

**MUNJAL
SHOWA**



31st Annual Report 2015-16

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BOARD OF DIRECTORS

Mr. Devi Singh (Chairman)*
 Mr. Yogesh Chander Munjal (Managing Director)
 Mr. Isao Ito (Joint Managing Director)
 Mr. Matsui Masanao
 Mr. Ashok Kumar Munjal
 Mr. Pankaj Munjal
 Mrs. Charu Munjal
 Mr. Krishan Chand Sethi**
 Mr. Vinod Kumar Agrawal
 Mr. Surinder Kumar Mehta
 Mr. Nand Dhameja

AUDIT COMMITTEE

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

SHARETRANSFER/STAKEHOLDERS RELATIONSHIP COMMITTEE

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

NOMINATION AND REMUNERATION COMMITTEE

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

CSR COMMITTEE

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

Note:

* w.e.f. May 20, 2016

** Expired on March 29, 2016

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

Mr. Saurabh Agrawal

STATUTORY & TAX AUDITORS

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

INTERNAL AUDITORS

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

SECRETARIAL AUDITORS

M/s Satyender Kumar & Associates, Gurgaon

BANKERS

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

SHARETRANSFER 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 Gurgaon Plant & Registered Office

9-11, Maruti Industrial Area, Sector-18
 Gurgaon-122015 Haryana

Manesar Plant

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

Haridwar Plant

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

YEARLY FINANCIAL RESULTS AT A GLANCE

(Rs. in lacs)

	March'16	March'15	March'14	March'13	March'12
Share Capital	799.92	799.92	799.92	799.92	799.92
Reserve & Surplus	44,492.09	40,272.34	34,812.93	29,480.57	24,816.28
Total Shareholder's Funds	45,292.01	41,072.26	35,612.85	30,280.49	25,616.20
Unsecured Loans	0	0.00	0.00	00.00	1000.00
Secured Loan	0	0.00	0.00	2110.87	6315.65
Total Term Liability	0	0.00	0.00	2110.87	7315.65
Current Liabilities & Provisions	15661.41	20,202.78	21,814.06	20,802.28	21,289.90
Total Assets / Liabilities	60,953.42	61,275.04	57,426.91	53,193.64	54,221.75
Net Sales	150,183.71	164,296.67	159,797.31	158,142.66	155,688.13
(% Growth year on year)	-8.59%	2.82%	1.05%	1.58%	20.75%
Profit Before Interest Depn. & Tax (PBDIT)	11,727.48	13,542.34	11,129.86	10,272.47	12,414.66
Profit Before Interest Depn. & Tax (PBDIT)-%	7.81	8.24	6.97	6.50	7.97
Interest	12.19	44.54	270.32	716.57	1101.91
Depreciation	2929.84	2,867.09	2,840.99	2,764.20	2,722.88
Profit Before Tax (PBT)	8785.45	10,630.71	8,018.55	6,791.70	8,589.87
Profit After Tax (PAT)	6,115.23	7,562.89	6,970.09	6,068.06	6,712.90
Earnings per Share (EPS) (Rs.)	15.29	18.91	17.43	15.17	16.78
Book Value per Share (Rs.)	113.24	102.69	89.03	75.71	64.05
Dividend Payout %	200.00%	200.00%	175.00%	150.00%	150.00%
Dividend per share	4.00	4.00	3.50	3.00	3.00

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 31ST ANNUAL GENERAL MEETING OF THE MEMBERS OF MUNJAL SHOWA LIMITED WILL BE HELD ON WEDNESDAY, THE 24TH DAY OF AUGUST 2016 AT 11:00 AM AT THE COMPANY'S REGISTERED OFFICE SITUATED AT 9-11, MARUTI INDUSTRIAL AREA, SECTOR-18, GURGAON-122015 (HARYANA) TO TRANSACT THE FOLLOWING BUSINESS: -

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended March 31, 2016 including Audited Balance Sheet as at March 31, 2016 and the Statement of Profit and Loss for the Financial Year ended on that date together with the reports of the Board and Auditors thereon.

“RESOLVED THAT the audited Financial Statements of the Company including Balance Sheet as at 31 March, 2016 and the Statement of Profit and Loss, the Cash Flow Statement for the year ended on that date and the reports of the Board of Directors (“the Board”) and Auditors thereon be and are hereby received, considered and adopted.”

2. To confirm the payment of Interim Dividend of Rs. 4.00/- per equity share (i.e. 200%) of Rs 2/- each, fully paid up for the Financial Year ended March 31, 2016.
3. To appoint Mrs. Charu Munjal (DIN 03094545), as Director liable to retire by rotation.

“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 thereof), Mrs. Charu Munjal, who retires by rotation and being eligible offers herself for re-appointment, be and is hereby re-appointed as a Director of the Company liable to retire by rotation.”

4. Ratification of Appointment of Statutory Auditors.

“RESOLVED THAT pursuant to the provisions of Section 139, 141 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, and pursuant to the recommendations of the Audit Committee, the appointment of M/s S R Batliboi & Company LLP, Chartered Accountants, Gurgaon (ICAI Firm registration No. 301003E/E300005), as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the thirty-second AGM of the Company to be held in the year 2017 be and is hereby ratified at such remuneration plus service tax, out-of-pocket, travelling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors.

