	Yes	Yes

VIII. SHARE TRANSFER SYSTEM / DIVIDEND AND OTHER RELATED MATTERS

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

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

The Company obtains from a Company Secretary in practice half yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the Listing Regulations, and files a copy of the same with the Stock Exchanges.

Reconciliation of Share Capital Audit

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

Compliance with Secretarial Standards

The Institute of Company Secretaries of India, a statutory body, has issued Secretarial Standards on Board and General meetings. The Company has complied with all the applicable provisions of the Secretarial Standards.

IX. INDEPENDENT DIRECTORS MEETING

During the financial year 2018-19, a separate meeting of the Independent Directors was held on March 30, 2019 without the attendance of non-independent directors and members of the management. All Independent Directors attended the said meeting, inter alia:

- To review the performance of non-independent Directors and the Board as a whole;
- To review the performance of the Chairperson of the Company;

- c. To assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

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

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration.

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

<http://www.munjalshowa.net/wp-content/uploads/2015/05/Nomination-And-Remuneration-Policy1.pdf>

XI. PERFORMANCE EVALUATION

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

The Board has carried out an exercise to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company etc. The performance evaluation of the Directors was carried out by the entire Board except the director being evaluated.

The Nomination and Remuneration Committee has formulated the criteria for evaluation of Independent Directors based on the following specifications:

1. Participation at Board/ Committee Meetings
2. Managing Relationship
3. Knowledge and Skill
4. Personal Attributes
5. Initiative and Resourcefulness
6. Judgment
7. Adaptability
8. Decisiveness
9. Innovation and Creativity
10. Leadership
11. Interpersonal Relationship
12. Oral Communication
13. Written Communication
14. Job knowledge and skills
15. Learning Ability
16. Evaluating subordinates
17. Self-Management
18. Attendance and Grooming

XII. RELATED PARTY TRANSACTIONS

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. Hence, requirement of Form AOC-2 as required under section 188(1) of the Companies Act, 2013 is not applicable to the Company for all the transactions.

The Company generally provided interest free loan to all its permanent employees and workers. As per the same, the Company has provided interest free loan of Rs. 40,000/- to Mr. Saurabh Agrawal, Key Managerial Personnel of the

Company in financial year 2017-18. The form AOC-2 in respect of such transaction has been annexed as **Annexure-G**. The said loan amount of Rs. 40,000/- was re-paid by Mr. Saurabh Agrawal partly in the year 2017-18 and the balance in the year 2018-19.

All transactions with related parties were placed before Audit Committee and Audit committee has given omnibus approval for repetitive and foreseen transactions. The Board also noted these transactions on quarterly basis. The details of related party transactions are given in note number 32 of Financial Statements.

The Company has developed a policy on Related Party Transactions. The policy on related party transactions as approved by the Board is uploaded on the Company's website. The link of such policy is given below:

<http://www.munjalshowa.net/wp-content/uploads/2016/02/Related-Party-Policy-of-MSL.pdf>

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

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

XIII. DISCLOSURES

Disclosure on materially significant related party transactions, i.e. the Company's transactions that are of material nature, with its Promoters, Directors and the management, their relatives or subsidiaries, among others that may have potential conflict with the Company's interests at large;

During the period under review, the Company had not entered into material transaction with any related parties. None of the transactions with the related parties was in conflict with the interest of the Company. The Company has made full disclosures of transactions with the related parties set out in Note No. 32 of Financial Statement, forming part of the Annual Report.

All related party transactions are in the ordinary course of business and are negotiated on arm's length basis, and are intended to further the Company's interests.

Strictures and Penalties

There is neither any non-compliance of any legal provision of applicable law, nor any penalty, stricture imposed by the stock exchanges or SEBI or any other authority, on any matters related to capital market during the previous three financial years.

Compliance with Accounting Standards

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

Internal Controls

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

CEO & MD / CFO Certification

The CEO & MD and the CFO have issued certificate pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 certifying that the financial statements do not contain any untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report.

MATERIAL SUBSIDIARIES

The Company has no subsidiaries as at March 31, 2019.

XIV. FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

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

XV. PUBLIC ISSUES, RIGHT ISSUES OR PREFERENTIAL ISSUES

The Company has not raised any money/funds from public issues, right issues or preferential allotment, qualified institutional placements etc. during the year.

XVI. VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

None of the personnel of the Company has been denied access to the Audit Committee.

Vigilance and Ethics Officer is as under:-

Name and Address - Shri R K Arora, Head Personnel

Munjal Showa Limited

9-11, Maruti Industrial Area, Gurugram-122015

Email- rkarora@munjalshowa.net

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

Name and Address of Chairman & Managing Director - Shri Yogesh Chander Munjal

Munjal Showa Limited

9-11, Maruti Industrial Area, Gurugram-122015

Email- yogesh_munjal@munjalshowa.net

Name and Address of the Chairman of Audit Committee- Shri Vinod Kumar Agrawal

Munjal Showa Limited

9-11, Maruti Industrial Area, Gurugram-122015

Email- agrawalnagrawal@yahoo.co.in

Pursuant to recently notified SEBI (Prohibition of Insider Trading Regulations), 2015, the company has amended its Whistle Blower Policy. The website link of Vigil Mechanism / Whistle Blower Policy is given below:

<http://www.munjalshowa.net/wp-content/uploads/2015/05/Vigil-Mechanism-Whistle-Blower-Policy2.pdf>

XVII. PREVENTION OF INSIDER TRADING

The Company has adopted a CODE OF INTERNAL PROCEDURES AND CONDUCT FOR REGULATING, MONITORING AND REPORTING OF TRADING BY DESIGNATED PERSONS with a view to regulate trading in securities by the Directors and designated employees of the Company applicable from April 01, 2019 as per Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2019 . The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the trading window is closed. The Chief Financial Officer of the Company is designated as Chief Investor Relations Officer in pursuance of such code. The Company Secretary is responsible for implementation of the Code. All Board of Directors and the designated employees have confirmed compliance with the Code.

XVIII. MEANS OF COMMUNICATION WITH THE MEMBERS/SHAREHOLDERS

The unaudited quarterly / half yearly results are announced within forty-five days of the close of the quarter. The audited annual results are announced within 60 days from the close of the financial year as per the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The aforesaid financial results are sent to BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) where the Company's securities are listed, immediately after these are approved by the Board.

The results are thereafter given by way of a Press Release to various news agencies/analysts and are published within forty-eight hours in leading English and Hindi daily newspapers such as “Mint” (English edition) and “Hindustan” (Hindi edition). The audited financial statements form a part of the Annual Report which is sent to the Members well in advance of the Annual General Meeting.

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

The Annual Report of the Company, the quarterly / half yearly and the annual results and the press releases of the Company are also displayed on the Company’s website: www.munjalshowa.net

In compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the quarterly results, shareholding pattern, quarterly compliances and all other corporate communication to the Stock Exchanges viz. BSE Limited and the National Stock Exchange of India Limited (NSE) are filed electronically on BSE’s online portal and through Corporate Filing and Dissemination System (CFDS) website www.corpfiling.co.in. and with NSE through NSE Electronic Application Processing System (‘NEAPS’) portal.

No presentations were made to the institutional investors or to the analysts.

XIX. GENERAL INFORMATION TO SHAREHOLDERS

Investor Services

Share transfers and other communication regarding change of address, dividends, share certificates, investor complaints, etc. may be addressed to:	MCS Share Transfer Agent Limited F-65, 1st Floor, Okhla Industrial Area, Phase I, New Delhi- 110 020 Tel: 011-41406149-52; Fax: 41709881 Email: helpdeskdelhi@mcsregistrars.com
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Members who hold shares in dematerialized form should correspond with the Depository Participant with whom they maintain Demat Account/s, for their queries relating to shareholding, change of address, credit of dividend through National Electronic Clearing Services (NECS). However, queries relating to non-receipt of dividend, non-receipt of annual reports, or on matters relating to the working of the Company should be sent to the Company.

Members who hold shares in physical form should address their queries to the Company.

Members are requested to ensure that correspondence for change of address, change in bank details, processing of unclaimed dividend, sub-division of shares, renewals / split / consolidation of share certificates, issue of duplicate share certificates should be signed by the first named Member as per the specimen signature registered with the Company. The Company may also, with a view to safeguard the interest of its Members and that of the Company, request for additional supporting documents such as certified copies of PAN Cards and other proof of identity and/or address. Members are requested to indicate their Depository Participant ID & Client ID/ Ledger Folio number in their correspondence with the Company and also to provide their email addresses and telephone numbers/FAX numbers to facilitate prompt response from the Company.

Market Information

Listing on Stock Exchanges

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

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

Munjal Showa Limited Share Price on BSE & NSE April 2018- March 2019

(In Rupees)

Month	BSE Ltd		National Stock Exchange of India Ltd.	
	High Price	Low Price	High Price	Low Price
Apr-18	239.00	207.00	235.00	205.15
May-18	242.25	202.00	243.95	201.55
Jun-18	261.00	216.20	261.30	216.90
Jul-18	238.95	212.10	239.80	213.05
Aug-18	237.85	213.15	239.80	213.35
Sep-18	232.95	188.30	233.00	189.35
Oct-18	194.00	163.00	194.90	171.00
Nov-18	198.00	173.85	202.85	174.15
Dec-18	189.90	166.05	197.95	167.10
Jan-19	188.85	167.65	189.20	167.50
Feb-19	177.70	146.00	177.30	145.00
Mar-19	183.80	159.05	184.00	157.30

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

BSE Sensex			Munjal Showa Limited		
Year	Sensex	% Change	Year	Close	% Change
2019	38,672.91	-	2019	165.75	-18.93%
2018	32,968.68	17.30	2018	204.45	-4.54%
2017	29,620.50	11.30	2017	214.17	30.99%
2016	25,341.86	30.10	2016	163.50	-6.89%
2015	27,957.49	17.92	2015	175.60	109.80%
2014	22,386.27	47.27	2014	83.70	46.84%
2013	18,835.77	75.03	2013	57.00	-19.09%

Dematerialization of Shares and Liquidity

The Status of the shares held in demat and physical form are given below:

No. of Shares held with NSDL	33,986,932	84.98%
No. of Shares held with CDSL	5,514,831	13.79%
No. of Shares held in Physical	493,237	1.23%
Total	39,995,000	100.00%

Shareholding pattern as on March 31, 2019

Category of shareholder	Number of shareholders	Total number of shares	Total shareholding as a percentage of total number of shares
Indian Promoters	2	15,604,000	39.01
Foreign Promoters	1	10,400,000	26.00
Public Shareholding			
Institutions			
Mutual Funds/ UTI	4	7,955	0.02
Financial Institutions/ Banks	3	15,220	0.04
Foreign Portfolio Investors	12	185,302	0.46
Non-institutions			
Bodies Corporate	314	3,319,764	8.30
Individuals -			
i. Individual shareholders holding nominal share capital up to Rs. 2 lakhs	18,234	9,440,970	23.61
ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.	4	541,159	1.35
NBFCs registered with RBI	2	9,625	0.02
Non resident Indians	2,724	246,914	0.62
IEPF Demat Account	1	86,147	0.22
Any Other-Trust & foundation	4	3,950	0.01
GRAND TOTAL	18,970	39,995,000	100.00

Statement showing Shareholding of persons belonging to the category “Promoter and Promoter Group” as on March 31, 2019

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

No shares have been pledged by the promoters.

Distribution of Shareholding as on March 31, 2019

Shares Holding on Nominal Value of Rs. 2			No. of Shares	No. of Shareholders	% of Shares	% of Shareholders
1	To	500	2,098,993	16158	5.2481	82.5989
501	To	1000	1,461,169	1692	3.6534	8.6494
1001	To	2000	1,526,815	908	3.8175	4.6417
2001	To	3000	668,839	260	1.6723	1.3291
3001	To	4000	560,158	151	1.4006	0.7719
4001	To	5000	494,029	103	1.2352	0.5265
5001	To	10000	1,129,561	151	2.8243	0.7719
10001	To	50000	2,416,233	121	6.0413	0.6185
50001	To	100000	789,133	10	1.9731	0.0511
And Above			28,850,070	08	72.1342	0.0409
Total			39,995,000	19,562	100	100

DETAILS OF ANNUAL GENERAL MEETING/ EXTRA ORDINARY GENERAL MEETING

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
2017-2018	9-11, Maruti Industrial Area, Sec-18, Gurugram	Wednesday, September 26, 2018	11.00 A.M.	06
2016-2017	9-11, Maruti Industrial Area, Sec-18, Gurugram	Thursday, August 24, 2017	11.00 A.M.	01
2015-2016	9-11, Maruti Industrial Area, Sec-18, Gurugram	Wednesday, August 24, 2016	11.00 A.M.	03

2017-18- Special Resolutions passed for:

- Variation in terms of appointment of Mr. Shigeki Kobayashi, Joint Managing Director
- Variation in terms of appointment of Mr. Yogesh Chander Munjal, Managing Director
- Four separate resolutions for the re-appointment of Independent Directors, Mr. Vinod Kumar Agrawal, Mr. Devi Singh, Mr. Nand Lal Dhameja and Mr. Surinder Kumar Mehta

2016-2017- Special Resolutions passed for:

- Variation in terms of appointment of Mr. Yogesh Chander Munjal, Managing Director

2015-16- Special Resolutions passed for:

- Amendment to Memorandum of Association of Company
- Amendment to Articles of Association of Company
- Re-appointment of Mr. Yogesh Chander Munjal as Managing Director of Company

No resolution has been passed by the Company's shareholders through postal ballot during the Financial Year 2018-19 and there is no resolution proposed to be passed through postal ballot in the ensuing Annual General Meeting.

Extraordinary General Meeting (EGM)

No EGM was held during the Financial Year 2018-19.

Corporate Benefits

Dividend declared for the last 7 (seven) years on Rs. 2/- paid up share:

Financial Year	Type	Declared Dividend per share	Due Dates for Transfer to IEPF
2011-12	Final	Rs. 3.00	13-Oct-2019
2012-13	Final	Rs. 3.00	13-Oct-2020
2013-14	Final	Rs. 3.50	02-Nov-2021
2014-15	Final	Rs. 4.00	30-Oct-2022
2015-16	Interim	Rs. 4.00	13-Apr-2023
2016-17	Final	Rs. 4.00	28-Oct-2024
2017-18	Final	Rs. 4.50	31-Oct-2025

Transfer of Unclaimed Shares to Investor Education and Protection Fund

Pursuant to the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules 2016 (the 'Rules') notified by the Ministry of Corporate Affairs effective September 7, 2016, as amended, all shares in respect of which dividend has remained unclaimed by the shareholders for seven consecutive years or more are required to be transferred to the Investor Education and Protection Fund (IEPF).

During the year, notices were sent to the concerned shareholders whose shares were liable to be transferred to IEPF Demat Account under the said Rules for taking appropriate action and full details of such shareholders and shares due for transfer to IEPF Authority's Demat Account have also been uploaded on Company's website at www.munjalshowa.net

During the financial year 2017-18, 64,497 Equity Shares of Rs. 2/- each fully paid up and during the financial year 2018-19, 21,650 Equity Shares of Rs. 2/- each fully paid up, in respect of which the dividend remained unpaid or unclaimed for seven consecutive years were transferred to the IEPF Authority.

An option to claim from IEPF Authority, all unpaid/unclaimed dividends or other amounts and the unclaimed shares transferred to IEPF, is available to members. Members may make their claim by following the due procedure for refund as prescribed under the said rules.

Details of 21,650 equity shares which have been transferred into IEPF Demat Account are available on the website of the Company at www.munjalshowa.net and at the website of IEPF authority at www.iepf.gov.in.

The Company has appointed a Nodal Officer under the provisions of IEPF, the details of which are available on the website of the Company i.e. www.munjalshowa.net.

Other General Information to the members of the Company

01) 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 Registrar & Transfer Agent (RTA) of the Company.

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

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

- 04) Shareholder Correspondence may be addressed to** : Ms. Geetanjali Sharma
(Company Secretary & Compliance Officer)

Munjal Showa Limited, Plot no. 9-11,
Maruti Industrial Area, Sector-18, Gurugram,
Haryana- 122015
Email: cs@munjalshowa.net
- 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.
- Queries relating to the Financial Statements of the Company may be addressed to** : Mr. Pankaj Gupta
(Chief Financial Officer)

Munjal Showa Limited, Plot no. 9-11, Maruti Industrial Area, Sector-18, Gurugram-122015, Haryana
Email: pgupta@munjalshowa.net
- 05) Annual General Meeting**
- Day, Date and Time : Friday, August 30, 2019 at 11:00 AM
-Venue : 9-11, Maruti Industrial Area, Sector 18, Gurugram-122015, Haryana
- 06) Financial Calendar**
- (a) **Financial Year 2019-2020** : April to March
(b) **Financial reporting for the quarter ending June 2019** : By August 14, 2019
(c) **Financial reporting for the quarter and half year ending September' 2019** : By November 14, 2019
(d) **Financial reporting for the quarter and nine months ending December 2019** : By February 14, 2020
(e) **Financial reporting for the year ending March 2020** : End May, 2020
(f) **Annual General Meeting for the year ending March 31, 2020** : End September, 2020
- 07) Face Value of the Equity Share** : Rs. 2/- per share
- 08) Date of Book Closure** : Saturday, August 17, 2019
to
Friday, August 30, 2019
(both days inclusive)
- 09) Dividend payment date** : The dividend on Equity Shares, if declared at the Annual General Meeting will be paid by September 28, 2019 to the members
- 10) Company Identification Number (CIN) Permanent Account Number (PAN)** : L34101HR1985PLC020934
: AAACM0070D
- 11) Annual Listing Fee** : Paid for the FY. 2019-20
- 12) Details of Public Funding Obtained in the previous three years.** : The Company has not obtained any public funding in the previous three

- 13) The Company's financial discipline and prudence is reflected in the credit ratings ascribed by CRISIL rating agency:

Long-Term Rating	AA/Stable (reaffirmed)
Short-Term Rating	CRISIL A1+ (reaffirmed)

Rs. (in crores)	
INR 68.5 Long-Term Loans	AA/Stable
INR 30 Cash Credit	AA/Stable
INR 43.5 Letter of Credit	CRISIL A1+
INR 2.25 Bank Guarantee	CRISIL A1+
INR 6 Commercial Paper	CRISIL A1+

- 14) A certificate from the Company Secretary that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory Authority is attached as **Annexure-H** and forms integral part of this Report.
- 15) Total fees paid to the Statutory Auditors M/s Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Registration No. – 117366W/W-100018) during the financial year 2018-19:

(Amount in Rupees)

Audit fee (Including fees for Internal Control Over Financial Reporting)	24,00,000
Limited review of unaudited financial results	7,50,000
Other services (certification etc.)	75,000
Tax audit fee	3,00,000
Taxation matters	2,60,000
Out of pocket expenses	58,880
Total	38,43,880

- 16) The Company made a policy under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company also has an Internal Complaints Committee which works on the issues regarding safety of women at workplace.

Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is given below:

Number of complaints filed during the financial year 2018-19	NIL
Number of complaints disposed of during the financial year 2018-19	NIL
Number of complaints pending at the end of financial year 2018-19	NIL

XX. CHAIRMAN AND CEO

The Company appointed Mr. Yogesh Chander Munjal as the Chairman of the Company w.e.f. October 26, 2016. He is an Executive Director of the Company.

Mr. Yogesh Chander Munjal and Mr. Shigeki Kobayashi are the Managing Directors of the Company.

XXI. COMPLIANCE WITH THE REQUIREMENTS UNDER LISTING REGULATIONS

The Board of Directors periodically reviewed the compliance of all applicable laws and steps taken by the Company to rectify instances of non-compliance, if any. The Company is in compliance with all mandatory requirements of Listing Regulations. In addition, the Company has also adopted the following non-mandatory requirement to the extent mentioned below:

Reporting of Internal Auditor: The Internal Auditor of the Company directly reports to the Audit Committee on functional matters.

Modified Opinion(s) in Audit Report: The Company's financial statements had unmodified audit opinion.

For and on behalf of the Board

Place: Gurugram
Date: May 30, 2019

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

Vinod Kumar Agrawal
(Director)
(DIN 00004463)
A-224 1st Floor, Defence Colony
New Delhi 110024

DECLARATION BY CHAIRMAN & MANAGING DIRECTOR

[Regulation 34(3), read with Schedule V (Part D) of the SEBI (Listing Obligations and Disclosure Requirements), 2015]

I, Yogesh Chander Munjal, Chairman and Managing Director of Munjal Showa Limited hereby declare that all the members of Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the financial year 2018-19.

For and on behalf of the Board

Place: Gurugram
Date: May 30, 2019

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

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

To,

The Board of Directors
Munjal Showa Limited
9-11, Maruti Industrial Area,
Gurugram-122015

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, 2019 and that to the best of our knowledge and belief, we state that:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We hereby declare that all the members of the Board of Directors and Executive Committee have confirmed compliance with the Code of Conduct as adopted by the Company.
- d) We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting of the Company and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- e) We have indicated, based in our most recent evaluation, wherever applicable, to the Auditors and the Audit Committee;
 - i) significant changes, if any, in internal control over financial reporting during the year;
 - ii) significant changes, if any, in the accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over the financial reporting.

For and on behalf of the Board

Place: Gurugram
Date: May 30, 2019

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

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Development

India is a global leader in the automotive sector, backed by its domestic production capacity, market size, and exports. The auto-components industry accounts for 2.3 per cent of India's Gross Domestic Product (GDP) and employs as many as 1.5 million people directly and indirectly each. A stable government framework, increased purchasing power, large domestic market, and an ever increasing development in infrastructure have made India a favourable destination for investment. The auto components sector has been observing robust growth with a turnover of US\$ 51.2 billion in FY18-19 and turnover is anticipated to reach US\$ 200 billion by FY26. India's exports of auto components could account for as much as 26 per cent of the market by 2021.

Favourable government policies such as Auto Policy 2002, Automotive Mission Plan 2016-2026, National Automotive Testing and R&D Infrastructure Projects (NATRiPs), have helped the Indian auto components industry achieve considerable growth. The government has also extended the FAME Scheme from September 2018 to March 2019.

India is emerging as global hub for auto component sourcing. A cost-effective manufacturing base keeps costs lower by 10-25 per cent relative to operations in Europe and Latin America. Relative to competitors, India is geographically closer to key automotive markets like the Middle East and Europe.

Market Size

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

Opportunities and Threats

- India is emerging as global hub for auto component sourcing
- Relative to competitors, India is geographically closer to key automotive markets like the Middle East & Europe
- In December 2018 India pitched to boost its exports in auto components in the market of China.
- In September 2015, Automotive Mission Plan 2016-26 was unveiled which targets a fourfold growth for the sector
- Strong support for R&D & product development by establishing NATRiP centers
- 100 per cent FDI allowed under automatic route for auto component sector
- In January 2019, The Government of India lowered the custom duty on import of parts and components of electric vehicles to 10- 15 per cent.
- Reduction in excise duties in motor vehicles sector to spur the demand for auto components

Auto component manufacturers are afraid of the government's aggressive plans for electric vehicles, and it seems this transition is not in harmony with the future goals of the industry.

Usually, an internal combustion engine (ICE) of most of the cars works on more than 2,000 moving parts, but the engine of an electric vehicle doesn't require more than 20 similar parts/components.

Familiar with the imminent shift, many SMEs in the auto components industry are reluctant to invest in the electric vehicle expansion plans.

No doubt, an environment of fear is eclipsing the industry. But it is equally true that the industry is all set to become the third-largest in the world by 2025, and globalization is considered auspicious rather than a menace.

Despite this, a few of the industry players believe that the newer technology is apartheid to an age-old industry, which is still enjoying a growth momentum. They assume that once electric vehicles start replacing petrol/diesel based automobiles; there will be a sudden fall in the demand of auto components such as cylinder blocks, filters, transmitters, plugs, etc.

Government Initiatives

The Government of India's Automotive Mission Plan (AMP) 2006-2016 has come a long way in ensuring growth for the sector. Indian Automobile industry is expected to achieve a turnover of \$300 billion by the year 2026 and will grow at a rate of CAGR 15 per cent from its current revenue of \$74 billion.

Government has come out with Automotive Mission Plan (AMP) 2016-26 which will help the automotive industry to grow and will benefit Indian economy in the following ways:-

- Contribution of auto industry in the country's GDP will rise to over 12 per cent
- Around 65 million incremental number of direct and indirect jobs will be created
- End of life Policy will be implemented for old vehicles

Achievements

Following are the achievements of the government in the past four years:

- The FAME – India Scheme formulated by Department of Heavy Industry led to a continuous increase in registered OEMs and vehicle models. Also, the scheme enhanced the sales of electric vehicles and about 261,507 electric/hybrid vehicles were supported under the scheme up to December 6, 2018. In February 2019, the Government of India approved the FAME-II scheme with a fund requirement of Rs. 10,000 crore (US\$ 1.39 billion) for FY 20-22.
- Under National Automotive Testing and R&D Infrastructure Project (NATRIP) various facilities including passive safety labs comprising of crash core facility and crash instrumentations including dummies were established at ICAT-Manesar & ARAI-Pune.
- To give a fresh thrust to e-mobility in public transport, Department of Heavy Industry announced the launch of public & shared mobility based on electric power train.

Road Ahead

The rapidly globalizing world is opening up newer avenues for the transportation industry, especially while it makes a shift towards electric, electronic and hybrid cars, which are deemed more efficient, safe and reliable modes of transportation. Over the next decade, this will lead to newer verticals and opportunities for auto-component manufacturers, who would need to adapt to the change via systematic research and development.

The Indian auto-components industry is set to become the third largest in the world by 2025. Indian auto-component makers are well positioned to benefit from the globalisation of the sector as exports potential could be increased by up to US\$ 30 billion by 2021.

Product Wise Performance

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

Outlook

The Indian auto component industry is optimistic about clocking high growth this year as the automobile sector shows signs of recovery across segments. Leading research firm has revised upward revenue growth estimate for Indian auto component industry in the range of 13-15% for FY 2018-19 in the backdrop of robust growth expectation in domestic PV, CV, tractor and 2W segment. Revenue growth will be also supported by steady increase in the commodity prices and consequent impact on the realization. This will be strongly supported by improved demand outlook in key end user segments as well as expected pickup in rural income and also due to growth in high volume two-wheeler (2W) and passenger-vehicle (PV) industry which together constitutes about two-third of overall ancillary industry size. Moreover, stellar growth in CV, as well as tractor segment, has further supported overall volume growth. We expects industry-wide credit trends to remain stable, supported by robust demand from the OEM segment in the near term, supported by healthy cash accruals, gearing as well as coverage indicators for the industry have improved considerably over the past two years, despite the fact that the industry has been on a consolidation mode over the last two years, taking steps towards deleveraging their balance sheet, given the surplus capacity. The revenue growth of auto ancillaries is expected to be at 11-13% for FY 2019-20, given healthy growth expected across key automotive sub-segments as well as commodity price impact on realization. We maintain our 10-12% long term (5 year) CAGR expectation for Indian auto component industry. Over the medium to long term, growth in the auto component industry will be higher than the underlying automotive industry growth, given the increasing localisation by OEMs, higher component content per vehicle and rising exports from India.

Risks and Concerns

The Indian auto industry is poised to become the 4th largest automobile market globally overtaking UK and Germany after China, US and Japan and India is currently world second largest two-wheeler manufacturer. Stringent environment regulations and compliance with environment sustainability agenda have forced the government and stakeholders to go beyond the conventional ICE platforms and offer electric power trains by 2030, putting pressure on OEMs to develop Electric Powertrains for future roll out. As the technology evolves, demand for connected features is also bound to increase as this will be key to OEs platform differentiation. Component manufacturers will be forced to explore technology and capability development across digital and hardware integration to remain relevant.

The survival of the Indian auto component manufacturers will be largely dependent on how soon and effectively able to adapt and transform business models in line with the industry disruption. Suppliers of Auto component will have to reimagine their business models and assess where they are and where they want to play in line with their competencies and their appetite to endure disruption. The industry will give several opportunities for component manufacturers, defining where to play and how to play will be dependent on the component manufacturers in line with their long term strategy and ability to respond to changes.

Irrespective of the position that players take, the Industry would need to focus on the following areas to be future-ready:

- Focus on R&D and Technology through M&As, JVs, and technical collaborations, both within component industry as well as software developers.
- Focus on addressing skill gap development through increased industry and academia interaction as well as investment in training and certifications.
- Inability to timely ramp-up production to meet market demand and planned growth.
- Loss of Customer Satisfaction and brand image due to quality issues
- Supply Chain Disruptions
- Rising fuel prices
- Higher interest rates
- Monsoon dependency

The Company has a well-established risk management policy and procedures based on which risks are identified and assessed across its business units and operations. To manage and mitigate the risks, mitigation plans are embedded in the various initiatives that the management has already executed. These plans are reviewed periodically by the Risk Management Committee of the Company. For better mitigation of Risk the Company has made a Risk Management Committee. The Committee periodically reviews the concerned risks. The Company reviews the effectiveness of the mitigation strategies and their implementation process.

Internal Control System and its Adequacy

Your Company maintains adequate internal control systems commensurate with the nature of its business and size and complexity of its operations. The Company has implemented a SAP ERP (Enterprise Resource Planning) system. The financial authority at various management levels is clearly defined in the delegation of powers. These are regularly tested for their effectiveness by Statutory as well as Internal Auditors. In the highly networked IT environment of the Company, validation of IT Security receives focused attention from IT specialists and Statutory Auditors. Your Company has appointed reputed firm of Chartered Accountants for internal audit functions consisting of experienced and professionally qualified team. The Internal Auditor reports directly to the Board through Audit Committee. The internal auditor has covered the area of internal financial Controls, reconciliation of GST inputs, Checking of TDS compliances and GST compliances. The Audit Committee reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations.

Discussion on financial performance with respect to operational performance

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the

Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. The financials have been prepared considering the above requirements of applicable laws.

The Company has achieved turnover (net of GST & Excise) of Rs. 166,929 lakhs as against Rs. 161,545 lakhs during the previous year registering a growth of 5.56 per cent. The profit before tax was Rs. 8,554 lakhs as against Rs. 10,540 lakhs of previous year. The decreases in profit before tax was 18.84 per cent and profit after tax was lower by 19.24 per cent at Rs. 6,259 lakhs as against Rs. 7,751 lakhs in the previous year.

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

The strategic purpose of Human Resources is to be a catalyst and change agent for creating the Human Capital transformation required to ensure sustained business outperformance, while simultaneously addressing the needs of its multiple stakeholders (starting with customers and employees) and strengthening the core values of the Company. In the long run, the ultimate metric for success is continuous improvement in the total factor productivity, while addressing the business imperatives of cash, cost, competence and confidence. The emphasis has been on aligning all the HR levers towards achieving these goals.

Focus continued to be on the Talent Management and Leadership Development processes which included Development Centers, Individual Development Planning, e-learning, up-skilling programs, Leadership Lifecycle programs and Action-Learning Projects etc.

The Company's strength of employees stood at 3097 as on March 31, 2019.

Cautionary Statement

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

For and on behalf of the Board

Place: Gurugram
Date: May 30, 2019

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

Vinod Kumar Agrawal
(Director)
(DIN 00004463)
A-224 1st Floor, Defence Colony
New Delhi, 110024

TO THE MEMBERS OF**MUNJAL SHOWA LIMITED****INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

1. This certificate is issued in accordance with the terms of our engagement letter dated October 18, 2018.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of Munjal Showa Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2019, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2019.
9. We 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 DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)

Jaideep Bhargava
Partner
(Membership No. 090295)

Place: Gurugram
Date : May 30, 2019

ANNEXURE 'B' TO BOARD'S REPORT**FORM No.MR-3
SECRETARIAL AUDIT REPORT****For The Financial Year ended on 31st March, 2019**

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

To,
The Members,
Munjal Showa Limited
CIN: L34101HR1985PLC020934
9-11, Maruti Industrial Area
Sector 18, Gurugram-122015,
Haryana

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering financial year ended on 31st March, 2019 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable to the Company during the audit period)
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (upto 10th November, 2018) and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (with effect from 11th November, 2018) (Not applicable to the Company during the audit period)
 - (d) The Securities and Exchange Board of India (Share Based employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during audit the period)

- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and (Not applicable to the Company during the audit period)
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (upto 10th September 2018) and the Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (with effect from 11th September 2018); (Not applicable to the Company during the audit period)
- vi) As confirmed and certified by the management, there is no Sectoral law specifically applicable to the Company based on the Sectors /Businesses.

We have also examined compliance with the applicable clauses/regulations of the following:

- (i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India;
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 and Listing agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except a) The appointment of Ms. Geetanjali Sharma as Company Secretary w.e.f 31.01.2019 was approved by the Board in their meeting held on 04.02.2019 without the recommendation of Nomination and Remuneration Committee and intimation relating to her appointment as Company Secretary and Compliance Officer was sent on 31.01.2019 to the stock exchanges; b) Two requests for dematerialisation of shares received by the RTA have been confirmed beyond the prescribed time.

We further report that,

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

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

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

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

We further report that during the audit period the Company had no specific events/actions that had a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For SATYENDER KUMAR & ASSOCIATES
Company Secretaries

Place: Gurugram
Date : May 30, 2019

Satyender Kumar
(Proprietor)
C.P No. 5189
FCS No. 4087

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

(A) CONSERVATION OF ENERGY-

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

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

The following new initiatives were taken to conserve energy during the year 2018-19:

1. Stopped Air Leakages
2. Big Motors to small Motors
3. Clubbing of Operations
4. Providing Auto stop timers to stop machines during breaks
5. Cooling towers in place of refrigeration in chillers
6. Installation of Solar Energy in all plants

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

The Company uses State Power Board Electricity and Generators. Your Company has started the solar power plant for Gurugram and Manesar Plant. The Company is trying to reduce Energy by using LED Lights and Solar Water Heater etc.

(B) TECHNOLOGY ABSORPTION

(I) THE EFFORTS MADE TOWARDS TECHNOLOGY ABSORPTION;

New product Technology absorption

Indigenization of CKD Parts

(II) THE BENEFITS DERIVED LIKE PRODUCT IMPROVEMENT, COST REDUCTION, PRODUCT DEVELOPMENT OR IMPORT SUBSTITUTION;

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

Future plan of action

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

(III) IMPORTED TECHNOLOGY

Your Company has absorbed the technology received from collaborator Showa Corporation, Japan, continuously. As in the past, the Company has successfully implemented indigenization 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, standardization, 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.

Expenditure on Research and Development

Capital	Rs. NIL
Recurring	Rs. 9,547,086/-
Total	Rs. 9,547,086/-

(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. 10,951,530/- and foreign exchange outgo during the year was Rs. 2,142,361,727/-.