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

SPECIAL BUSINESS:

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

5. **Amendment to Memorandum of Association of the Company**

“RESOLVED THAT pursuant to the provisions of Sections 4, 13 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to the necessary approval(s) required under all other applicable laws and regulations, if any, consent of the members be and is hereby accorded to amend / alter the Memorandum of Association of the Company and to align the same with the provisions of the Companies Act, 2013 and Rules made thereunder.

RESOLVED FURTHER THAT the heading of the existing Clause III A, “THE MAIN OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE:” be and is hereby substituted with the heading “The Objects to be pursued by the Company on its Incorporation are:”

RESOLVED FURTHER THAT the heading of the existing Clause III B, “THE OBJECTS INCIDENTAL OR ANCILLIARY TO THE ATTAINMENT OF MAIN OBJECTS ARE:” along with its clause 1 to 27 be and is hereby replaced with the heading “The Matters which are necessary for furtherance of the objects specified in Clause III A are:” along with new clauses 1 to 39.

RESOLVED FURTHER THAT Clause III C (the Other Objects 1 to 70) of the Memorandum of Association of the Company be and is hereby completely deleted.

RESOLVED FURTHER THAT the existing Clause IV of Memorandum of Association of the Company be and is hereby substituted with the new Clause IV to be read as:

Clause IV: “The liability of members is limited and this liability is limited to the amount unpaid, if any, on shares held by them.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution.”

6. Adoption of new set of the Articles of Association in accordance with Companies Act, 2013

“RESOLVED THAT pursuant to the provisions of Sections 5, 14 and other applicable provisions, if any, of Companies Act, 2013, read with Companies (Incorporation) Rules, 2014, including any statutory modification or re-enactment thereof for the time being in force and subject to the necessary approval(s) required under all other applicable laws and regulations if any, consent of the members be and is hereby accorded to alter the existing Articles of Association of the Company, by replacing, it with the new set of Articles of Association in accordance with Table ‘F’ of Schedule I of the Act and that the new set of Articles of Association be and is hereby approved and adopted as the Articles of Association of the Company in exclusion and in substitution of the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution.”

7. Re-appointment of Mr. Yogesh Chander Munjal (DIN 00003491) as Managing Director

“RESOLVED THAT pursuant to the recommendations of the Nomination and Remuneration Committee, and approval of the Board and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule- V of the Companies Act, 2013 and Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. Yogesh Chander Munjal, as Managing Director of the Company for a further period of five years with effect from September 01, 2016 to August 31, 2021, as well as the payment of salary, commission and perquisites (hereinafter referred to as “remuneration”), upon the terms and conditions as detailed in the explanatory statement attached hereto, which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and / or agreement in such a manner as may be agreed to between the Board of Directors and Mr. Yogesh Chander Munjal.

RESOLVED FURTHER THAT Mr. Yogesh Chander Munjal shall be liable to retire by rotation in pursuance of Section 152 and any other provisions of the Companies Act, 2013.

RESOLVED FURTHER THAT the remuneration payable to Mr. Yogesh Chander Munjal, shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 read with Schedule V of the Companies Act, 2013 or such other limits as may be prescribed from time to 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.”

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

8. Appointment of Mr. Pankaj Munjal (DIN 00005330) as an Independent Director of the Company

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Mr. Pankaj Munjal, Director of the Company be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five consecutive years with effect from August 24, 2016 to August 23, 2021.”

9. Variation in the Terms of Appointment of Mr. Isao Ito, (DIN 05134031), Joint Managing Director of the Company

“**RESOLVED THAT** pursuant to the recommendations of the Nomination and Remuneration Committee and in partial modification of the earlier Resolution passed by the shareholders in the Thirtieth Annual General Meeting held on August 26, 2015, the consent of the Company be and is hereby accorded under Sections 196, 197, 203 with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under, and subject to the approval of the Central Government, if required, the Basic Salary payable to Mr. Isao Ito, Joint Managing Director of the Company be increased to Rs. 12,00,000/- per month from the existing Rs. 10,50,000/- per month and special pay shall be Rs. 2,00,000/- per month from the existing Rs. 1,00,000/- per month with effect from September 01, 2016 for the remaining period of his tenure.

RESOLVED FURTHER THAT Mr. Isao Ito, Joint Managing Director of the Company shall be liable to retire by rotation in pursuance of section 152 and any other provisions of the Companies Act, 2013.

RESOLVED FURTHER THAT the other terms and conditions of the appointment be and is hereby remains unchanged.