For and on behalf of the Board

Place: Gurugram
Date: May 30, 2019

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

Vinod Kumar Agrawal
(Director)
(DIN 00004463)
A-224 1st Floor, Defence Colony
New Delhi, 110024

ANNEXURE 'D' TO THE BOARD'S REPORT

Statement of Disclosure of Remuneration under Section 197 of the Companies Act 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

THE RATIO OF THE REMUNERATION OF EACH DIRECTOR TO THE MEDIAN REMUNERATION OF THE EMPLOYEES OF THE COMPANY FOR THE FINANCIAL YEAR 2018-2019

S.NO.	NAME	DESIGNATION	RATIO
1.	Mr. Yogesh Chander Munjal	Managing Director	89
2.	Mr. Shigeki Kobayashi	Joint Managing Director	63

The Company pays only sitting fees to Non-Executive Directors.

THE PERCENTAGE INCREASE IN REMUNERATION OF EACH DIRECTOR, CHIEF FINANCIAL OFFICER, CHIEF EXECUTIVE OFFICER, COMPANY SECRETARY OR MANAGER, IF ANY, IN THE FINANCIAL YEAR 2018-2019

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

S. NO.	NAME	DESIGNATION	PERCENTAGE CHANGE
1.	Mr. Yogesh Chander Munjal	Managing Director	-10.95
2.	Mr. Shigeki Kobayashi	Joint Managing Director	3.90
3.	Mr. Pankaj Gupta	Chief Financial Officer	-3.94
4.	Mr. Saurabh Agrawal*	Company Secretary	NA
5.	Ms. Geetanjali Sharma**	Company Secretary	NA

* upto 05.01.2019

**w.e.f 31.01.2019

THE PERCENTAGE INCREASE IN THE MEDIAN REMUNERATION OF EMPLOYEES IN THE FINANCIAL YEAR 2018-19: 13.61

THE NUMBER OF PERMANENT EMPLOYEES ON THE ROLLS OF COMPANY

There were 1,394 employees on the rolls of the Company as on March 31, 2019 as compared to 1,342 employees as on March 31, 2018.

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

The average percentile increase in the salaries of employees was around 6.73% and the percentile decrease in the managerial remuneration for the year was 5.35%. The Company except Managing Director and Joint Managing Director gives general increase to all its permanent employees after every three years as per the practice followed by the Company after making wage agreements with its permanent workers for three years. The last increase was effective from July 2016. Apart from this the Company gives 3 to 5 percent every year on the basis of the individual employee's performance.

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

For and on behalf of the Board

Place: Gurugram
Date: May 30, 2019

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

Vinod Kumar Agrawal
(Director)
(DIN 00004463)
A-224 1st Floor, Defence Colony
New Delhi, 110024

ANNEXURE-E TO BOARD'S REPORT

Statement of particulars of employees pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended March 31, 2019

A. Details of top ten employee except Managing Directors:

Sl. No.	Name	Designation	Gross Remuneration (Rs.)		Nature of employment	Qualification	Experience (Years)	Nature of duties	Date of Commencement of Employment	Age (Years)	Last employment held before joining the Company & Designation held	Percentage/Nos. of Equity Share held	Whether any such employee is a relative of any director or manager of the company
1	HIDEKAZU SHIMAZAKI	Technical Advisor	Rs.5,656,519		Contractual	Graduate in Mechanical Engineering	19	Technical	03.10.2017	39	Showa Corporation, Japan	NIL	NO
2	HIDENOBU YAMADA	Technical Advisor	Rs.5,821,796		Contractual	Graduate in Automobile Electric	15	Technical	13.10.2016	37	Showa Corporation, Japan	NIL	NO
3	RAJIV SHARMA	V.P	Rs. 4,307,281		Permanent Employee	B.Tech. (Mech.)	35	Sr. Mgt-Gurugram Plant Head	01.05.2015	58	Tennaco Automotive	NIL	NO
4	ASHUTOSH SRIVASTAVA	V.P	Rs.4,217,544		Permanent Employee	B.Tech. (Mech.)	29	Sr. Mgt-Purchase Department Head	14.11.2005	55	Saroj Pvt. Ltd	NIL	NO
5	PANKAJ GUPTA	V.P & C.F.O.	Rs.3,577,068		Permanent Employee	CA, CS & CMA	29	Sr. Mgt. Head Finance and Accounts	27.09.1994	53	Omega Bright Steels Pvt. Ltd	0/05 Nos.	NO
6	MANOJ KUMAR SAXENA	V.P	Rs.3,366,091		Permanent Employee	Diploma (Mech.)	37	Sr. Mgt-Quality Head	19.12.1986	58	Diamond Spring	NIL	NO
7	RAKESH KUMAR VASHIST	V.P	Rs.3,270,794		Permanent Employee	B.sc (Chem.)	38	Sr. Mgt-Paint Shop Head	03.10.1997	58	Birla Yamaha Ltd, Dehradun	NIL	NO

8	SANJAY KUMAR SHARMA	A.V.P.	Rs.3,267,301	Permanent Employee	BE	28	Sr. Mgt- Haridwar Plant Head	10.10.2008	54	Thai Summit	NIL	NO
9	K. CHAKRAVORTY	A.V.P.	Rs. 2,714,523	Permanent Employee	PG (DIP) &BCOM (HONS)	39	Commercial	16.05.1990	58	Bharat Gears Ltd	NIL	NO
10	PARAMJEET SINGH YADAV	A.V.P.	Rs. 2,510,527	Permanent Employee	Diploma (Mech.)	30	Sr. Mgt- Manesar Plant Head	13.06.1994	54	Kelvinator, Alwar	NIL	NO

Note: Gross remuneration shown above is subject to tax and comprises salary including arrears, allowances, rent, medical reimbursements, leave travel benefits, leave encashment, provident fund, superannuation fund & gratuity.

B. Details of the Employees, who were in receipt of remuneration aggregating Rs. 1,02,00,000 or more per annum.

Sl.	Name	Designation	Gross Remuneration (Rs.)	Nature of employment	Qualification	Experience (Years)	Nature of duties	Date of Commencement of Employment	Age (Years)	last employment held before joining the Company, designation	Percentage/ No. of Equity Shares	Whether any such employee is a relative of any director or manager of the company
Employed throughout the period and in receipt of remuneration not less than Rs. 1.02 Cr.per annum												
1	Yogesh Chander Munjal	Managing Director	Rs. 47,493,850/-	Contractual	B. Arch.	55	Overall management of the affairs of the Company	01.09.1986	79	Chief Executive- Rockman Cycle Inds. Ltd.	NIL	No
2	Shigeki Kobayashi	Joint Managing Director	Rs. 33,582,627/-	Contractual	Graduate	37	Overall management of the affairs of the Company	26.10.2016	55	Showa India Private Limited	NIL	No

C. Employed for part of the financial year and was in receipt of remuneration not less than Rs. 8,50,000 per month: NIL

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. 1.02 Cr per annum (Rs. 8.50 Lakhs per month) and for employees who worked for a part of the Financial Year, who were in receipt of remuneration for any part of the year. None of the Employee was there who was in receipt of remuneration in excess of that drawn by the Managing Director or whole time director or manager and holds by himself or along with his spouse and dependent children, not less than 2% of the equity shares of the Company;
- Gross remuneration includes Salary, Commission, Company's contribution to Provident Fund and Superannuation Fund, Medical Reimbursement, Monetary Value of Perquisites & value of Rent Free Accommodation;

For and on behalf of the Board

Place: Gurugram
Date: May 30, 2019

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

Vinod Kumar Agrawal
(Director)
(DIN 00004463)
A-224 1st Floor, Defence Colony
New Delhi, 110024

ANNEXURE 'F' TO THE BOARD'S REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. The Company continues to engage with stakeholders including communities, academia, civil society, expert organisations and the Government and would take up such other CSR activities in line with the Government's intent and which are important for society. The above areas are mapped with the activities as prescribed in Schedule VII to the Companies Act, 2013 in the Annexure.

The CSR Policy of the Company is available on the Company's website (<http://www.munjalshowa.net/wp-content/uploads/2015/05/Corporate-Social-Responsibility-Policy1.pdf>)

2. Composition of the CSR Committee:

Mr. Yogesh Chander Munjal- Chairman

Mr. Vinod Kumar Agrawal- Member

Mr. Shigeki Kobayashi-Member

- 3. Average net profit of the Company for last three financial years:** Rs. 9,205 lakh

- 4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above):** Rs. 184.10 lakh

5. Details of CSR spend for the financial year 2018-19:

- a. Total amount spent for the financial year 2018-19: Rs. 242.26 lakh
- b. Amount unspent, if any: Nil
- c. Manner in which the amount spent during the financial year 2018-19 is detailed below:

(1)	(2)	(3)	(4)	(5)		(6)	(7)
S. No.	CSR project or activity identified	Relevant Section of Schedule VII in which the project is covered	Projects/ Programmes Coverage	Amount spent on the projects or programme (In Rupees)		Cumulative expenditure upto March 31, 2019 (In Rupees)	Amount Spent: Direct or through Implementing agency
				Direct expenditure	Overheads		
1.	Assistance to educate girls through Janki Social Welfare Society	ii. Promoting Education	Gurugram	90,000	0	90,000	Janki Social Welfare Society
2.	Skill development project to enhance the skills of needy people through various trust like Banyan Education Services	ii. Promoting Education	Sonepat	1,59,000	0	1,59,000	Banyan Education

3.	Paid for the treatment of needy children who are suffering from Cancer through Arpita Cancer Society. This society has indentified the needy children and assisted them in their treatment	i. Preventive Health care	Ludhiana	2,50,000	0	2,50,000	Arpita Cancer Society
4.	Skill enhancement & Imparted industrial training by NAPS programme and paid requisite remuneration to the trainees	ii. Promoting Education	Gurugram	1,30,89,003	0	1,30,89,003	Direct
5.	Constructed the welcome gate in Sarhaul Village	x. Rural development project	Gurugram	98,000	0	98,000	Direct
6.	Running and maintenance expenses of Pathology LAB for poor and needy patients, medical expenses of patients through Dayanand Medical College and others and professional fees to Doctor	i. Preventive Health care	Ludhiana	11,11,105	0	11,11,105	Direct
7.	Paid for the education of the needy students and provide free of cost education to two students	ii. Promoting Education	Gurugram	1,99,000	0	1,99,000	Direct

8.	<p>Construction of classrooms at Sr. Secondary School situated at Sarhaul Village in order to provide adequate infrastructure facility for the students of the school.</p> <p>-Construction of one room & its furnishing (Lights, fans and furniture)</p> <p>-Roof & floor repairing in two rooms and compound.</p> <p>Other works include Brick/Block Works, Flooring Works, Roofing & Waterproofing Works etc.</p>	ii. Promoting Education	Gurugram	7,21,643	0	7,21,643	Direct
9.	Contributed to Shree Nar Narayan Sewa Sansthan for making and setting up a Library in Gurugram	ii. Promoting Education	Gurugram	10,00,000	0	10,00,000	Shree Nar Narayan Sewa Sansthan
10.	Contributed for medical relief to Sri Sathya Sai Central Trust	i. Preventive Health care	Andhra Pradesh	17,50,000	0	17,50,000	Sri Sathya Sai Central Trust
11.	Constructed rooms etc. at Rajkiya Inter College situated at Salempur	ii. Promoting Education	Uttar Pradesh	84,771	0	84,771	Direct

12.	Contributed to Maharshi Dayanand Charitable Medical Centre for Paint and Polish work	i. Preventive Health care	New Delhi	3,65,192	0	3,65,192	Direct
13.	Paid to CII for Kerala flood Relief and Rehabilitation	iv. Environment Sustainability	New Delhi	5,00,000	0	5,00,000	Direct
14.	Sponsored and reimbursed the expenses incurred by the Nipman Foundation - Microsoft equal opportunity Award 2018 and a penal on technology, social and Inclusion	i. Preventive Health care	Delhi NCR	2,50,000	0	2,50,000	Direct
15.	Provided fees and other charges to BPL Students through Raman Kant Munjal Foundation	ii. Promoting Education	Haryana	95,000	0	95,000	Raman Kant Munjal Foundation
16.	Construction of Class Room & toilets in Govt. College, village Salempur, Haridwar	ii. Promoting Education	Uttarakhand	40,51,142	0	40,51,142	RK Constructions
17.	Sponsored for Annual cultural youth festival (Thomsa) of IIT Roorkee recognized as the one of the greatest and grandest youth festival of India	ii. Promoting Education	Roorkee	1,00,000	0	1,00,000	Direct
18.	Paid to Arya Bal Kalyan Kendra For Medical Camp	i. Preventive Health care	New Delhi	11,000	0	11,000	Direct

19.	Promoting sports activities by sponsorship to Haryana Body Building Federation	vii. Promoting Sports	Uttar Pradesh	250,000	0	250,000	Direct
20.	Prize money paid to Basketball Association Gurugram	vii. Promoting Sports	Gurugram	51,000	0	51,000	Direct
TOTAL				24,225,857	0	24,225,857	

The CSR Committee approved the programs and projected is subject to the interchanges of expenditure among activities as approved.

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report:

Not Applicable

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

We hereby declare that implementation and monitoring of the CSR policy are in compliance with CSR objectives and policy of the Company.

We also hereby confirmed that all the CSR expenditure spent during the financial year 2018-19 was in accordance with SCHEDULE VII of the Companies Act, 2013.

For and on behalf of the Board

Place: Gurugram
Date: May 30, 2019

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

Vinod Kumar Agrawal
(Director & Member of CSR
Committee)
(DIN 00004463)
A-224 1st Floor, Defence Colony
New Delhi, 110024

CSR POLICY

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

Our aim is to be one of the most respected companies in India delivering superior and sustainable value to all our customers, business partners, shareholders, employees and host communities.

The CSR initiatives focus on holistic development of host communities and create social, environmental and economic value to the society.

To pursue these objectives we will continue to:

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

Interact regularly with stakeholders, review and publicly report our CSR initiatives.

ANNEXURE 'G' TO THE BOARD'S REPORT

FORM NO. AOC-2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis
 - (a) Name(s) of the related party and nature of relationship: **Mr. Saurabh Agrawal (Company Secretary, KMP upto January 05, 2019)**
 - (b) Nature of contracts/arrangements/transactions: **Interest free Loan**
 - (c) Duration of the contracts/arrangements/transactions: **40 months**
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any: **Interest free loan of Rs. 40000. Repayment terms is 40 months into 40 EMIs**
 - (e) Justification for entering into such contracts, arrangements or transactions: **It is a general facility available to all permanent employees of the Company.**
 - (f) Date(s) of approval by the Board: **October 27, 2017**
 - (g) Amount paid as advances, if any: **Nil**
 - (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: **Not Applicable**
2. Details of material contracts or arrangement or transactions at arm's length basis: **NA**
 - (a) Name(s) of the related party and nature of relationship
 - (b) Nature of contracts/arrangements/transactions
 - (c) Duration of the contracts/arrangements/transactions
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
 - (e) Date(s) of approval by the Board, if any:
 - (f) Amount paid as advances, if any:

Note: The said loan was repaid by Mr. Saurabh Agrawal partly in 2017-18 and balance in the year 2018-19.

For and on behalf of the Board

Place: Gurugram
Date: May 30, 2019

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

Vinod Kumar Agrawal
(Director)
(DIN 00004463)
A-224 1st Floor, Defence Colony
New Delhi, 110024

**ANNEXURE 'H' TO THE BOARD'S REPORT
CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
Munjal Showa Limited
CIN: L34101HR1985PLC020934
9-11, Maruti Industrial Area
Sector 18, Gurugram-122015,
Haryana

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors **Munjal Showa Limited** having CIN L34101HR1985PLC020934 and having registered office at 9-11, Maruti Industrial Area Sector 18, Gurugram-122015, Haryana (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Shri Surinder Kumar Mehta	00002888	23/09/2008
2.	Shri Yogesh Chander Munjal	00003491	16/05/1985
3.	Shri Ashok Kumar Munjal	00003843	02/01/1989
4.	Shri Vinod Kumar Agrawal	00004463	29/07/2005
5.	Dr. Devi Singh	00015681	23/09/2008
6.	Smt. Geeta Anand	00078091	03/11/2018
7.	Shri Nand Lal Dhameja	02351762	23/09/2008
8.	Smt. Charu Munjal	03094545	23/05/2014
9.	Shri Shigeki Kobayashi	07626553	26/10/2016
10.	Shri Yasuhiro Yamamoto	08127304	30/05/2018

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For SATYENDER KUMAR & ASSOCIATES
Company Secretaries**

Place: Gurugram
Date : May 30, 2019

**Satyender Kumar
(Proprietor)
C.P No. 5189
FCS No. 4087**

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

We have audited the accompanying financial statements of Munjal Showa Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Corporate Governance, Management Discussion and Analysis and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance

of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as at March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as at March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer note 31 of the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses- Refer note 37 of the financial statements;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company- Refer note 38 of the financial statements;
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Jaideep Bhargava
Partner
(Membership No. 090295)

Gurugram, May 30, 2019

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Munjal Showa Limited** ("the Company") as at March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the "Guidance Note on Audit of Internal Financial Controls over Financial Reporting" (the "Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Jaideep Bhargava
Partner
(Membership No. 090295)

Gurugram, May 30, 2019

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of its property, plant and equipment:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of the property, plant and equipment.
 - All the property, plant and equipment were physically verified by the management during the 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 nature of its assets. No material discrepancies were noticed on such verification.
 - According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed and conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings included under the head "Property, plant and equipment", are held in the name of the Company as at the balance sheet date except the following:

Particulars of the land	Amount (Carrying amount as at March 31, 2019) (Rs. in lakhs)	Remarks
Freehold land located at Manesar admeasuring 59,273 sft	2,377.36	Pending registration in the name of Company