RESOLVED FURTHER THAT the aggregate of the remuneration payable to Mr. Isao Ito, 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 limits as may be prescribed from time to 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: Gurgaon
Dated: May 20, 2016

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

Registered Office:

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

SAURABH AGRAWAL
COMPANY SECRETARY
Membership No. A36163

NOTES:-

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

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

- 02) Corporate members intending to send their authorised representatives to attend the meeting are advised to send a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the meeting.
- 03) In terms of Section 152 of the Companies Act, 2013, Mrs. Charu Munjal, Director, retire by rotation at the Meeting and being eligible, offer herself for re-appointment. The Board of Directors of the Company recommends her re-appointment. Mrs. Charu Munjal aged 44 years has been appointed as the Non Executive Director of the Company w.e.f. May 23, 2014. She holds a Diploma in Textile Designing from Banaras Hindu University and has considerable exposure in creative designing and marketing field. She is the Whole Time Director in Shivam Autotech Limited.
- 04) The Explanatory Statement setting out the material facts concerning Special Business at Item Nos. 5 to 9 of the accompanying notice as required by Section 102 of the Companies Act, 2013, is annexed hereto.
- 05) 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.
- 06) Pursuant to Section 91 of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation 2015, the Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, August 13, 2016 to August 24, 2016 (both days inclusive).
- 07) Pursuant to the provisions of Section 205A(5) and Section 205C of the Companies Act, 1956 and the Companies Act, 2013 to the extent applicable thereof, dividend for the financial year 2009-10 and thereafter, which remains unclaimed for a period of 7 years would be transferred by the Company to the "Investor Education and Protection Fund (IEPF)" established by the Central Government. Dividends declared upto 2007-08 remaining unpaid/unclaimed have already been transferred to the Investor Education and Protection Fund. Dividend declared for the financial year 2008-09 is in the process of transfer to IEPF and the last date of claim is August 13, 2016.
- 08) Information in respect of unclaimed dividend pertaining to subsequent financial years when due for transfer to the said Fund is given below:

Financial year ended	Date of declaration of Dividend	Last date upto which claim can be lodged for unpaid Dividend
31.03.2010	11.08.2010	17.08.2017
31.03.2011	11.08.2011	17.08.2018
31.03.2012	09.08.2012	16.08.2019
31.03.2013	03.09.2013	09.09.2020
31.03.2014	28.08.2014	03.09.2021
31.03.2015	26.08.2015	01.09.2022
31.03.2016 (Interim Dividend)	09.03.2016	15.03.2023

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

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

- 09) Members are requested to notify immediately any change of address including 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 110 020 in respect of their physical share folios, if any, quoting their folio number.
- 10) Electronic Clearing Service (ECS) Facility

The Company has provided a facility to the Members for remittance of dividend through Electronic Clearing System (ECS). The ECS facility is available at locations identified by Reserve Bank of India from time to time and covers most of the major cities and towns. Members holding shares in the physical form who wish to avail ECS facility may authorize the Company with their ECS mandate in the prescribed Form which can be obtained from the Company upon request.
- 11) Members holding shares in electronic form are hereby informed that the bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend are requested to write to the Company.
- 12) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members / transferee(s) are required to furnish a copy of their PAN to the Company / Registrar & Transfer Agent, MCS Share Transfer Agent Limited.
- 13) Members are requested to bring their copy of the Annual Report to the Annual General Meeting. In order to enable us to register your attendance at the venue of the Annual General Meeting, 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.
- 14) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- 15) To support the 'Green Initiative' the Members who have not registered their e-mail addresses are requested to register their email id.
- 16) A Route Map along with prominent landmark for easy location to reach the venue of Annual General Meeting is annexed to the notice.
- 17) All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the registered office of the Company during business hours except on holidays, up to and including the date of the Annual General Meeting of the Company.

VOTING THROUGH ELECTRONIC MEANS

In compliance with the provisions of the Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation 2015, the members are provided with the facility to cast their votes on the resolutions through e-voting as amended from time to time, the Company is pleased to provide its members the facility of 'remote e-voting' (e-voting from a place other than venue of the AGM) to exercise their right to vote at the 31st Annual General Meeting (AGM). The business shall be transacted through e-voting services rendered by Central Depository Services (India) Limited (CDSL).

The facility for voting, either through ballot/polling paper shall also be made available at the venue of the 31st 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 22nd Day of July 2016 have the option to request for physical copy of the Ballot Form by sending an e-mail to cs@munjalshowa.net by mentioning their Folio/DP-ID and Client-ID No. However, the duly completed Ballot Form should reach the Registered Office of the Company not later than one day before the General Meeting. Ballot Form received after this date will be treated as invalid. A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid. The Company has appointed Mr. Satyender Kumar (FCS 4087), Proprietor- M/s Satyender Kumar & Associates, Company Secretaries, Gurgaon as the Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner.

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

- i. The voting period begins on Sunday, August 21, 2016 at 9.00 a.m. and ends on Tuesday, August 23, 2016 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. Wednesday, August 17, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after 5.00 p.m. on August 23, 2016.
- ii. Members holding shares in physical or in demat form as on Wednesday, August 17, 2016 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	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).</p> <p>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. if your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p>
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).
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- 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. 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.

Place: Gurgaon
Dated: May 20, 2016

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

Registered Office:

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

SAURABH AGRAWAL
COMPANY SECRETARY
Membership No. A36163

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

With the enactment of Companies Act 2013 (hereinafter referred as “the Act”), it is considered expedient to amend the existing Memorandum of Association of the Company to be in accordance with the requirements of the Act.

In terms of Section 4(1) (c) of the Companies Act 2013, the Memorandum of Association of the Company is to state the objects for which the Company is proposed to be incorporated and any matter considered necessary in furtherance thereof.

Accordingly it is proposed to replace the existing titles/ headings of Clause III A of the existing Memorandum of Association of the Company. And it is also proposed to replace the heading of existing Clause III B, “THE OBJECTS INCIDENTAL OR ANCILLIARY TO THE ATTAINMENT OF MAIN OBJECTS ARE:” along with its clause 1 to 27 with the heading “The Matters which are necessary for furtherance of the objects specified in Clause III A are:” along with new clause 1 to 39. And the Clause III C (the Other Objects 1 to 70) of the Memorandum of Association of the Company completely deleted.

In terms of Section 4(1)(d) of the Act, the Memorandum of Association of the Company is to state, in the case of a Company limited by shares, that liability of Members is limited to the amount unpaid, if any, on the shares held by them. Accordingly, it is proposed to amend Clause IV of the Memorandum of Association of the Company so as to comply with the provisions of Sections 4, 13 and other applicable provisions, if any, of the Act including Table A. Thus modification in Memorandum of Association is carried out to give effect to the provisions of the Act.

In terms of Sections 13 and other applicable provisions of the Act and rules made there under, consent of the Members of the Company is proposed to be obtained for the alteration of Memorandum of Association of the Company by way of passing a Special Resolution.

The proposed Memorandum of Association is being uploaded on the Company’s website i.e. www.munjalshowa.net for perusal by the Members and is available for inspection at the Registered Office of the Company during business hours on all working days (except Saturdays, Sundays and Public Holidays) from 11:00 A.M. to 1:00 P.M including and upto the date of the meeting.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 5 except to the extent of their shareholding in the Company.

The Board of Directors of the Company recommends the Resolution to be passed as a Special Resolution as set out in Item No. 5 of the Notice for approval of the Members.

Item No. 6

The existing Articles of Association of the Company, is in accordance with the Companies Act, 1956 and several regulations in the existing Articles of Association contain references to specific sections of the Companies Act, 1956 and some regulations in the existing Articles of Association are no longer in conformity with the provisions of the Companies Act, 2013. Upon enactment of the Act and pursuant to the notifications of Ministry of Corporate Affairs dated September 12, 2013 and March 26, 2014 respectively, various provisions of the Companies Act, 1956 have been repealed and in view of the same the existing Articles of Association of the Company needed to be re-aligned as per the provisions of the Companies Act, 2013.

The Board of Directors (“Board”) decided to incorporate/substitute /alter certain provisions as per the Act. As this would result in a number of changes in the existing Articles of Association of the Company, it was desirable to adopt a new set of Articles of Association in place of and in exclusion to the existing Articles of Association of the Company by way of passing a Special Resolution..

The new set of Articles of Association to be substituted in place of existing Articles of Association is based on Table ‘F’ of Schedule I of the Act which sets out the model Articles of Association for a Company limited by shares.

The proposed Articles of Association of the Company is uploaded on the Company's website i.e. www.munjalshowa.net for perusal by the Members and is available for inspection at the Registered Office of the Company during business hours on all working days (except Saturdays, Sundays and Public Holidays) from 11:00 A.M. to 1:00 P.M including and upto the date of the meeting.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 6 except to the extent of their shareholding in the Company.

The Board of the Company recommends the Resolution to be passed as a Special Resolution as set out in Item No. 6 of the Notice for approval of the Members.

Item No. 7

Mr. Yogesh Chander Munjal, aged 76 years, is an eminent personality in the corporate world. He 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 Gurgaon Industrial Association, Chairman of CII (Haryana Committee) and Chairman of Haryana Chamber of Commerce and Industry, Gurgaon.

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 Southend and served as 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, Gurgaon.

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

Mr. Yogesh Chander Munjal, who was appointed as Managing Director of the Company by the members to hold the office upto August 31, 2016, has attained the age of 70 years on February 13, 2010 and hence continuation of his employment as Managing Director requires the approval of members by way of a special resolution under Section 196(3) of the Companies Act, 2013

Keeping in view that Mr. Yogesh Chander Munjal has rich and varied experience in the Industry and has been involved in the operations of the Company over a long period of time, it would be in the interest of the Company to consider and continue the employment of Mr. Yogesh Chander Munjal as Managing Director of the Company.

In terms of the Corporate Governance Guidelines of the Company and pursuant to the recommendation of the Board, Nomination and Remuneration Committee, the Board of Directors of the Company, passed a resolution on May 20, 2016 approving re-appointment of Mr. Yogesh Chander Munjal, as Managing Director of the Company for a further period of five years with effect from September 01, 2016 to August 31, 2021. This is subject to the approval of the shareholders at this Annual General Meeting.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The details of remuneration payable to Mr. Yogesh Chander Munjal and the terms and conditions of the re-appointment are given below:

- 1. Basic Salary:** Rs. 16,00,000/- (Rs. Sixteen Lakhs only) per month which is eligible for revision on a date to be determined by the Nomination and Remuneration Committee
- 2. Special Pay:** Rs. 3,00,000/- (Rs. Three Lakhs only) p.m.
- 3. Commission:** He shall also be allowed to a commission in addition to Basic Salary & Special Pay, perquisites and any other allowances, benefits, or amenities subject to the condition that the amount of commission shall not exceed 1% of the net profits of the Company in a particular financial year as computed in the manner referred to in Section 198 and any other applicable provisions of the Companies Act, 2013.

4. **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:** Once in a year incurred in accordance with the 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.