- As explained to us, the inventories were physically verified during the year by the management at reasonable intervals other than for inventories lying with third parties at the end of the year for which confirmations have been obtained in most of the cases and no material discrepancies were noticed on physical verification.
- The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.
- According to the information and explanations given to us, the Company has neither accepted any deposit during the year nor has any unclaimed deposits within the meaning of Section 73 to Section 76 or any other relevant provisions of the Companies Act, 2013.
- The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.
- According to the information and explanations given to us, in respect of statutory dues:
 - The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-Tax, Goods & Services Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods & Services Tax, Customs Duty, cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
 - There are no dues in respect of Sales Tax, Customs Duty, Excise Duty, Value Added Tax and Goods & Services Tax as at March 31, 2019 which have not been deposited on account of dispute. The following are the particulars of Income-tax which have not been deposited/deposited under protest as at March 31, 2019 by the Company on account of disputes:

Name of Statute	Nature of Dues	Amount* (Rs. in lakhs)	Amount paid under protest (Rs. in lakhs)	Period to which the Amount Relates	Forum where Dispute is Pending
Income-tax Act, 1961	Income-tax	1,385.91	435.36	AY 2010-11	Set aside by Income Tax Appellate Tribunal pending with assessing officer.
		2,060.47	1442.72	AY 2011-12	Set aside by Income Tax Appellate Tribunal pending with assessing officer.
		57.88	20.96	AY 2013-14	Income Tax Appellate Tribunal
		45.40	33.71	AY 2015-16	Income Tax Appellate Tribunal

*Amount as per demand orders including interest and penalty wherever indicated in the order and excludes disputed dues fully paid.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans/borrowings to banks. The Company has not taken any loans or borrowings from financial institutions and government or has not issued any debentures during the year.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Jaideep Bhargava
Partner

Balance Sheet as at March 31, 2019

(Rs. in lakhs)

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	14,106.99	15,654.50
(b) Capital work-in-progress	3a	303.55	75.06
(c) Intangible assets	4	164.31	70.35
(d) Financial assets			
(i) Investments	5a	4,150.37	486.38
(ii) Loans	5b	171.22	251.50
(iii) Other financial assets	5c	415.30	275.33
(e) Deferred tax assets (net)	15	513.99	20.96
(f) Income tax assets (net)	6	5,281.13	4,617.01
(g) Other non-current assets	7	210.32	100.55
Total Non- Current Assets		25,317.18	21,551.64
Current assets			
(a) Inventories	8	8,034.02	6,315.79
(b) Financial assets			
(i) Investments	5a	20,175.74	23,918.38
(ii) Trade receivables	9	19,902.63	24,487.60
(iii) Cash and cash equivalents	10	4,177.15	1,912.00
(iv) Bank balances other than (iii) above	11	71.10	69.21
(v) Loans	5b	219.89	159.62
(vi) Other financial assets	5c	4.94	4.87
(c) Other current assets	7	1,245.22	911.06
Total Current Assets		53,830.69	57,778.53
Total Assets		79,147.87	79,330.17
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	12	799.93	799.93
(b) Other equity	13	60,262.86	56,162.32
Total Equity		61,062.79	56,962.25
LIABILITIES			
Non-current liabilities			
(a) Provisions	14	272.50	293.18
(b) Other non-current liabilities	17	7.79	9.79
Total Non-Current Liabilities		280.29	302.97
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	16a		
Total outstanding dues of micro enterprises and small enterprises		1,575.25	3,459.29
Total outstanding dues of creditors other than micro enterprises and small enterprises		12,838.30	15,044.62
(ii) Other financial liabilities	16b	299.06	243.75
(b) Other current liabilities	17	1,301.06	1,589.51
(c) Provisions	14	1,791.12	1,727.78
Total Current Liabilities		17,804.79	22,064.95
Total Equity and Liabilities		79,147.87	79,330.17
See accompanying notes to the financial statements	1 to 39		

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Jaideep Bhargava
Partner

Yogesh Chander Munjal
Chairman & Managing Director
DIN- 00003491

Vinod Kumar Agrawal
Chairman-Audit Committee
DIN- 00004463

Pankaj Gupta
Chief Financial Officer

Geetanjali Sharma
Company Secretary
Membership No. A42219

Place : Gurugram
Date: May 30, 2019

Place : Gurugram
Date: May 30, 2019

Statement of Profit and Loss for the year ended March 31, 2019

(Rs. in lakhs)

Particulars	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
I INCOME			
Revenue from operations (gross)	18	166,929.45	161,545.28
Other income	19	2,339.87	2,068.17
Total income (I)		169,269.32	163,613.45
II EXPENSES			
Cost of raw materials and components consumed	20	125,595.04	116,608.23
Changes in inventories of finished goods, work-in progress and scrap	21	(257.36)	(300.88)
Excise duty on sale of goods		-	3,402.68
Employee benefit expenses	22	13,244.66	12,506.10
Finance costs	23	10.32	14.93
Depreciation and amortization expenses	24	2,594.18	2,824.46
Other expenses	25	19,528.18	18,017.70
Total expenses (II)		160,715.02	153,073.22
III Profit before tax (I-II)		8,554.30	10,540.23
IV Tax expense:			
Current tax	26	2,793.61	3,110.23
Deferred tax credit	26	(498.81)	(321.42)
Total tax expenses (IV)		2,294.80	2,788.81
V Profit for the year (III-IV)		6,259.50	7,751.42
VI Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
Re-measurement gains (losses) on defined benefit plans		16.55	(199.59)
Income tax benefit/(expense)	26	(5.78)	69.07
Items that will be reclassified to profit or loss:		-	-
Net other comprehensive income for the year, net of tax (VI)		10.77	(130.52)
VII Total Comprehensive Income for the year (net of tax) (V+VI)		6,270.27	7,620.90
VIII Earnings per equity share (of Rs. 2 each) in Rs.	27		
(1) Basic		15.65	19.38
(2) Diluted		15.65	19.38
See accompanying notes to the financial statements	1 to 39		

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells LLP**
Chartered Accountants**Jaideep Bhargava**
Partner**Yogesh Chander Munjal**
Chairman & Managing Director
DIN- 00003491**Vinod Kumar Agrawal**
Chairman-Audit Committee
DIN- 00004463**Pankaj Gupta**
Chief Financial Officer**Geetanjali Sharma**
Company Secretary
Membership No. A42219Place : Gurugram
Date: May 30, 2019Place : Gurugram
Date: May 30, 2019

Statement of Cash Flow for the year ended March 31, 2019

(Rs. in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit after tax	6,259.50	7,751.42
Adjustments for:		
Add: Depreciation and amortization expenses	2,594.18	2,824.46
Tax expense	2,294.80	2,788.81
Loss on property, plant and equipment sold/discarded (net)	7.50	-
Finance cost	10.32	14.93
Fair value loss on financial instruments at fair value through profit and loss	133.79	-
Re-measurement gain on defined benefit plans	16.55	-
	<u>5,057.14</u>	<u>5,628.20</u>
Less: Interest income	79.23	36.64
Dividend income	13.34	36.71
Net gain on sale of investments	1,736.24	843.18
Fair value gain on financial instruments at fair value through Statement of Profit and Loss	-	703.24
Profit on disposal of property, plant and equipment (net)	-	23.02
Re-measurement loss on defined benefit plans	-	199.59
Deferred income from government grant	2.00	2.00
	<u>1,830.81</u>	<u>1,844.38</u>
Operating profit before working capital changes	<u>9,485.83</u>	<u>11,535.24</u>
Changes in working capital:		
Adjustment for (increase)/decrease in operating assets:		
Inventories	(1,718.23)	(127.46)
Trade receivables	4,584.97	(5,069.58)
Loans-Current	(60.27)	15.52
Loans-Non-Current	80.28	(140.77)
Other financial assets-current	-	0.06
Other financial assets-non-current	(139.97)	0.49
Other current assets	(334.16)	(61.81)
Other non-current assets	7.16	1.56
	<u>2,419.78</u>	<u>(5,381.99)</u>
Adjustment for increase/(decrease) in operating liabilities:		
Trade payables	(4,090.36)	4,966.14
Other financial liabilities-Current	(14.31)	8.18
Other current liabilities	(288.45)	1,196.54
Short-term provisions	63.34	410.43
Long-term provisions	(20.68)	(66.42)
	<u>(4,350.46)</u>	<u>6,514.87</u>
Cash generated from operations	7,555.15	12,668.12
Less: Direct taxes paid	3,457.73	3,039.31
Net cash flow from operating activities	<u>4,097.42</u>	<u>9,628.81</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant & equipment and intangible assets including capital advances	(1,434.03)	(670.52)
Proceeds from disposal of property, plant & equipment	8.21	25.10
Sale of investments	86,072.98	65,752.06
Purchase of investments	(84,391.88)	(71,516.28)
Dividend income	13.34	36.71
Interest received	79.16	36.57
Net cash from/(used) in investing activities	<u>347.78</u>	<u>(6,336.36)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(10.32)	(14.93)
Dividends paid	(1,799.78)	(1,599.80)
Tax on dividend	(369.95)	(325.68)
Net cash (used) in financing activities	<u>(2,180.05)</u>	<u>(1,940.41)</u>
D. INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	<u>2,265.15</u>	<u>1,352.04</u>
Cash and cash equivalents at the beginning of the year	1,912.00	559.96
Cash and cash equivalents at the end of the year	<u>4,177.15</u>	<u>1,912.00</u>
See accompanying notes to the financial statements	1 to 39	

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP
Chartered AccountantsJaideep Bhargava
PartnerYogesh Chander Munjal
Chairman & Managing Director
DIN- 00003491Pankaj Gupta
Chief Financial OfficerVinod Kumar Agrawal
Chairman-Audit Committee
DIN- 00004463Geetanjali Sharma
Company Secretary
Membership No. A42219Place : Gurugram
Date: May 30, 2019Place : Gurugram
Date: May 30, 2019

Statement of changes in equity for the year ended March 31, 2019

A. Equity share capital		(Rs. in lakhs)
Particulars	Nos. (in lakhs)	Amount
Balance as at April 1, 2017	399.95	799.93
Issued during the year	-	-
Closing balance as at March 31, 2018	399.95	799.93
Issued during the year	-	-
Closing balance as at March 31, 2019	399.95	799.93

B. Other equity		(Rs. in lakhs)	
Particulars	Retained earnings	General reserve	Total
As at April 1, 2017	24,559.05	25,907.85	50,466.90
Add: Profit for the year	7,751.42	-	7,751.42
Add: Other comprehensive income for the year (net of tax)	(130.52)	-	(130.52)
Add: Transfer to general reserves	(2,000.00)	2,000.00	-
Total Comprehensive income for the year	5,620.90	2,000.00	7,620.90
Less: Payment of dividends	1,599.80	-	1,599.80
Less: Tax on dividend	325.68	-	325.68
As at March 31, 2018	28,254.47	27,907.85	56,162.32
Add: Profit for the year	6,259.50	-	6,259.50
Add: Other comprehensive income for the year (net of tax)	10.77	-	10.77
Add: Transfer to general reserves	(2,000.00)	2,000.00	-
Total Comprehensive income for the year	4,270.27	2,000.00	6,270.27
Less: Payment of dividends	1,799.78	-	1,799.78
Less: Tax on dividend	369.95	-	369.95
As at March 31, 2019	30,355.01	29,907.85	60,262.86

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells LLP**
Chartered Accountants**Jaideep Bhargava**
Partner**Yogesh Chander Munjal**
Chairman & Managing Director
DIN- 00003491**Vinod Kumar Agrawal**
Chairman-Audit Committee
DIN- 00004463**Pankaj Gupta**
Chief Financial Officer**Geetanjali Sharma**
Company Secretary
Membership No. A42219Place : Gurugram
Date : May 30, 2019Place : Gurugram
Date : May 30, 2019

Notes forming part of the financial statements for the year ended March 31, 2019**1. CORPORATE INFORMATION**

Munjal Showa Limited ('the Company') is a public company domiciled in India and has a registered office in Gurugram, India. The Company is incorporated under the provisions of the erstwhile Companies Act, 1956. The shares of the Company are listed on two stock exchanges in India i.e. National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). 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 Gurugram, Manesar and Haridwar.

The financial statements for the year ended March 31, 2019 were approved by the Board of Directors and authorised for issue on May 30, 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**i) Basis of preparation of financial statements****a) Statement of compliance**

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

b) Accounting convention

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

c) Operating cycle

Based on the nature of products/ activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

ii) Foreign currencies**Functional and presentational currency**

The Company's financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. Functional currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which the entity primarily generates and expends cash. All the financial information presented in INR has been rounded to the nearest lacs (INR 00,000), except when otherwise stated.

Transactions and Balances

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or the Statement of Profit and Loss are also recognised in OCI or the Statement of Profit and Loss, respectively).

Notes forming part of the financial statements for the year ended March 31, 2019**iii) Fair value measurement**

The Company measures certain financial instruments at fair value at each balance sheet date. Fair value is the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

iv) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash in hand & cash at banks and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents, as defined above, net of outstanding bank overdrafts are considered an integral part of the Company's cash management.

v) Cash flow statement

Cash flows are reported using the indirect method, whereby profit/ (loss) before extraordinary items and tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

vi) Revenue recognition

Effective April 1, 2018, the Company adopted Ind AS 115 'Revenue from Contracts with Customers'. First time adoption has been conducted retrospectively with cumulative effect of initially applying this standard as on the transition date. The effect on the transition to Ind AS 115 is insignificant.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty (till 30th June, 2017) and net of returns, discounts, sales incentives, goods & service tax and value added taxes.

Notes forming part of the financial statements for the year ended March 31, 2019

The Company recognises revenue when the amount of revenue and its related cost can be reliably measured and it is probable that future economic benefits will flow to the entity and degree of managerial involvement associated with ownership or effective control have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transactions and the specifics of each arrangement.

Sale of goods

Revenue is recognized for domestic and export sales of goods when the Company transfers control over such products to the custom on dispatch from the factory.

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on, time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

vii) Inventories

Inventories comprise raw materials, components, work-in-progress, finished goods, stock in trade, and stores and spares which are carried at lower of cost or net realizable value, while scrap is carried at its realizable value.

Cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories, other than finished goods and work-in-progress, is determined on a moving weighted average basis. Cost of finished goods and work-in-progress include the cost of materials determined on a moving weighted average basis and an appropriate portion of fixed overheads based on normal capacity and variable overheads based on actual capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value. The comparison of cost and net realisable value is made on an item-by item basis.

viii) Property, plant and equipment**Recognition and Measurement**

Items of Property, plant and equipment (including furniture, fixtures, vehicles, etc.) held for use in the production or supply of goods or services, or for administrative purposes are measured at cost of acquisition less accumulated depreciation and/or accumulated impairment loss, if any. Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost comprises purchase price, non-refundable taxes, duties or levies, any other directly attributable cost of bringing the asset to its working condition for its intended use and the estimated costs of dismantling and removing the items and restoring the site on which they are located. Any trade discounts and rebates are deducted in arriving at the purchase price.

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Notes forming part of the financial statements for the year ended March 31, 2019
Subsequent Costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item of property, plant and equipment, if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably with the carrying amount of the replaced part getting de-recognised. The cost for day-to-day servicing of property, plant and equipment are recognised in Statement of Profit and Loss as and when incurred.

Depreciation

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation on property, plant and equipment is charged on a pro-rata basis at the straight-line method over estimated useful lives of its property, plant and equipment which is generally in line with that provided in Part C of Schedule II to the Act.

The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. The Company has used the following rates to provide depreciation on its property, plant and equipment.

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

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

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

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively, if appropriate.

ix) Intangible assets
Recognition and Measurement

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development cost, are not capitalised and the related expenditure is reflected in the Statement of Profit and Loss in the period in which the expenditure is incurred.

Amortisation and Useful lives

Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in

Notes forming part of the financial statements for the year ended March 31, 2019

the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset. Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amounts paid towards acquisition of designs and drawings 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. Amortisation shall begin when the asset is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in a manner intended by management.

Costs relating to software, which are acquired, are capitalised and amortised on a straight line basis over the management's estimated useful life of 48 months.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss within other income when the asset is de-recognised.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset;
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

x) Borrowing cost

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 capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

xi) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in the arrangement.

Company as a lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental expense from operating leases is generally recognised on a straight line basis over the term of relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Notes forming part of the financial statements for the year ended March 31, 2019**xii) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Warranties

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise- being typically two to five years. The estimate of such warranty-related costs is revised annually.

xiii) Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

xiv) Contingent assets

Contingent assets are disclosed in the financial statements only when an inflow of economic benefits is probable.

xv) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

a.) Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Notes forming part of the financial statements for the year ended March 31, 2019

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI") (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments.

All other financial assets are subsequently measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in the Statement of Profit and Loss and is included in the "Other income" line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in the Statement of Profit and Loss. The net gain or loss recognised in Statement of Profit and Loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights.

De-recognition of financial assets

The Company de-recognises a financial asset when the contractual rights to the cash flows from the asset expires, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Notes forming part of the financial statements for the year ended March 31, 2019

b.) Financial liabilities and equity instruments**Classification as debt or equity**

Debt and equity instruments issued by Company are classified as either financial liabilities or as' equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' Line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

c.) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts, option contracts, etc.

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

xvi) Equity share capital

Equity shares are classified as equity. Incremental costs directly attributable to the issuance of new shares are recognised as a deduction from equity, net of any tax effects.

xvii) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit ('CGU') is the greater of its value in use or its fair value less costs to sell. 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets ('CGU').

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

Notes forming part of the financial statements for the year ended March 31, 2019

An impairment loss is recognised, if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount and are recognised in Statement of Profit and Loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of goodwill, if any, allocated to the units and then to reduce the carrying amounts of the other assets in the unit (Company of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

xviii) Employee benefits**Short Term Employee Benefits**

All employee benefits expected to be settled wholly within twelve months of rendering the service are classified as short-term employee benefits. When an employee has rendered service to the Company during an accounting period, the Company recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as an expense unless another Ind AS requires or permits the inclusion of the benefits in the cost of an asset. Benefits such as salaries, wages and short-term compensated absences and bonus etc. are recognised in Statement of Profit and Loss in the period in which the employee renders the related service.