5. Minimum Remuneration

In the event of absence or inadequacy of profits in any financial year during the tenure of the Chairman, salary and perquisites subject to the limits stipulated under Schedule V read with Section 196 and 197 of the Companies Act, 2013, are payable.

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

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.

All other existing terms and conditions for the re-appointment shall remain unchanged.

Memorandum of Interest/ Concern:

Mr. Yogesh Chander Munjal shall be liable to retire by rotation in pursuance of Section 152 and any other provisions of the Companies Act, 2013.

The Board of Directors recommends the resolution in relation to the re-appointment of Managing Director, for the approval of the shareholders of the Company.

Notice has been received from Mr. Yogesh Chander Munjal signifying his intention to propose appointment of him as Managing Director of the Company along with a deposit of Rs. 1,00,000. The disclosure under Regulation 36(3) of the SEBI (LODR) Regulations, 2015 is provided at Annexure A of this Notice.

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 are concerned or interested, financially or otherwise in this resolution set out at item no. 7 except to the extent of their shareholding in the Company.

He also hold directorship in Dayanand Munjal Investments Private Limited and Hero Cycles Limited.

Item No. 8

A notice under Section 160 of the Companies Act, 2013 along with requisite deposit has been received from a member proposing the Candidature of Mr. Pankaj Munjal as an Independent Director of the Company, therefore the Board of Directors of the Company, acting upon the said proposal recommends the appointment of Mr. Pankaj Munjal as an Independent Director of the Company. Mr. Pankaj Munjal is currently Non Executive Director of the Company and pursuant to Section 152(6) of the Companies Act, 2013; his office is liable to determination by retirement of directors by rotation. Being eligible, he offers himself for reappointment and a declaration under Section 149(7) of Companies Act, 2013 has also been duly received by the Company from the said Director.

Mr. Pankaj Munjal, aged about 54 years old, is graduated in Science and then underwent specialized training in Automotive Manufacturing at General Motors Institute, Flint in USA. Thereafter, he attended the executive program in Strategic Marketing Management at London Business School, Harvard University. Mr. Munjal takes an active interest in the promotion of business domestically and globally.

Keeping in view that Mr. Pankaj Munjal has rich and varied experience in the Industry. It would be in the interest of the Company to appoint Mr. Pankaj Munjal as Independent Director of the Company.

Presently he is the director of the following companies:

Name of Company	Designation	Name of Company	Designation
1. MUNJAL SHOWA LIMITED	Director	2. HERO MOTORS LIMITED	Managing Director
3. MUNJAL KIRU INDUSTRIES PRIVATE LIMITED	Director	4. ZF HERO CHASSIS SYSTEMS PRIVATE LIMITED	Director
5. HERO CYCLES LIMITED	Chairman & Managing Director	6. UT BIKES LIMITED	Director
7. FIREFOX BIKES PRIVATE LIMITED	Additional Director	8. PRAGATI TYRES PRIVATE LIMITED	Director
9. MUNJAL HOSPITALITY PRIVATE LIMITED	Director	10. BHAGYODAY INVESTMENTS PVT LTD	Director
11. FIVE DOTS DIGITAL PRIVATE LIMITED	Director		

Except Mr. Pankaj Munjal, and his relative none of the Director, Key Managerial Personnel (KMPs) and their relatives are interested /concerned either financial or otherwise in the Resolution under Item No. 8 of the notice except to the extent of their shareholding in the Company. Mr. Pankaj Munjal does not hold any equity shares in the Company.

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

Item No. 9

The Members had approved the basic salary of Mr. Isao Ito- Joint Managing Director as Rs. 10,50,000/- p.m. with effect from September 01, 2015 in the thirtieth Annual General Meeting held on August 26, 2015. Under the leadership of Mr. Isao Ito, the profitability of the Company has grown since his appointment inspite of the challenging environment. In view of the vast experience and valuable contribution made by Mr. Isao Ito towards the growth of the Company and the job responsibilities handled by Joint Managing Director in the challenging environment, and on the basis of the recommendations of the Nomination and Remuneration Committee, your Board of Directors have, by passing a Resolution in their meeting held on May 20, 2016, revised the basic salary of Joint Managing Director to Rs. 12,00,000/- per month from the existing Rs. 10,50,000/- per month and special pay shall be Rs. 2,00,000/- per month from the existing Rs. 1,00,000/- per month with effect from September 01, 2016 for the remaining period of his tenure. All other terms and conditions of his appointment including allowances, perquisites and benefits will remain same.

Except Mr. Isao Ito, and his relative none of the Director, Key Managerial Personnel (KMPs) and their relatives are interested /concerned either financial or otherwise, except to the extent of their shareholding in the Company, in the Resolution under Item No. 9 of the notice. Mr. Isao Ito does not hold any equity shares in the Company.

The Board also recommends the change in the terms in respect of non retiring director to retiring director of Mr. Isao Ito.