Defined Contribution Plan**Provident fund and superannuation fund**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards provident fund and superannuation fund which are defined contribution plans. The Company has no obligation, other than the contribution payable to the funds. The Company recognises contribution payable to the fund scheme in the Statement of Profit and Loss, 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 recognised 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 recognised as an asset to the extent that the prepayment will lead to, for example, a reduction in future payment or a cash refund.

Long term Employee benefits**Defined Benefit Plan****Gratuity**

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; this benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation of the Company's obligation under this plan is performed annually by a qualified actuary using the projected unit credit method.

Re-measurements comprising of actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

All other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss as employee benefit expenses. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Curtailment gains and losses are accounted for as past service costs.

Compensated absences

The employees can carry forward a portion of the unutilized accrued compensated absences and utilise it in future service periods or receive cash compensation during termination of employment.

Notes forming part of the financial statements for the year ended March 31, 2019

Compensated absence, 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 compensated absences 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.

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.

xix) Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

xx) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to the Statement of Profit and Loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments.

Notes forming part of the financial statements for the year ended March 31, 2019
xxi) Earnings per share

Basic earnings per share are 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 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.

xxii) Applicability of new Ind AS

Ind AS 116 Leases: On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116- Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019.

The Company is currently evaluating the requirements of Ind AS 116, and has not yet determined the impact on the financial statement.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments: On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments, which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019.

The Company is currently evaluating the requirements of this amendment to Ind AS 12.

Amendment to Ind AS 12 – Income taxes: On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019.

The Company is currently evaluating the requirements of this amendment to Ind AS 12.

Amendment to Ind AS 19 – plan amendment, curtailment or settlement: On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019.

The Company is currently evaluating the requirements of this amendment to Ind AS 19.

Notes to the financial statements for the year ended March 31, 2019

3. Property, plant and equipment

Particulars	(Rs. in lakhs)									
	Freehold land	Factory Buildings	Plant and machinery	Furniture & fixtures	Office equipment	Computers	Vehicles	Total		
Gross Carrying value as at April 1, 2017	5,197.38	5,173.27	9,516.26	45.07	45.80	61.35	192.75	20,231.88		
Additions	-	-	564.08	6.57	27.15	7.61	75.09	681.10		
Disposals	-	-	-	-	0.68	3.24	11.25	15.17		
Gross Carrying value as at March 31, 2018	5,197.38	5,173.27	10,080.34	51.64	72.27	65.72	257.19	20,897.81		
Additions	-	-	848.80	5.61	1.62	5.78	36.10	897.91		
Disposals	-	-	66.40	-	1.25	0.20	7.55	75.40		
Gross Carrying value as at March 31, 2019	5,197.38	5,173.27	10,862.74	57.25	72.64	71.30	285.74	21,720.32		
Accumulated Depreciation										
As at April 1, 2017	-	-	-	-	-	-	-	-		
Depreciation expense	-	229.85	2,344.98	8.73	16.92	19.01	61.89	2,681.38		
Accumulated depreciation on deletions	-	-	-	-	0.34	3.24	9.50	13.08		
As at March 31, 2018	-	509.58	4,550.73	17.21	35.31	31.25	99.23	5,243.31		
Depreciation expense	-	229.85	2,095.84	10.63	13.21	18.58	61.60	2,429.71		
Accumulated depreciation on deletions	-	-	50.78	-	1.16	0.20	7.55	59.69		
As at March 31, 2019	-	739.43	6,595.79	27.84	47.36	49.63	153.28	7,613.33		
Carrying value										
As at March 31, 2018	5,197.38	4,663.69	5,529.61	34.43	36.96	34.47	157.96	15,654.50		
As at March 31, 2019	5,197.38	4,433.84	4,266.95	29.41	25.28	21.67	132.46	14,106.99		

3a. Capital work in progress

Capital work in progress

(Rs. in lakhs)

As at March 31, 2019	As at March 31, 2018
303.55	75.06

Notes to the financial statements for the year ended March 31, 2019

4. Intangible assets

(Rs. in lakhs)

Particulars	Computer Software	Designs and drawings	Total
Gross Carrying value as at April 1, 2017	26.56	305.78	332.34
Additions	2.76	72.48	75.24
Gross Carrying value as at March 31, 2018	29.32	378.26	407.58
Additions	7.73	250.70	258.43
Gross Carrying value as at March 31, 2019	37.05	628.96	666.01
Accumulated amortisation			
As at April 1, 2017	7.84	186.31	194.15
Amortisation expense	7.63	135.45	143.08
As at March 31, 2018	15.47	321.76	337.23
Amortisation expense	6.80	157.67	164.47
As at March 31, 2019	22.27	479.43	501.70
Carrying Value			
As at March 31, 2018	13.85	56.50	70.35
As at March 31, 2019	14.78	149.53	164.31

5. Financial Assets

5.(a) Investments

(Rs. in lakhs)

	Units as at March 31, 2019	Units as at March 31, 2018	Non-current		Current	
			As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Category-wise investments						
Investment in debentures			-	-	1,552.81	-
Investment in mutual funds			-	-	18,127.89	23,409.41
Other investments			4,150.37	486.38	495.04	508.97
			<u>4,150.37</u>	<u>486.38</u>	<u>20,175.74</u>	<u>23,918.38</u>
Investments carried at fair value through profit or loss (FVTPL)						
Investment in debentures						
Quoted						
Face value of Rs. 1,000,000 each						
JM Financial Products Limited - Non-convertible Market Linked Debentures	100.00	-	-	-	1,039.66	-
Reliance Finance Ltd MLD series B/180723-Type1 Sec, redeem PP NCD	500.00	-	-	-	513.15	-
Investment in debentures					1,552.81	
Investment in mutual funds						
{include funds which are listed but not quoted}						
Unquoted						
Units of the face value of Rs. 10 each						
Sundaram Low Duration Fund Regular Growth	6,812,595.97	17,304,454.28	-	-	1,734.68	4,102.26
Sundaram Smart Nifty 100 Equal Weight Fund Direct Growth	-	2,500,000.00	-	-	-	295.26

Notes to the financial statements for the year ended March 31, 2019

Sundaram Select Debt Short Term Asset - direct plan growth	-	16,449,859.72	-	-	-	5,124.99
Sundaram Money Fund Direct plan Growth	-	1,043,614.19	-	-	-	382.33
DHFL Pramerica Short Maturity Fund - Direct Plan - Growth	-	6,507,655.27	-	-	-	2,163.88
DHFL Pramerica Arbitrage Fund Direct Plan-Growth	39,424,502.38	-	-	-	5,398.12	-
DHFL Pramerica Arbitrage Fund Direct Plan - Monthly Dividend	-	14,166,579.05	-	-	-	1,514.34
Edelweiss Arbitrage Fund -Direct Plan Growth	15,136,800.49	-	-	-	2,130.85	-
Edelweiss Arbitrage Fund - Monthly Dividend Direct Plan	-	12,129,787.80	-	-	-	1,516.61
Reliance Medium Term Fund	-	-	-	-	-	1,338.84
Reliance Arbitrage Advantage Fund - Direct Growth	17,834,145.14	17,834,145.14	-	-	3,490.36	3,262.99
Reliance Short Term fund-Direct Growth	-	3,974,587.10	-	-	-	-
Invesco India Money Market Fund-Direct Growth	46,352.51	-	-	-	1,005.95	-
Yes Liquid Fund_Direct Growth	78,905.18	-	-	-	800.94	-

Units of the face value of Rs. 1000 each

HDFC Cash Management Fund - Saving Plan-Growth	-	69,608.74	-	-	-	2,505.55
Mahindra Liquid Fund- Regular Growth	-	107,201.26	-	-	-	1,202.36
Mahindra Credit Risk Yojna-Direct Growth	14,766,651.08	-	-	-	1,548.42	-
Mahindra Liquid Fund Direct Growth	166,628.49	-	-	-	2,018.57	-

Investment in mutual funds - - **18,127.89** **23,409.41**

Other Investments

Investment in alternate investment funds

Unquoted

Alchemy Leaders of tomorrow Class A2 - Series 1	-	-	480.23	486.38	-	-
Aventus Absolute Return Fund - Class A3	-	-	1,072.72	-	-	508.97
Aventus Enhance Fund series 1	-	-	510.52	-	-	-
Aventus Enhance Fund series 2	-	-	519.70	-	-	-
Edelweiss Alpha Fund (AIF)	-	-	1,039.40	-	-	-
DSP India Enhanced Equity SatCore fund	-	-	527.80	-	-	-

Investment in alternate investment funds **4,150.37** **486.38** **-** **508.97**

Investment in commercial papers

Unquoted

IIFL Wealth Finance Limited CP Account 500,000.00 - - - 495.04 -

Investment in commercial papers **495.04**

Total **4,150.37** **486.38** **20,175.74** **23,918.38**

	Non-current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Aggregate book value of quoted investments	-	-	1,552.81	-
Aggregate market value of quoted investments	-	-	1,552.81	-
Aggregate carrying value of unquoted investments	4,150.37	486.38	18,622.93	23,918.38

Notes to the financial statements for the year ended March 31, 2019
Category-wise investment as per Ind AS 109 classification

	Non-current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Financial assets carried at fair value through profit or loss (FVTPL)				
Unquoted				
Investment in mutual funds	-	-	18,127.89	23,409.41
Other investments				
Alternate Investment Funds	4,150.37	486.38	-	508.97
Commercial Papers	-	-	495.04	-
	4,150.37	486.38	18,622.93	23,918.38
Quoted				
Investment in debentures	-	-	1,552.81	-
Total	4,150.37	486.38	20,175.74	23,918.38

(Rs. in lakhs)

5.(b) Loans

	Non-current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Loans to suppliers				
Unsecured, considered good	-	91.67	-	8.33
Loans to employees				
Unsecured, considered good	171.22	159.83	219.89	151.29
Total	171.22	251.50	219.89	159.62

Note: These financial assets are carried at amortised cost.

(Rs. in lakhs)

5.(c) Other financial assets

	Non-current		Current	
	As at March 31 2019	As at March 31 2018	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good (unless otherwise stated)				
Security deposits	414.80	274.83	4.70	4.70
Non-current bank balances*	0.50	0.50	-	-
Interest accrued but not due on deposit	-	-	0.24	0.17
Total	415.30	275.33	4.94	4.87

Note: These financial assets are carried at amortised cost.

*Fixed deposit receipt of Rs.0.50 lakhs pledged with VAT authorities.

6. Income tax assets (net)

	(Rs. in lakhs)	
	As at March 31, 2019	As at March 31, 2018
Income tax assets		
Advance income tax	8,114.52	7,829.01
Less: Provision for tax	2,833.39	3,212.00
Net	<u>5,281.13</u>	<u>4,617.01</u>

7. Other assets

	(Rs. in lakhs)			
	Non-current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good (unless otherwise stated)				
Capital advances	204.45	87.52	-	-
Prepaid expenses	5.87	13.03	329.38	298.36
Balance with statutory/government authorities	-	-	858.92	539.54
Advances to vendors -considered good	-	-	55.12	64.18
-considered doubtful	-	-	247.03	247.03
Less: Provision for doubtful advances	-	-	(247.03)	(247.03)
Others	-	-	1.80	8.98
Total	<u>210.32</u>	<u>100.55</u>	<u>1,245.22</u>	<u>911.06</u>

Notes to the financial statements for the year ended March 31, 2019

8. Inventories

	(Rs. in lakhs)	
	As at March 31, 2019	As at March 31, 2018
Raw materials and components	3,882.02	2,824.89
Raw materials and components - in transit	1,599.23	1,345.20
Work in progress	854.70	707.48
Finished goods	1,024.99	907.41
Stores and spares	654.04	492.24
Stores and spares - in transit	15.83	27.92
Scrap	3.21	10.65
Total	8,034.02	6,315.79

The cost of inventories recognised as an expense during the year was Rs. 155,863.61 lakhs (for 2017-18: Rs. 146,976.23 lakhs) .

Inventories of Rs. 17.25 lakhs (as at March 31, 2018 Rs. 288.22 lakhs) are expected to be recovered after more than twelve months.

The mode of valuation of inventories has been stated in note no. 2(vii)

The cost of inventory recognised as an expense includes Rs. 92.30 lakhs (for 2017-18: Rs 150.25 lakhs) in respect of write-downs of inventory to net realisable value.

9. Trade receivables

	(Rs. in lakhs)	
	As at March 31, 2019	As at March 31, 2018
Secured, considered good	20.33	38.07
Unsecured, considered good	19,882.30	24,449.53
Credit impaired	5.57	6.47
	19,908.20	24,494.07
Allowance for credit losses	(5.57)	(6.47)
Total	19,902.63	24,487.60

	(Rs. in lakhs)	
Particulars	As at March 31, 2019	As at March 31, 2018
Age of receivables		
Within credit period	19,900.20	24,447.77
Up to 6 months past due	2.43	39.83
More than 6 months past due	5.57	6.47
Total	19,908.20	24,494.07

Trade receivables are non-interest bearing and are generally on terms of 25 to 52 days.

The Company is not exposed to significant concentrations of credit risk as significant portion of its trade receivables is from creditworthy counterparties and the Company doesn't have any past history of any losses on account of credit risk.

Notes to the financial statements for the year ended March 31, 2019

10. Cash and Cash Equivalents

	(Rs. in lakhs)	
	As at March 31, 2019	
	As at March 31, 2018	
Cash on hand	9.64	8.20
Balances with banks:		
In current accounts	69.40	49.82
In cash credit accounts*	4,098.11	1,853.98
Total	4,177.15	1,912.00

*Cash credit facility from banks is secured against current assets of the Company namely inventories, bills receivables and book debts, and other assets and movables both present and future.

11. Other bank balances

	(Rs. in lakhs)	
	As at March 31, 2019	
	As at March 31, 2018	
In dividend current accounts (earmarked accounts)	71.10	69.21
Total	71.10	69.21

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise the following:

	(Rs. in lakhs)	
	As at March 31, 2019	
	As at March 31, 2018	
Cash on hand	9.64	8.20
Balances with banks:		
In current accounts	69.40	49.82
In cash credit accounts	4,098.11	1,853.98
Total	4,177.15	1,912.00

Notes to the financial statements for the year ended March 31, 2019
12. Equity Share Capital

Particulars	(Rs. in lakhs)	
	As at March 31, 2019	As at March 31, 2018
Authorised share capital		
750 lakhs (March 31, 2018: 750 lakhs) equity shares of Rs. 2 each	<u>1,500.00</u>	<u>1,500.00</u>
Issued share capital		
399.98 lakhs (March 31, 2018: 399.98 lakhs) equity shares of Rs. 2 each	<u>799.95</u>	799.95
	<u>799.95</u>	<u>799.95</u>
Subscribed and fully paid-up share capital		
399.95 lakhs (March 31, 2018: 399.95 lakhs) equity shares of Rs. 2 each	<u>799.90</u>	799.90
	<u>799.90</u>	<u>799.90</u>
Shares forfeited (amount originally paid up)	<u>0.03</u>	0.03
Total paid-up share capital	<u>799.93</u>	<u>799.93</u>

A. Reconciliation of no. of equity shares and amount outstanding at the beginning and at the end of the reporting year:

Particulars	As at March 31, 2019			
	Nos.(in lakhs)	Rs. in lakhs	Nos.(in lakhs)	Rs. in lakhs
Opening Balance	399.95	799.93	399.95	799.93
Closing Balance	399.95	799.93	399.95	799.93

B. Terms/Rights attached to equity shares

- The Company has only one class of equity shares having a par value of Rs. 2 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the 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. Details of shareholders holdings more than 5% shares

Name of Shareholder	As at		As at	
	March 31, 2019		March 31, 2018	
	Nos.(in lakhs)	% holding in the class	Nos.(in lakhs)	% holding in the class
Equity shares of Rs. 2 each fully paid				
(i) Dayanand Munjal Investments Private Limited	156.00	39.00%	156.00	39.00%
(ii) Showa Corporation, Japan	104.00	26.00%	104.00	26.00%
(iii) Enam Securities Private Limited	21.51	5.38%	21.51	5.38%

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.

Notes to the financial statements for the year ended March 31, 2019

13. Other equity

	(Rs. in lakhs)	
	As at March 31, 2019	As at March 31, 2018
Retained earnings	30,355.01	28,254.47
General reserve	29,907.85	27,907.85
Total	60,262.86	56,162.32

	(Rs. in lakhs)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening balance	28,254.47	24,559.05
Add: Profit for the year	6,259.50	7,751.42
Add: Other Comprehensive income arising from remeasurement of defined benefit obligation net of income tax	10.77	(130.52)
Less: Final dividend @ Rs. 4.50 per equity share (FY 2017-18 - Rs. 4 per equity share)	1,799.78	1,599.80
Less: Tax on dividend	369.95	325.68
Less: Transfer to general reserve	2,000.00	2,000.00
Balance at end of year	30,355.01	28,254.47

Opening balance	27,907.85	25,907.85
Add: Transfer from retained earnings	2,000.00	2,000.00
Balance at end of year	29,907.85	27,907.85

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

Dividends

After the reporting date, the following dividends were proposed by the directors subject to the approval at the annual general meeting; the dividends have not been recognised as a liability. Dividends would attract dividend distribution tax (DDT) when declared or paid.

	(Rs. In lakhs)	
	As at March 31, 2019	As at March 31, 2018
Proposed dividend on equity shares:		
The board proposed dividend on equity shares after the balance sheet date		
Proposed dividend on equity shares for the year ended March 31, 2019 of Rs. 4.50 per share (March 31, 2018: Rs. 4.5 per share)	1,799.78	1,799.78
Dividend distribution tax on proposed dividend	369.95	369.95
Total	2,169.73	2,169.73

Notes to the financial statements for the year ended March 31, 2019

14. Provisions

	Non-current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
(Rs. in lakhs)				
Provision for employee benefits				
Provision for gratuity	-	-	606.00	604.24
Provision for leave benefits	-	-	936.65	859.43
Total (A)	-	-	1,542.65	1,463.67
Other provisions				
Provision for warranties	272.50	293.18	173.47	189.11
Provision for contingency	-	-	75.00	75.00
Total (B)	272.50	293.18	248.47	264.11
Total (A+ B)	272.50	293.18	1,791.12	1,727.78

Movement in provision for warranty

	(Rs. in lakhs)	
	As at March 31, 2019	As at March 31, 2018
At the beginning of the year	482.29	573.87
Additions during the year	136.98	42.03
Utilized during the year	173.30	133.61
At the end of the year	445.97	482.29
Current portion	173.47	189.11
Non-current portion	272.50	293.18

A provision is recognised 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. Assumptions used to calculate the provision for warranties are based on current sales level and current information available about past returns based on the warranty period for all products sold. The table above gives information about movement in warranty provision.

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. 500 lakhs 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. 375 lakhs had been released and bank guarantee of Rs. 125 lakhs 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. National Green Tribunal has disposed off our Appeal vide Judgment dated 03.11.2016 stating that we see no reason to interfere with the order dated 09.08.2010 passed by the HSPCB, partially encashing the bank guarantee furnished by the appellant industry to the extent of Rs.125 lakhs and directed the Chairman of the HSPCB to personally conduct an inquiry into the matter, fix responsibility and take action in accordance with law. Provision of Rs. 75 lakhs (March 31, 2018: Rs. 75 lakhs), 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.

Notes to the financial statements for the year ended March 31, 2019
Movement in provision for contingency

	(Rs. in lakhs)	
	As at March 31, 2019	As at March 31, 2018
At the beginning of the year	75.00	75.00
Additions during the year	-	-
Utilized during the year	-	-
At the end of the year	75.00	75.00
Current portion	75.00	75.00
Non-current portion	-	-

15. Deferred tax assets (net)

	(Rs. in lakhs)	
	As at March 31, 2019	As at March 31, 2018
Deferred tax liabilities on		
Property, plant and equipment & intangible assets	10.67	363.44
Financials assets carried at fair value through profit & loss	159.04	285.63
Sub-total(A)	169.71	649.07
Less: Deferred tax assets on		
Accrued expenses deductible on payment	595.43	555.24
Provision for doubtful debts and advances	88.27	88.59
Others	-	26.20
Sub-total(B)	683.70	670.03
Total (A-B)	(513.99)	(20.96)

Movement of Deferred tax (assets)/ liabilities

(Rs. in lakhs)

For the year ended March 31, 2019				
Particulars	Opening Balance	Recognised in the Statement of Profit and Loss	Recognised in Other comprehensive income	Closing Balance
Deferred tax liabilities on				
Property, plant and equipments & intangible assets	363.44	352.77	-	10.67
Financials assets carried at fair value through profit & loss	285.63	126.59	-	159.04
Less: Deferred tax assets on				
Accrued expenses deductible on payment	555.24	40.19	-	595.43
Provision for doubtful debts and advances	88.59	(0.32)	-	88.27
Remeasurement of Defined Benefit Obligations	-	5.78	(5.78)	-
Others	26.20	(26.20)	-	-
Deferred tax assets (net)	(20.96)	498.81	(5.78)	(513.99)

Notes to the financial statements for the year ended March 31, 2019

Movement of Deferred tax (assets)/ liabilities

(Rs. in lakhs)

For the year ended March 31, 2018				
Particulars	Opening Balance	Recognised in the Statement of Profit and Loss	Recognised in Other comprehensive income	Closing Balance
Deferred tax liabilities on				
Property, plant and equipments & intangible assets	688.43	324.99	-	363.44
Financials assets carried at fair value through profit & loss	223.96	(61.67)	-	285.63
Less: Deferred tax assets on				
Accrued expenses deductible on payment	373.45	181.79	-	555.24
Provision for doubtful debts and advances	87.57	1.02	-	88.59
Remeasurement of Defined Benefit Obligations	-	(69.07)	69.07	-
Others	81.84	(55.64)	-	26.20
Deferred tax assets (net)	369.53	321.42	69.07	(20.96)

16 (a) Financial liabilities - Trade Payables

	As at March 31, 2019	As at March 31, 2018
Trade payables (including acceptances)		
Total outstanding dues of micro enterprises and small enterprises	1,575.25	3,459.29
Total outstanding dues of creditors other than micro enterprises and small enterprises	12,838.30	15,044.62
Total	14,413.55	18,503.91

(i) Due to Micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Company. This has been relied upon by the auditors.

16 (b) Other financial liabilities

	As at March 31, 2019	As at March 31, 2018
Current		
Other financial liabilities at amortised cost		
Security deposit from customers/ others*	56.00	65.50
Unpaid dividend	71.10	69.21
Capital Creditors	161.08	93.35
Others	10.88	15.69
Total	299.06	243.75

*Security deposits are repayable on demand.

Notes to the financial statements for the year ended March 31, 2019

17. Other liabilities

(Rs. In lakhs)

	Non-current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Statutory remittances				
Tax deducted at source and tax collected at source payable		-	181.86	99.60
Provident Fund and Employee State Insurance payable	-	-	117.88	129.61
Goods and Services Tax Payable	-	-	994.20	1,355.56
Deferred Government Grant	7.79	9.79	2.00	2.00
Others	-	-	5.12	2.74
Total	7.79	9.79	1,301.06	1,589.51

Deferred Government Grant

	As at March 31, 2019	As at March 31, 2018
At the beginning of the year	11.79	13.79
Deferred during the year	-	-
Released to the Statement of Profit and Loss	2.00	2.00
At the end of the year	9.79	11.79
Current portion	2.00	2.00
Non-current portion	7.79	9.79

During the year ended March 31, 2016, the Company had received grant amounting to Rs. 30 lakhs for setting up industrial units in Uttarakhand under the Central Capital Investment Subsidy Scheme, 2003. The Company has assessed the grant in the nature of fixed capital investment for setting up a unit in the State of Uttarakhand and has accounted the same as deferred income as per Para 24 of Ind AS 20 "Accounting for Government grants and Disclosure of Government Assistance". The grant set up as deferred income is recognised in the Statement of Profit and Loss on a systematic basis over the useful life of the property, plant & equipment.

18. Revenue From Operations (Gross)

(Rs. in lakhs)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from operations		
Sale of products:		
-Finished goods	164,234.57	159,229.37
Other operating revenue:		
-Scrap sales	2,093.69	2,019.98
-Incentive from Central Government	601.19	295.93
Total	166,929.45	161,545.28

Reconciliation of revenue recognised with contract price:

(Rs. in lakhs)

	For the year ended March 31, 2019	For the year ended March 31, 2019
Contract price (Gross)	166,328.76	161,249.45
Adjustments for:		
Discount & incentives as per contract	0.50	0.10
Revenue from sale of finished goods & scrap	166,328.26	161,249.35

Notes to the financial statements for the year ended March 31, 2019

19. Other income

	For the year ended March 31, 2019	For the year ended March 31, 2018
(Rs. in lakhs)		
Interest income:		
Income-tax refunds	148.59	5.75
Loans to employees	7.23	6.59
Others	72.00	30.05
Other non-operating income:		
Net gain on sale of investments	1,736.24	843.18
Fair value gain on financial instruments at fair value through Statement of Profit and Loss	-	703.24
Refund of interest on service tax	-	198.13
Exchange differences (net)	236.43	191.47
Profit on disposal of property, plant and equipment (net)	-	23.02
Liabilities no longer required written back (net)	94.03	9.51
Dividend income	13.34	36.71
Deferred income on government grant (Note 17) #	2.00	2.00
Miscellaneous income	30.01	18.52
Total	2,339.87	2,068.17

Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants. The grant set up as deferred income is recognised in the Statement of Profit and Loss on a systematic basis over the useful life of the property, plant & equipment.

20. Cost of raw materials and components consumed

	For the year ended March 31, 2019	For the year ended March 31, 2018
(Rs. in lakhs)		
Particulars		
Inventory at the beginning of the year	4,170.09	4,364.72
Add : Purchases during the year	126,906.20	116,413.60
	131,076.29	120,778.32
Less : Inventory at the end of the year	5,481.25	4,170.09
Cost of raw material and components consumed	125,595.04	116,608.23

21. Changes in inventory of finished goods, work-in progress and scrap

	For the year ended March 31, 2019	For the year ended March 31, 2018
(Rs. in lakhs)		
Inventories at the beginning of the year		
Work-in-progress	707.48	686.11
Finished goods	907.41	636.99
Scrap	10.65	1.56
Total	1,625.54	1,324.66

Notes to the financial statements for the year ended March 31, 2019

Inventories at the end of the year

Work-in-progress	854.70	707.48
Finished goods	1,024.99	907.41
Scrap	3.21	10.65
Total	1,882.90	1,625.54
Change in inventory	(257.36)	(300.88)

22. Employee benefit expenses

	For the year ended March 31, 2019	(Rs. in lakhs) For the year ended March 31, 2018
Salaries, wages and bonus	11,743.17	10,996.96
Contribution to provident and other funds (refer note 29)	593.37	591.32
Gratuity expense (refer note 29)	230.65	203.02
Staff welfare expenses	677.47	714.80
Total	13,244.66	12,506.10

Disclosure in compliance with Ind AS-19 "Employee Benefits" has been given in Note 29.

23. Finance Costs

	For the year ended March 31, 2019	(Rs. in lakhs) For the year ended March 31, 2018
Interest expense	10.32	14.93
Total	10.32	14.93

24. Depreciation and amortization expense

	For the year ended March 31, 2019	(Rs. in lakhs) For the year ended March 31, 2018
Depreciation of property, plant and equipment (Note 3)	2,429.71	2,681.38
Amortisation of intangible assets (Note 4)	164.47	143.08
Total	2,594.18	2,824.46

Notes to the financial statements for the year ended March 31, 2019

25. Other expenses

	For the year ended March 31, 2019	For the year ended March 31, 2018
		(Rs. in lakhs)
Consumption of stores and spares	4,062.19	3,738.17
Job work expenses	2,442.95	2,227.88
Differential excise duty on opening and closing inventories	-	(65.23)
Power and fuel	4,809.13	4,755.00
Freight and forwarding charges	423.04	435.89
Rent (refer note 30)	28.27	25.86
Hire charges	17.93	6.15
Rates and taxes	10.77	17.22
Insurance	337.80	274.01
Repairs and maintenance:		
Plant and machinery	1,021.70	1,082.93
Buildings	81.94	91.13
Others	279.72	253.44
Advertising and sales promotion	5.30	15.18
Royalty	4,098.16	3,958.41
Technician fee	64.75	25.27
Warranty expense (refer Note 14)	136.98	42.03
Legal and professional fees	202.39	145.21
Travelling and conveyance	532.35	428.06
Communication costs	21.68	41.60
Printing and stationery	36.46	38.75
Directors' sitting fees	27.00	18.80
Payment to statutory auditors	38.44	35.31
Donations*	104.43	6.62
Allowance for credit loss	-	0.48
Bank charges	18.08	16.54
Loss on disposal of property, plant and equipment (net)	7.50	-
Fair value loss on financial instruments at fair value through profit and loss	133.79	-
Corporate social responsibility (CSR) expenditure	242.26	112.67
Miscellaneous expenses	343.17	290.32
TOTAL	19,528.18	18,017.70

* Donation includes Rs. 100 lakhs paid to political party through electoral bond

	For the year ended March 31, 2019	For the year ended March 31, 2018
Payment to auditor:		
As statutory auditors:		
Audit fee (Including fees for Internal Control Over Financial Reporting)	24.00	21.50
Limited review of unaudited financial results	7.50	8.00
Other services (certification etc.)	0.75	1.50
Tax audit fee	3.00	3.00

Notes to the financial statements for the year ended March 31, 2019

Taxation Matters	2.60	-
Out of pocket expenses	0.59	1.31
Total	38.44	35.31

	For the year ended March 31, 2019	(Rs. in lakhs) For the year ended March 31, 2018
Details of CSR expenditure:		
Gross amount required to be spent by the Company during the year	181.96	184.59
Amount spent		
i) Construction/acquisition of any asset	-	-
ii) On any other purpose (Renovation and repair of a school in village Sarhaul, Gurugram, Contribution of bus and ambulance)	242.26	112.67

26. Income taxes
(a) Income tax expense recognised in Statement of Profit and Loss

	For the year ended March 31, 2019	(Rs. in lakhs) For the year ended March 31, 2018
Particulars		
Current income tax:		
In respect of current year	2,793.61	3,110.23
Deferred tax:		
In respect of current year	(498.81)	(321.42)
Income tax expense reported in the statement of profit or loss	2,294.80	2,788.81

(b) Income tax on Other Comprehensive Income

	For the year ended March 31, 2019	(Rs. in lakhs) For the year ended March 31, 2018
Particulars		
Deferred tax benefit		
Arising on income and expenses recognised in other comprehensive income:		
Remeasurement of defined benefit obligation	(5.78)	69.07
Total income tax benefit/(expense) recognised in other comprehensive income	(5.78)	69.07

(c) The income tax expense for the year can be reconciled to the accounting profit as follows:

	For the year ended March 31, 2019	(Rs. in lakhs) For the year ended March 31, 2018
Particulars		
Profit before income tax	8,554.30	10,540.23
Income tax expense calculated at 34.944% (2017-18: 34.608%)	2,989.21	3,647.76
Effect of deduction under section 80IC of the Income tax Act, 1961	(474.33)	(562.94)
Effect of expenses that are not deductible in determining taxable profit	84.65	38.99
Effect of income that is exempt/ taxed on lower rate	(256.72)	(260.08)

Notes to the financial statements for the year ended March 31, 2019

Others	(48.01)	(74.92)
	2,294.80	2,788.81
Income tax expense reported in the Statement of Profit and Loss	2,294.80	2,788.81
	-	-

(d) The income tax expense on Other Comprehensive Income for the year can be reconciled as follows:

Particulars	(Rs. in lakhs)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Other Comprehensive Income		
Re-measurement gains (losses) on defined benefit plans	16.55	(199.59)
Income tax (expense)/benefit calculated at 34.944% (2017-18: 34.608%)	(5.78)	69.07
Income tax (expense)/benefit reported in the Other Comprehensive Income	(5.78)	69.07
	-	-

27. Earnings Per Share (EPS)

	(Rs. in lakhs)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Basic earnings per share (in Rs.)	15.65	19.38
Diluted earnings per share (in Rs.)	15.65	19.38

The earnings and weighted average number of equity shares used in the calculation of basic/diluted earnings per share are as follows:

Profit for the year, per Statement of Profit and Loss	6,259.50	7,751.42
Weighted average number of equity shares	399.95	399.95

28. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company accounting policies, which are described in note 2, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies:

(a) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit ('CGU') is the greater of its value in use and its fair value less costs to sell. 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ('CGU').

Notes to the financial statements for the year ended March 31, 2019

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

(b) Useful life of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date. As at March 31, 2019 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

(c) Provisions and contingent liabilities

On an ongoing basis, the Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements.

(d) Estimation of defined benefits and compensated absences

The present value of the gratuity and compensated absence obligations are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operating in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity and leave encashment obligations are given in Note 29.

(e) Provision for warranty

A provision is recognised 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 past returns based on the warranty period for all products sold.

29. Employee benefits**Defined Contribution Plans - General Description**

The Company makes contribution towards employees' provident fund, superannuation fund & employees state insurance ("ESIC"). Under the schemes, the Company is required to contribute a specified percentage of payroll cost, as specified in the rules of the schemes to these defined contribution schemes. The Company has recognised Rs. 593.37 lakhs (2017-18: Rs. 591.32 lakhs) as an expense towards contribution to these plans.

	<u>For the year ended March 31, 2019</u>	<u>For the year ended March 31, 2018</u>
	(Rs. in lakhs)	
Employer's contribution to provident fund	467.10	447.18
Employer's contribution to superannuation fund	86.76	79.99
Employer's contribution to ESIC	39.51	64.15
Total	<u><u>593.37</u></u>	<u><u>591.32</u></u>

Notes to the financial statements for the year ended March 31, 2019

Defined Benefit Plans - General Description

Gratuity:

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employees who have completed five years of service are entitled to specific benefit. The level of benefit provided depends on the member's length of service, salary and retirement age. The employee is entitled to a benefit equivalent to 15 days salary last drawn for each completed year of service with part thereof in excess of six months. The same is payable on termination of service or retirement or death, whichever is earlier.

This is a funded benefit plan for qualifying employees. The Company makes contributions to LIC policy to cover the liability of the Company. The scheme provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service.

These plans typically expose the Company to actuarial risks such as: investment risk, inherent interest rate risk, longevity risk and salary risk.

Investment Risk	The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Currently for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.
Interest Rate Risk	The defined benefit obligation calculation uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
Longevity Risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	Higher than expected increase in salary will increase the defined benefit obligation.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at March 31, 2019 by Mr. K. K. Dharni (Membership no. 00051), Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method.