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

Place: Gurgaon
Dated: May 20, 2016

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

Registered Office:

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

SAURABH AGRAWAL
COMPANY SECRETARY
Membership No. A36163

Annexure A

Details of the directors seeking Re-Appointment in the forthcoming Annual General Meeting (In pursuance of SEBI (LODR) Regulations, 2015)

<u>Name of the Director</u>	<u>Mr. Yogesh Chander Munjal</u>	<u>Mr. Pankaj Munjal</u>	<u>Mrs. Charu Munjal</u>
Director Identification Number (DIN)	00003491	00005330	03094545
Date of Birth	13.02.1940	15.12.1962	04.06.1972
Date of Appointment	16.05.1985	16.05.1985	23.05.2014
Qualification	B. Arch	Graduated in Science	Diploma in Textile Designing
Relationship with Directors	Father-in-Law of Mrs. Charu Munjal	None	Daughter-in-Law of Mr. Yogesh Chander Munjal
Expertise in Specific functional area	Wide managerial experience	Wide managerial experience	Wide managerial experience
Directorships held in other companies	Mentioned in the explanatory statement	Mentioned in the explanatory statement	Mentioned in the explanatory statement
Board Membership of Listed Companies as on March 31, 2016	MUNJAL SHOWA LIMITED	MUNJAL SHOWA LIMITED	1. MUNJAL SHOWA LIMITED 2. SHIVAM AUTOTECH LIMITED
Chairman/Member of the Committee of the Board of directors as on March 31, 2016 in Listed Company	<u>Munjal Showa Limited</u> Share Transfer/Stakeholders Relationship Committee-Member, CSR Committee-Chairman w.e.f. 20/05/2016	NONE	NONE
Number of Shares held in the Company as on March 31, 2016	Nil	Nil	Nil

BOARD'S REPORT

Dear Members,

Your Directors have great pleasure in presenting the 31st Annual Report together with the Audited Statement of Accounts for the financial year ended March 31, 2016.

FINANCIAL RESULTS AND APPROPRIATIONS

The salient features of the Company's Financial Results for the year under review are as follows:
(Rs. In Lacs)

	Year Ended 31.03.16	Year Ended 31.03.15
Sales and other Income	150,702.88	165,111.23
Profit before Interest, Depreciation & Tax & Exceptional item	11,727.49	13,474.60
Financial Cost	12.19	44.54
Depreciation	2,929.84	2,867.09
Exceptional Item (interest expenses reversed)	-	(67.74)
Profit before Tax	8,785.45	10,630.71
Provision for Taxation	2,670.22	3,067.82
Profit after Tax	6,115.23	7,562.89
Net Profit brought forward	16,364.50	12,905.08
Net value of fixed assets transferred to retained earning whose useful life exceeded the specified useful life	-	177.99
Profit available for appropriation	22,479.73	20,289.98
Dividend (Recommended)	1,599.80	1,599.80
Dividend Tax (Net)	325.68	325.68
Transfer to General Reserve	2,000.00	2,000.00
Surplus carried to Balance Sheet	18,554.25	16,364.50

OPERATIONS & STATE OF THE COMPANY'S AFFAIRS

The Company has achieved a sales turnover, including other income, of Rs. 150,702.88 lacs vis-à-vis Rs. 165,111.23 lacs in the previous year. The profit before tax in the current year was at Rs. 8,785.45 lacs as compared to Rs. 10,630.71 lacs in the previous year.

CREDIT RATING

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

INR 6,850 Long-Term Loans	AA/Stable (Reaffirmed)
INR 3,000 Cash Credit	AA/Stable (Reaffirmed)
INR 4,350 Letter of Credit	CRISIL A1+
INR 225 Bank Guarantee	CRISIL A1+
INR 600 Commercial Paper Programme	CRISIL A1+

TRANSFER TO GENERAL RESERVE

The Board has transferred an amount of Rs. 2000 lacs to General Reserve before declaring the interim dividend. The balance amount of Rs. 18,554.25 lacs (Previous year Rs. 16,364.50 lacs) will be retained as surplus in the statement of Profit and Loss.

DIVIDEND

Your directors declared an interim dividend of 200 per cent (i.e. Rs. 4/- Per equity share of Rs. 2/- each fully paid up) for the financial year ended March 31, 2016 amounting to Rs. 1,599.80 lacs. Dividend was a tax free in the hands of shareholders, as the Company has paid the dividend distribution tax of Rs. 325.68 lacs. The Board fixed March 17, 2016 as the Record Date for the purpose of Payment of Interim Dividend for the financial year 2015-16 and the dividend payout date was March 21, 2016.

The Company considered interim dividend as final dividend for the financial year 2015-16. The Company maintained the dividend in spite of declining in the net profit and wants to retain its surplus for the future growth of the Company.

SHARE CAPITAL & DEBENTURES

The paid up Equity Share Capital as on March 31, 2016 was Rs. 799.93 lacs. 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. The Company does not has any Debentures, Preferential Shares as on March 31, 2016.

FINANCE

Cash and cash equivalent as at March 31, 2016 was Rs. 242.58 lacs. The Company continues to focus on judicious management of its working capital. Receivables, inventories and other working capital parameters were kept under strict check through continuous monitoring.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

CORPORATE GOVERNANCE

Report on Corporate Governance and Management Discussion & Analysis Report along with Certificate of the Auditors of your Company pursuant to SEBI (LODR) Regulations, 2015, have been included in this Report as **Annexure-A**. Your Company has been practicing the principles of good Corporate Governance over the years.

In terms of 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.