The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the respective plans:

(Rs. in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
	Gratuity (Funded)	Gratuity (Funded)
Change in benefit obligation		
Present value of obligation as at the beginning of the year	2,256.32	1,797.22
Current service cost	184.07	170.31
Interest cost	173.96	135.51
Remeasurement on the net defined benefit liability		
Actuarial (gain) / loss arising from changes in financial assumptions	10.03	220.35
Actuarial (gain) / loss arising from experience adjustments	(20.06)	(12.03)
Benefits paid	(69.88)	(55.04)
Present value of obligation as at the end of the year	2,534.44	2,256.32
Change in plan assets		
Fair value of plan assets at the beginning of the year	1,652.08	1,363.42
Interest income	127.38	102.80
Return on plan assets (excluding amounts included in net interest income)	6.52	8.73
Contribution by the Company	212.34	232.17
Benefits paid	(69.88)	(55.04)
Plan assets at the end of the year	1,928.44	1,652.08
Liability/ (Asset) recognized in the financial statements	606.00	604.24

Notes to the financial statements for the year ended March 31, 2019
Amount recognised in Statement of Profit and Loss:

	<u>For the year ended March 31, 2019</u>	<u>(Rs. in lakhs) For the year ended March 31, 2018</u>
Service Cost		
Current service cost	184.07	170.31
Net interest expense	46.58	32.71
Amount recognised in Statement of Profit and Loss	<u><u>230.65</u></u>	<u><u>203.02</u></u>

Amount recognised in Other Comprehensive Income:

	<u>For the year ended March 31, 2019</u>	<u>(Rs. in lakhs) For the year ended March 31, 2018</u>
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amounts included in net interest expense)	(6.52)	(8.73)
Actuarial (gains)/ losses arising from changes in financial assumptions	10.03	220.35
Actuarial (gains)/ losses arising from experience adjustments	(20.06)	(12.03)
Amount recognised in Other Comprehensive Income	<u><u>(16.55)</u></u>	<u><u>199.59</u></u>

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

	<u>As at March 31, 2019</u>	<u>As at March 31, 2018</u>
Gratuity		
Investment Details	Funded	Funded
Investment with Insurer (LIC)	100%	100%

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

	<u>As at March 31, 2019</u>	<u>As at March 31, 2018</u>
Discount rate (%)	7.66	7.71
Future salary increases (%)	8.50	8.50
Retirement Age (Years)	58	58
Withdrawal rate		
Up to 30 years	3%	3%
From 31 to 44 years	2%	2%
Above 44 years	1%	1%
Mortality rate	Indian Assured Lives Mortality Ult. (2006-08)	Indian Assured Lives Mortality Ult. (2006-08)

The Company makes annual contribution to Life Insurance Corporation (LIC). As LIC does not disclose the composition of its portfolio investments, break-down of plan investments by investment type is not available to disclose.

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the year, while holding all other assumptions constant.

- If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by Rs. 97.12 lakhs (increase by Rs. 105.01 lakhs) [as at March 31, 2018: decrease by Rs. 87.87 lakhs (increase by Rs. 95.02 lakhs)].

Notes to the financial statements for the year ended March 31, 2019

- If the expected salary growth increases (decreases) by 50 basis points, the defined benefit obligation would increase by Rs. 103.66 lakhs (decrease by Rs. 96.82 lakhs) [as at March 31, 2018: increase by Rs. 93.85 lakhs (decrease by Rs. 87.65 lakhs)]

Sensitivities due to change in mortality rate and change in withdrawal rate are not material and hence impact of such change is not calculated.

Sensitivity Analysis

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of reporting period, which is same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet.

Maturity profile of defined benefit obligation

	<u>As at March 31, 2019</u>	<u>As at March 31, 2018</u>
Average duration of the defined benefit obligation (in years)	15.69 years	16.10 years

The Company expects to make a contribution of Rs. 233.23 lakhs (as at March 31, 2018 Rs 221.52 lakhs) to the defined benefit plans during the next financial year.

30. Disclosure in respect of operating 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.

	<u>For the year ended March 31, 2019</u>	<u>(Rs. in lakhs) For the year ended March 31, 2018</u>
Lease payments recognised as expense during the year	28.27	25.86

31. Contingent liabilities, commitments and assets (to the extent not provided for)**a. Capital and other commitments**

At March 31 2019, the estimated amount of contracts remaining to be executed on capital account was Rs. 991.81 lakhs (March 31, 2018: Rs.200.19 lakhs)

The Company has other commitments, for purchase/sales orders which are issued after considering requirements per operating cycle for purchase /sale of goods and services, employee's benefits including union agreement in normal course of business. The Company does not have any long term commitments or material non-cancellable contractual commitments/contracts, which might have material impact on the financial statements.

b. Contingent Liabilities

	<u>As at March 31, 2019</u>	<u>(Rs. in lakhs) As at March 31, 2018</u>
a) Demands raised by Income tax authorities, being disputed by the Company	106.27	1,083.29
b) Demands issued by GST/Excise authorities, being disputed by the Company	342.28	134.07
c) Demand raised by Employees State Insurance Recovery Officer, being disputed by the Company	82.71	43.65

Notes to the financial statements for the year ended March 31, 2019**32. Related party disclosures under IND AS 24****(i) Names of related parties and related party relationship****(a) Key management personnel and their relatives**

- Mr. Yogesh Chander Munjal – Chairman cum Managing Director
- Mr. Ashok Kumar Munjal- Non executive director
- Mr. Pankaj Munjal- Independent director upto September 29, 2018
- Mrs. Charu Munjal- Non executive director
- Mr. Vinod Kumar Agrawal- Independent director
- Mr. Nand Lal Dhameja- Independent director
- Mr. Devi Singh- Independent director
- Mr. Surinder Kumar Mehta- Independent director
- Mrs. Nidhi Kapoor - Daughter of Mr. Yogesh Chander Munjal
- Mr. Shigeki Kobayashi - Joint Managing Director
- Mr. Teruyoshi Sato Director upto May 30, 2018
- Mr. Yasuhiro Yamamoto- Non executive director w.e.f. May 30, 2018
- Mr. Matsui Masanao- Non executive director upto May 19, 2017
- Mrs. Geeta Anand- Independent director w.e.f November 03, 2018
- Mr. Avi Munjal- Assistant General Manager w.e.f December 01, 2018 Grandson of Mr. Yogesh Chander Munjal and son of Mrs. Charu Munjal

(b) Enterprise with significant influence over the Company

- Showa Corporation, Japan
- Dayanand Munjal Investments Private Limited

(c) Enterprises owned or controlled by key management personnel and their relatives

- Dayanand Munjal Investments Private Limited
- Majestic Auto Limited
- Shivam Autotech Limited

(d) Additional related parties as per Companies Act 2013, with whom transactions have taken during the year**Key managerial personnel**

- Mr. Pankaj Gupta- Chief Financial Officer
- Mr. Saurabh Agrawal- Company Secretary upto January 05, 2019
- Ms. Geetanjali Sharma-Company Secretary w.e.f. January 31, 2019

Enterprises in which Director is a member/partner

- Sunbeam Auto Private Limited upto May 31, 2018
- Munjal Castings (Partnership firm) upto May 31, 2018

Notes to the financial statements for the year ended March 31, 2019

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

	Enterprises with significant influence over the Company		Key management personnel & their relatives		Enterprises owned or controlled by key management personnel and their relatives		Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Transactions during the year:								
Sale of goods								
Shivam Autotech Limited	-	-	-	-	3.37	0.08	3.37	0.08
Showa Corporation, Japan	1.74	5.85	-	-	-	-	1.74	5.85
	1.74	5.85	-	-	3.37	0.08	5.11	5.93
Purchase of goods								
Majestic Auto Limited	-	-	-	-	-	51.93	-	51.93
Shivam Autotech Limited	-	-	-	-	1,673.80	1,642.52	1,673.80	1,642.52
Showa Corporation, Japan	3,828.27	3,300.28	-	-	-	-	3,828.27	3,300.28
Sunbeam Auto Private Limited	-	-	-	-	2,792.73	13,016.79	2,792.73	13,016.79
Munjal Castings	-	-	-	-	88.78	367.20	88.78	367.20
	3,828.27	3,300.28	-	-	4,555.31	15,078.44	8,383.58	18,378.72
Royalty paid/payable								
Showa Corporation, Japan	4,098.16	3,958.41	-	-	-	-	4,098.16	3,958.41
	4,098.16	3,958.41	-	-	-	-	4,098.16	3,958.41
Purchase of Intangible assets								
Design and drawing fees								
Showa Corporation, Japan	250.70	72.48	-	-	-	-	250.70	72.48
	250.70	72.48	-	-	-	-	250.70	72.48
Technician fee paid/payable								
Showa Corporation, Japan	64.75	25.27	-	-	-	-	64.75	25.27
	64.75	25.27	-	-	-	-	64.75	25.27
Travelling and conveyance expense paid/payable								
Showa Corporation, Japan	30.59	17.41	-	-	-	-	30.59	17.41
	30.59	17.41	-	-	-	-	30.59	17.41

Notes to the financial statements for the year ended March 31, 2019

	Enterprises with significant influence over the Company		Key management personnel & their relatives		Enterprises owned or controlled by key management personnel and their relatives		Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Legal and professional fees paid/payable Showa Corporation, Japan	0.92	1.09	-	-	-	-	0.92	1.09
Other Exp / Staff Welfare expense paid/payable Showa Corporation, Japan	5.98	34.55	-	-	-	-	5.98	34.55
Dividend proposed/ paid Showa Corporation, Japan Dayanand Munjal Investment Pvt. Ltd. Nidhi Kapoor	468.00 702.00 0.18	416.00 624.00 0.16	-	-	-	-	468.00 702.00 0.18	416.00 624.00 0.16
	1,170.18	1,040.16	-	-	-	-	1,170.18	1,040.16
Employee Benefits for Key Management Personnel (Salary, Commission and contributions to Provident fund and Superannuation fund) Mr. Yogesh Chander Munjal Mr. Shigeki Kobayashi Mr. Pankaj Gupta Mr. Saurabh Agrawal Mr. Saurabh Agrawal (Loan A/c) Ms. Geetanjali Sharma Mr. Avi Munjal	- - - - - - -	- - - - - - -	474.94 335.82 35.77 5.21 0.73 3.94	533.32 323.23 37.24 5.23 0.40 -	- - - - - -	- - - - - -	474.94 335.82 35.77 5.21 0.73 3.94	533.32 323.23 37.24 5.23 0.40 -
Sitting fees to non executive and Independent directors Mr. Ashok Kumar Munjal Mr. Pankaj Munjal Ms. Charu Munjal Mr. Vinod Kumar Agrawal Mr. Nand Lal Dhameja Mr. Devi Singh Mr. Surinder Kumar Mehta Mrs. Geeta Anand	- - - - - - -	- - - - - - -	1.00 - 2.20 6.20 6.80 5.80 3.20 1.80	1.20 0.80 0.80 4.40 5.20 4.00 2.40 -	- - - - - - -	- - - - - - -	1.00 - 2.20 6.20 6.80 5.80 3.20 1.80	1.20 0.80 0.80 4.40 5.20 4.00 2.40 -
	-	-	883.41	918.22	-	-	883.41	918.22

Notes to the financial statements for the year ended March 31, 2019

	Enterprises with significant influence over the Company		Key management personnel & their relatives		Enterprises owned or controlled by key management personnel and their relatives		Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
(iii) Balances as at the year end								
Trade payables								
Majestic Auto Limited	-	-	-	-	-	2.86	-	2.86
Shivam Autotech Ltd	-	-	-	-	247.03	276.08	247.03	276.08
Showa Corporation, Japan	2,053.94	2,090.00	-	-	-	-	2,053.94	2,090.00
Sunbeam Auto Private Limited	-	-	-	-	-	1,531.61	-	1,531.61
Munjal Castings	-	-	-	-	-	64.26	-	64.26
Mr. Yogesh Chander Munjal	-	-	29.64	115.62	-	-	29.64	115.62
Mr. Shigeki Kobayashi	-	-	106.37	112.16	-	-	106.37	112.16
Mr. Pankaj Gupta	-	-	1.00	0.93	-	-	1.00	0.93
Mr. Saurabh Agrawal	-	-	-	0.34	-	-	-	0.34
Ms. Geetanjali Sharma	-	-	-	0.31	-	-	0.31	-
Mr. Avi Munjal	-	-	-	0.86	-	-	0.86	-
	2,053.94	2,090.00	138.18	229.05	247.03	1,874.81	2,439.15	4,193.86
Trade receivables								
Shivam Autotech Limited	-	-	-	-	0.28	0.55	0.28	0.55
Mr. Saurabh Agrawal (Loan A/c)	-	-	-	0.35	-	-	-	0.35
	-	-	-	0.35	0.28	0.55	0.28	0.90
Advances recoverable in cash or kind or for value to be received								
Sunbeam Auto Private Limited	-	-	-	-	-	22.22	-	22.22
	-	-	-	-	-	22.22	-	22.22

Notes:-

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

Notes to the financial statements for the year ended March 31, 2019
33. Segment information

The Company primarily operates in the auto components segment. The Company operates as an ancillary and manufactures auto components for the two-wheeler and four-wheeler industry, primary products being shock absorbers, struts and window balancers.

The board of directors of the Company, which has been identified as being the chief operating decision maker (CODM), evaluates the Company's performance, allocates resources based on the analysis of the various performance indicators of the Company as a single unit. Therefore, there is no reportable segment for the Company as per the requirement of IND AS 108 "Operating Segments".

Geographical Locations: The Geographical segments have been considered for disclosure as the secondary segment, under which the domestic segment includes sales to customers located in India and overseas segment includes sales to customer located outside India.

(Rs. in lakhs)

Revenue from Operations	Domestic	Overseas	Total
2018-19	166,819.93	109.52	166,929.45
2017-18	161,484.66	60.62	161,545.28

- Domestic segment includes sales to customers located in India.
- Overseas segment includes sales to customers located outside India.
- There are no non-current assets located outside India.
- The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Revenue from operations have been allocated to segments on the basis of their relationship to the operating activities of the segment.

Information about major customers

Included in revenue from operations (net of taxes) arising from domestic sales are revenues which arose from following customers which were 10% or more of the Company's revenue:

(Rs. in lakhs)

Name of customer	March 31, 2019	March 31, 2018
Customer 1	127,015.73	121,104.17
Customer 2	-	22,550.96

No other single customer contributed 10% or more to the Company's revenue for both 2018-2019 and 2017-2018.

34. Financial instruments
34.1 Capital Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through efficient allocation of capital towards expansion of business, optimisation of working capital requirements and deployment of surplus funds into various investment options. The Company does not have debts and meets its capital requirement through equity.

The Company is not subject to any externally imposed capital requirements

The management of the Company reviews the capital structure of the Company on regular basis. As part of this review, the Board considers cost of capital and the risks associated with the movement in the working capital.

Notes to the financial statements for the year ended March 31, 2019

The following table summarizes the capital of the Company:

	As at March 31, 2019	(Rs. in lakhs) As at March 31, 2018
Share capital	799.93	799.93
Equity reserves	60,262.86	56,162.32
Total Equity	61,062.79	56,962.25

Categories of financial instruments

	As at March 31, 2019	(Rs. in lakhs) As at March 31, 2018
Financial assets		
Financial assets at fair value through profit or loss		
Non-current		
Investments	4,150.37	486.38
Current		
Investments	20,175.74	23,918.38
Financial assets at amortised cost		
Non-current		
Loans	171.22	251.50
Other financial assets	415.30	275.33
Current		
Loans	219.89	159.62
Trade receivables	19,902.63	24,487.60
Cash and bank balances	4,248.25	1,981.21
Other financial assets	4.94	4.87
Total	49,288.34	51,564.89
Financial liabilities at amortised cost		
Current		
Trade payables	14,413.55	18,503.91
Other financial liabilities	299.06	243.75
Total	14,712.61	18,747.66

34.2 Fair value measurements

The Company uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques:

The following is the basis of categorising the financial instruments measured at fair value into Level 1 to Level 3:
 Level 1: This level includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of quoted debentures and open-ended mutual funds
 Level 2: This level includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
 Level 3: This level includes financial assets and liabilities measured using inputs that are not based

Notes to the financial statements for the year ended March 31, 2019

on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Fair value of the Company's financial assets that are measured at fair value on a recurring basis:

There are certain Company's financial assets which are measured at fair value at the end of each reporting period. Following table gives information about how the fair values of these financial assets are determined:

(Rs. in lakhs)			
	Fair value as at March 31, 2018		
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss			
Non-current			
Other Investments - Alternate investment funds	-	486.38	-
Current			
Investments in mutual funds	23,409.41	-	-
Other Investments - Alternate investment funds	-	508.97	-
(Rs. in lakhs)			
	Fair value as at March 31, 2019		
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss			
Non-current			
Other Investments - Alternate investment funds	-	4,150.37	-
Current			
Investments in mutual funds	18,127.89	-	-
Investments in debentures	1,552.81	-	-
Other Investments - Commercial Papers	-	495.04	-

The fair value of the financial assets and financial liabilities are included at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between the market participants. The following methods and assumptions were used to estimate the fair values:

- Investments traded in active markets are determined by reference to quotes from the financial institutions; for example: Net asset value (NAV) for investments in open-ended mutual funds declared by mutual fund house, quoted price of equity shares in the stock exchange etc.
- The fair value of debenture is based on direct market observable inputs.
- Trade receivables, cash & cash equivalents, other bank balances, loans, other current financial assets, trade payables and other current financial liabilities: Approximate their carrying amounts largely due to short-term maturities of these instruments.
- Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Company could have realized or paid in sale transactions as of respective dates. As such, the fair value of the financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

Notes to the financial statements for the year ended March 31, 2019
34.3 Financial risk management objectives

The Company's senior management monitors and manages the financial risks relating to the operations of the Company. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company seeks to minimise the effects of these risks by using diversification of investments, credit limit to exposures, etc., to hedge risk exposures. The use of financial instruments is governed by the Company's policies on foreign exchange risk and the investment. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

'Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates risk/ liquidity which impact returns on investments. The Company enters into derivative financial instruments to manage its exposure to foreign currency risk including import payables. Future specific market movements cannot be normally predicted with reasonable accuracy.

Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies and consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. The counter party for these contracts is generally a bank, however there are no outstanding forward exchange contracts at year end.

(Rs. in lakhs)

Foreign currency exposure	As at March 31, 2019	As at March 31, 2018
Trade Receivables		
In USD	0.25	0.29
In JPY	0.27	-
Trade Payables		
In USD	5.05	11.60
In JPY	637.73	630.85
In EURO	0.20	0.35
In THB	59.99	84.25

Foreign currency sensitivity

The following table details the Company's sensitivity to a 5% increase and decrease in the Rs. against the relevant foreign currencies. (+)/(-)5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Rs. strengthens (+)/(-)5% against the relevant currency. For a 5% weakening of the Rs. against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be positive or negative.

(Rs. in lakhs)

Currency	As at March 31, 2019		As at March 31, 2018	
	5% increase	5% decrease	5% increase	5% decrease
Receivable				
In USD	0.85	(0.85)	0.96	(0.96)
In JPY	0.01	(0.01)	-	-

Notes to the financial statements for the year ended March 31, 2019

Payable				
In USD	(17.46)	17.46	(37.81)	37.81
In JPY	(19.91)	19.91	(19.38)	19.38
In EURO	(0.79)	0.79	(1.40)	1.40
In THB	(6.54)	6.54	(8.46)	8.46
Impact on profit or loss as at the end of the reporting period	(43.85)	43.85	(66.09)	66.09
Impact on total equity as at the end of the reporting period	(28.53)	28.53	(43.22)	43.22

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year/ in future years.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure and wherever appropriate, the credit ratings of its counterparties are continuously monitored and spread amongst various counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management of the Company. Financial instruments that are subject to concentrations of credit risk, principally consist of balance with banks, investments in debt instruments/ bonds, trade receivables.

Balances with banks were not past due or impaired as at the year end. In other financial assets that are not past dues and not impaired, there were no indication of default in repayment as at the year end.

The age analysis of trade receivables as of the balance sheet date have been considered from the due date and disclosed in the note no. 9 above.

The Company has used a practical expedient by computing the expected loss allowance for financial assets based on historical credit loss experience and adjustments for forward looking information.

Movement in the expected credit loss allowance of financial assets

	<u>For the year ended March 31, 2019</u>	<u>(Rs. in lakhs) For the year ended March 31, 2018</u>
Balance at beginning of the year	6.47	5.99
Add: Provided during the year	-	0.48
Less: Reversals of provision	0.90	-
Less: Amounts written off	-	-
Balance at the end of the year	<u>5.57</u>	<u>6.47</u>

Other price risks including interest rate risk

The Company has deployed its surplus funds into various financial instruments including units of mutual funds, debentures, etc. The Company is exposed to NAV (net asset value) price risks arising from investments in these funds. The value of these investments is impacted by movements in interest rates, liquidity and credit quality of underlying securities.

NAV price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to NAV price risks at the end of the reporting period. If NAV prices had been 1% higher/lower:

- profit for the year ended March 31, 2019 would increase/decrease by Rs 227.73 lakhs (for the year ended March 31, 2018: increase/decrease by Rs. 244.05 lakhs).

Notes to the financial statements for the year ended March 31, 2019

Liquidity risk

Liquidity risk represents the inability of the Company to meet its financial obligations within stipulated time. To mitigate this risk, the Company maintains sufficient liquidity by way of readily convertible instruments and working capital limits from banks.

Maturity profile of financial liabilities:

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date.

(Rs. in lakhs)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Less than 1 year	Total	Less than 1 year	Total
Current				
(i) Trade payables	14,413.55	14,413.55	18,503.91	18,503.91
(ii) Other financial liabilities	299.06	299.06	243.75	243.75

The surplus funds with the Company and operational cash flows will be sufficient to dispose the financial liabilities with in the maturity period.

35. Information pursuant to clause 3 (vii) (b) of the Companies (Auditor's Report) Order, 2016 in respect of disputed dues, not deposited as at March 31, 2019, pending with various authorities:

(Rs. in lakhs)

Name of Statute	Nature of Dues	Amount* (Rs. in lakhs)	Amount paid under protest (Rs. in lakhs)	Period to which the Amount Relates	Forum where Dispute is Pending
Income-tax Act, 1961	Income-tax	1,385.91	435.36	AY 2010-11	Set aside by Income Tax Appellate Tribunal pending with assessing officer.
		2,060.47	1,442.72	AY 2011-12	Set aside by Income Tax Appellate Tribunal pending with assessing officer.
		57.88	20.96	AY 2013-14	Income Tax Appellate Tribunal
		45.40	33.71	AY 2015-16	Income Tax Appellate Tribunal

* Amount as per demand orders including interest and penalty wherever indicated in the order and excludes disputed dues fully paid.

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

(Rs. in lakhs)

	As at March 31, 2019	As at March 31, 2018
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year		
Principal amount due to micro and small enterprises	1,575.25	3,455.52
Interest due on above	-	3.77

Notes to the financial statements for the year ended March 31, 2019

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	3.77	3.77
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	-	-

37. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

38. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund. Unpaid dividend (refer note 16 (b)) does not include any amount outstanding as at March 31, 2019 which are required to be credited to Investor Education and Protection Fund.

39. The financial statements were approved for issue by the board of directors on May 30, 2019.

For and on behalf of the Board of Directors

Yogesh Chander Munjal
Chairman & Managing Director
DIN- 00003491

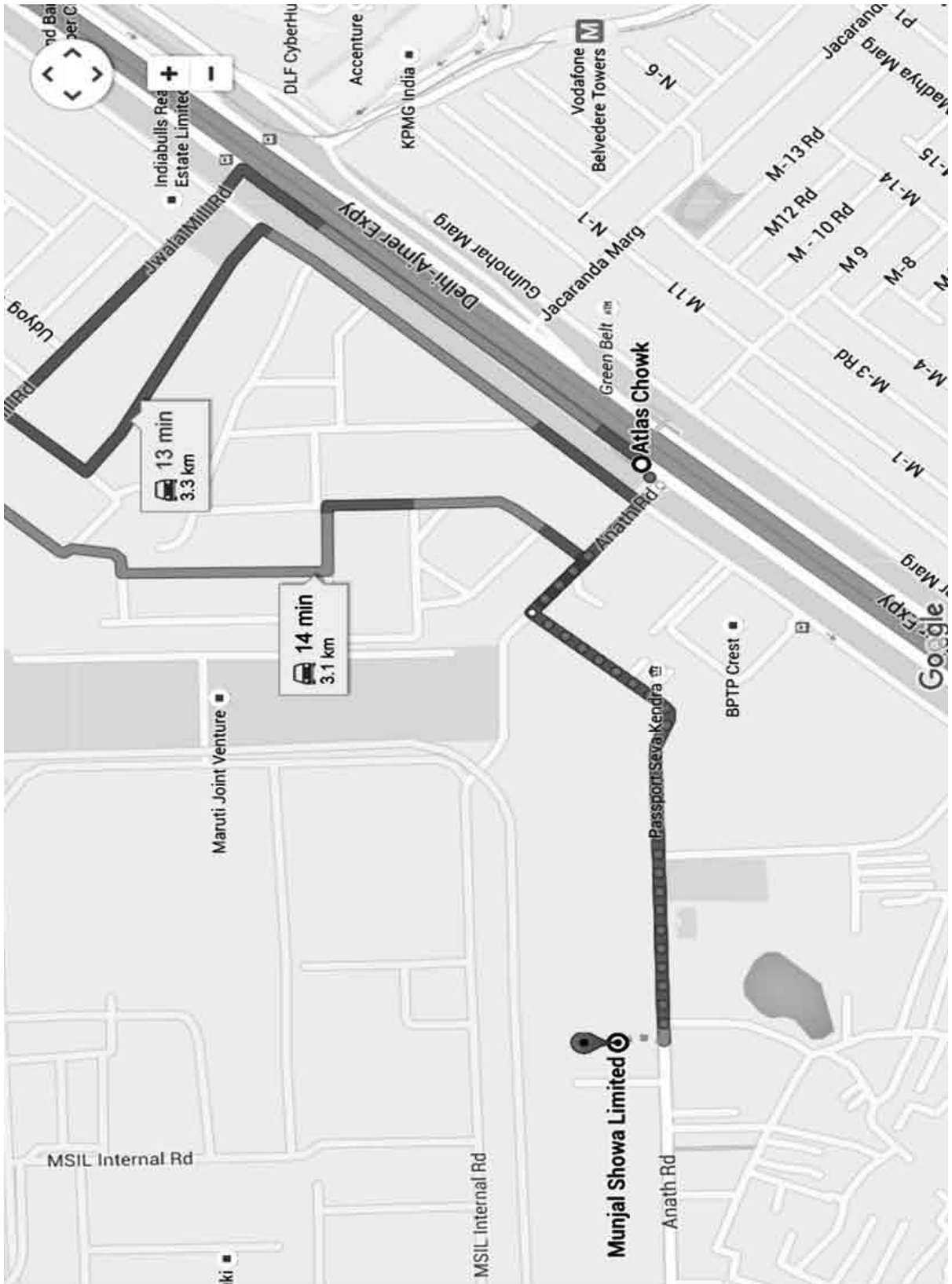
Vinod Kumar Agrawal
Chairman-Audit Committee
DIN- 00004463

Pankaj Gupta
Chief Financial Officer

Geetanjali Sharma
Company Secretary
Membership No. A42219

Place : Gurugram
Date : May 30, 2019

'Route map for the 34th AGM'



Munjal Showa Limited

Registered Office: 9-11, Maruti Industrial Area, Sector-18, Gurugram -122015, CIN: L34101HR1985PLC020934
Web: www.munjalshowa.net, Email: msladmin@munjalshowa.net, Tel: +91124 4783000/4783100

ATTENDANCE SLIP

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

No. of Share(s) held:

Name of the Member/ proxy (IN BLOCK LETTERS)

Address of the member

I, hereby record my presence at the 34th Annual General Meeting of the Munjal Showa Limited held on Friday the 30th Day of August 2019 at 9-11, Maruti Industrial Area, Sector-18, Gurugram-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, Gurugram -122015, CIN: L34101HR1985PLC020934
Web: www.munjalshowa.net, Email: cs@munjalshowa.net, Tel: +91-124-4783000/4783100

Form No. MGT-11
PROXY FORM

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

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

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

Name: E-mail ID

Address: Signature: [Signature Box], or failing him/her

Name: E-mail ID

Address: Signature: [Signature Box], or failing him/her

as my/our proxy to attend and vote, in case of a poll, for me/us and on my/our behalf at the 34th Annual General Meeting of the Company, to be held on Friday the 30th Day of August 2019 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:

Res. No.	Description	For	Against
Ordinary Business			
1	To receive, consider and adopt the Audited Financial Statements of the Company including Balance Sheet as at March 31, 2019, the Statement of Profit and Loss and Cash Flow Statement for the Financial Year ended on that date together with the reports of the Board of Directors and Auditors thereon (Ordinary Resolution)		
2	To declare a dividend on equity shares for the financial year 2018-19 "RESOLVED THAT a final dividend of Rs. 4.50 per equity share of Rs. 2/- each fully paid up for the financial year 2018-19 be and is hereby approved and declared." (Ordinary Resolution)		
3	To appoint a director in place of Mr. Shigeki Kobayashi (DIN 07626553), who retires by rotation at this Annual General Meeting and being eligible has offered himself for re-appointment (Ordinary Resolution)		
4	To appoint a director in place of Mr. Ashok Kumar Munjal (DIN 00003843), who retires by rotation at this Annual General Meeting and being eligible has offered himself for re-appointment (Ordinary Resolution)		
Special Business			
5	Appointment of Mrs. Geeta Anand (DIN 00078091) as an Independent Director of the Company (Ordinary Resolution)		
6	Variation in the Terms of Appointment of Mr. Yogesh Chander Munjal (DIN 00003491), Managing Director of the Company (Special Resolution)		
7	Variation in the Terms of Appointment of Mr. Shigeki Kobayashi (DIN 07626553), Joint Managing Director of the Company (Special Resolution)		

Signed this _____ day of _____ 2019.

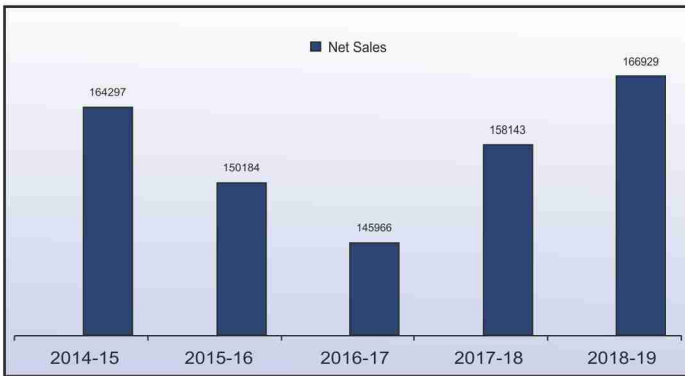
Signature _____

Affix Revenue Stamp

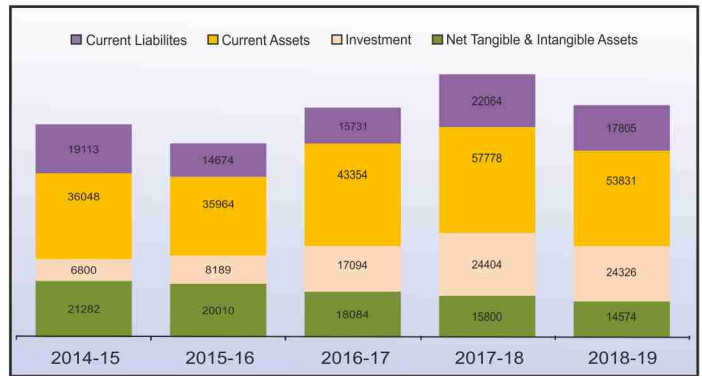
Notes:

- 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.
- 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.
- This form of Proxy, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company at Munjal Showa Limited, 9-11, Maruti Industrial Area, Gurugram-122015 not later than FORTY EIGHT hours before the commencement of aforesaid meeting.

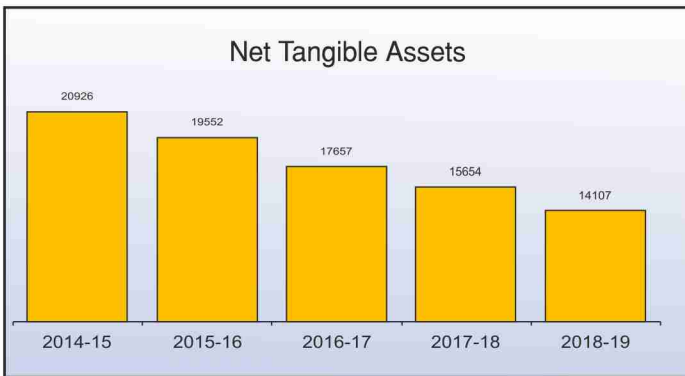
MUNJAL SHOWA LIMITED
Sales (Rs. In Lakh)



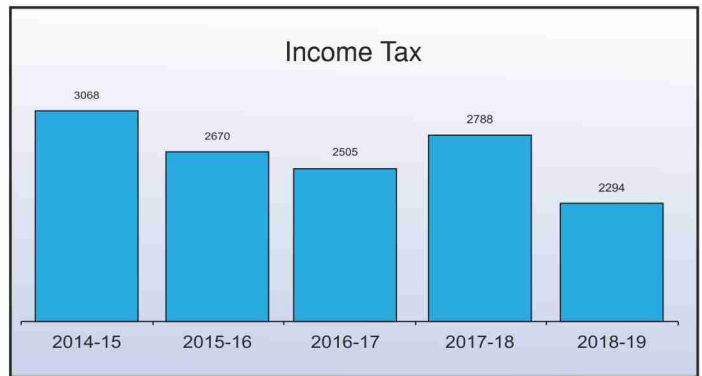
MUNJAL SHOWA LIMITED
Application of Funds (Rs. In Lakh)



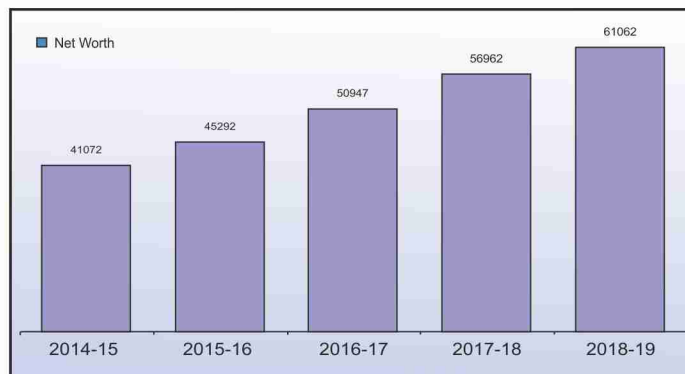
MUNJAL SHOWA LIMITED
Tangible Fixed Assets (Rs. In Lakh)



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



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





Gurugram Plant



Manesar Plant



Haridwar Plant

Munjal Showa Limited

9-11, Maruti Industrial Area, Gurugaon-122015 (Harayana)

Phone : +91 124 4783000

E-mail : mssladmin@munjalshowa.net

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

CIN : L34101HR1985PLC020934