AUDITORS

M/s S.R. Batliboi & Co. LLP, Chartered Accountants, Gurgaon, the Auditors of the Company, appointed at 29th Annual General Meeting from the date of 29th Annual General Meeting up to the date of 32nd Annual General Meeting of the Company. Now at the 31st Annual General Meeting of the Company, their appointment will be the subject to ratification by shareholders of the Company. The Report given by the Auditors on the financial statements of the Company is part of the Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report. The Board recommends their ratification of appointment for your approval.

SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Satyender Kumar & Associates, a proprietorship firm of Company Secretaries to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit Report is annexed herewith as **Annexure B**. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

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

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

EXTRACT OF ANNUAL RETURN

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

PARTICULARS OF EMPLOYEES

The statement of particulars of employees as per Section 197 of the Companies Act, 2013 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the year ended March 31, 2016, is annexed hereto and forms part of this Report as **Annexure-E**.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

The Company was required to spend Rs. 171 lacs (approx) under Corporate Social Responsibility activities (CSR). The Company has spent 173.86 lacs on CSR Activities during the financial year 2015-2016.

MATERIAL CHANGES AND COMMITMENTS

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

CHANGES IN THE TERMS IF ROYALTY PAYMENT WITH SHOWA CORPORATION, JAPAN

The Company has entered with Showa Corporation, Japan (Showa) a world leader in shock absorber technology in May 1985 under technical collaboration contract apart from shareholders agreement.

Showa apprised the Company that due to current trend of localization Showa has to concentrate on R&D for global market and use of increasing investment more effectively so as to survive in such a global competition and further sustainable expansion and rate of Munjal Showa (MSL) @ 3 per cent not enough now and Showa bears the shortage of actual R&D expenses. Showa then requested to consider the change in the condition of the royalty ratio. The proposal was discussed at length by the Board of Directors and it was approved that "the royalty to be paid by the Licensee (MSL) to Licensor shall be three (3) per cent of the ex-factory sales price of the Product invoices by Licensee. Provided that Licensor approves the products for which Licensor employs new technologies, the royalty rate of four (4) per cent shall be applied to such Products. All other conditions of this agreement shall remain same. This will be effective from April 01, 2016.

CHANGES IN MEMORANDUM OF ASSOCIATION (MOA) AND ARTICLES OF ASSOCIATION (AOA)

With the enactment of the Companies Act 2013, it is necessary to amend the existing MOA and to adopt new set of the AOA to be in accordance with the requirements of the Act.

The Board recommends changes in MOA and AOA before the shareholder for their approval.

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 per cent 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 various types of Losses & converts them into Profit. We have achieved TPM Excellency Award "Category A" for Gurgaon 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 Gurgaon & 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. We are going ahead to challenge TPM Excellence Special category by end of 2016.

Lean TPM Activities:

We have clubbed TPM with lean manufacturing system. 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.

ISO/TS 16949 ACCREDITATION

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

LISTING AGREEMENT

The Securities and Exchange Board of India (SEBI), on September 2, 2015, issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the aim to consolidate and streamline the provisions of the Listing Agreement for different segments of capital markets to ensure better enforceability. The said regulations were effective December 1, 2015. Accordingly, all listed entities were required to enter into the Listing Agreement within six months from the effective date. The Company entered into Listing Agreement with BSE Limited and the National Stock Exchange of India Limited.

LISTING

The shares of your Company are listed at The National Stock Exchange of India Limited and BSE Limited, and pursuant to clause C (9) (d) of Schedule V SEBI (LODR) Regulations, 2015, the Annual Listing fees for the year 2016-17 have been paid to them well before the due date i.e. April 30, 2016. Annual Custody/Issuer fee for the year 2016-17 will be paid by the Company to NSDL and CDSL on receipt of the invoices.

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 3451 at the end of the year as compared to 3401 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.

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/2015/05/Vigil-Mechanism-Whistle-Blower-Policy2.pdf>

RECOMMENDATION OF THE AUDIT COMMITTEE

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

CHANGES IN THE NATURE OF BUSINESS

There is no change in the nature of the business of the Company during the Financial Year 2015-16

DIRECTORS & KEY MANAGERIAL PERSONNEL

The Company appreciates the dedicated and valuable guidance given by Late Sh. Brijmohan Lall Munjal during his tenure as director and chairman of the Company. His sad demise on November 01, 2015 is a big and irreparable loss to the nation as well as to the Company. Late Mr. Brijmohan Lall Munjal was a great leader and he was a guiding force for the Company. He was not only committed to success but also devoted to rising India. He did all that it takes to build an industrial group based on a sustainable business model. His vision allowed Hero Group to become the world's largest cycle maker, and Hero Motocorp the world's largest two-wheeler manufacturer by volumes. He positioned his motorcycles and scooter as more fuel efficient, which struck a chord with cost-conscious Indian buyers. The "Fill it, shut it, forget it" campaign remains one of the most effective ones in the country's corporate history. Worthy Chairman Sir, will always occupy a prominent place in India's corporate history for his ability to do all this, and lived a life on the principle that if you work hard and be good to people around you, success in business will follow.

Then, Mr. Krishan Chand Sethi was elected as the chairperson of the company on February 05, 2016. But the Company also lost the Guidance of Lt. Sh. Krishan Chand Sethi on March 29, 2016, another ace Director and

Chairman of the Company, the Company appreciates the dedicated and valuable services rendered by him during his tenure. His unwavering passion, insatiable ambition and his strong sense of basic ethics and integrity will always be a motivation for the Company. Sethi Sir, will always occupy a prominent place in our hearts.

Mr. Pankaj Munjal is currently our Non executive Director and pursuant to Sub Section 6 of Section 152 of the Companies Act, 2013, his office is liable to determination by retirement of directors by rotation. Being eligible, he offers himself for reappointment and a declaration under Section 149(7) of Companies Act, 2013 has also been duly received by the Company from the said Director

Mrs. Charu Munjal non executive director of the Company is liable to retire by rotation at the ensuing Annual General Meeting. Mrs. Charu Munjal being eligible has offered herself for re-appointment.

Mrs. Charu Munjal aged 44 years has been appointed as the Non Executive Director of the Company w.e.f. May 23, 2014. She holds a Diploma in Textile Designing from Banaras Hindu University and has considerable exposure in creative designing and marketing field. She is the Whole Time Director in Shivam Autotech Limited.

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

Pursuant to the recommendation of the Board, Nomination and Remuneration Committee, Mr. Yogesh Chander Munjal was reappointed by the Board of Directors, subject to the approval of the shareholders, as the Managing Director of the Company on May 20, 2015 for a further period of five years with effect from September 01, 2016 to August 31, 2021.

The shareholders approved the variation in the terms of appointment of Mr. Isao Ito the 30th Annual General Meeting of the Company. The Board of Directors in its meeting held on May 20, 2016 after recommendation of Nomination and Remuneration Committee recommended to the shareholders variation in the Terms of Appointment of Mr. Isao Ito w.e.f. September 1, 2016.

The Board also recommended the terms of Mr. Isao Ito, liable to retire by rotation in pursuance of Section 152 and any other provisions of the Companies Act, 2013, before the members of the company at the 30th AGM for their approval

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:

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

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

The Board of Directors appointed Mr. Devi Singh, Independent Director, as Chairman of the Company. Board and also appointed Mr. Surinder Kumar Mehta as Chairman of the Nomination and Remuneration Committee and Mr. Yogesh Chander Munjal as Chairman of the CSR Committee.

COMMITTEES OF THE BOARD

Currently, the Board has five committees: the Audit Committee, the Nomination and Remuneration Committee, the Corporate Social Responsibility Committee, the Share Transfer/ Stakeholders Relationship Committee, 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 section of this Annual Report.

SUBSIDIARY COMPANIES, JOINT VENTURES OR ASSOCIATE COMPANIES

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

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and 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 i.e. Audit Committee, Nomination & Remuneration Committee and Share Transfer/ Stakeholders Relationship Committee. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

REMUNERATION POLICY AND REMUNERATION TO THE DIRECTORS

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

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

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

Web-link: <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 and four Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and 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 Act, which is to the best of their knowledge and belief and according to the information and explanations obtained by them:

- that in the preparation of the annual accounts for the Financial Year ended March 31, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that appropriate accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the State of Affairs as at March 31, 2016 and of the Profit of your Company for the Financial Year ended March 31, 2016;
- that 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;
- that the annual accounts for the Financial Year ended March 31, 2016 have been prepared on a going concern basis;
- that the Directors 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
- that the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

RELATED PARTY TRANSACTIONS

All contracts/ arrangements/ transactions entered by the Company during the financial year with related parties were on arm's length basis and were in the ordinary course of business. During the year the Company had not entered into any contract/ arrangement/ transaction with related parties which could be considered material. Hence, requirement of Form AOC-2 as required under section 188(1) of the Companies Act, 2013 is not applicable to the Company. All transactions with related parties were placed before Audit Committee and Audit committee has given omnibus approval for repetitive and foreseen transactions. The Board also noted these transactions on quarterly basis. The detail with related party transactions is given in note number 28 and 28A of Financial 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/2016/02/Related-Party-Policy-of-MSL.pdf>

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

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

The observations of the Auditors in their report read with the notes to accounts are self-explanatory and do not require any specific comments. However as pointed out by the Auditors in annexure to their report at point number vii(a), the slight delay in payment of undisputed statutory dues in few cases was on account of finalization of accounts beyond the due date of statutory dues and the same were paid with interest. There is no other qualification, reservation or adverse remark or disclaimer made by the auditor in his report; and the company secretary in practice in his secretarial audit report.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

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

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

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

The Companies Act, 2013 has introduced under Section 143(3)(i) of the Act which include the statutory auditors also to state 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 2015-16. 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.

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, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation of the co-operation and support extended to the Company by Government of India, State Governments of Haryana and 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.

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 (Listing Obligations and Disclosure Requirements) 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/2016/02/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/2015/05/Vigil-Mechanism-Whistle-Blower-Policy2.pdf
Nomination And Remuneration Policy	http://www.munjalshowa.net/wp-content/uploads/2015/05/Nomination-And-Remuneration-Policy1.pdf
Records and Archives Management Policy	http://www.munjalshowa.net/wp-content/uploads/2016/02/Records-and-Archives-Management-Policy.pdf
Related Party Policy	http://www.munjalshowa.net/wp-content/uploads/2016/02/Related-Party-Policy-of-MSL.pdf
CODE OF INTERNAL PROCEDURES AND CONDUCT FOR REGULATING, MONITORING AND REPORTING OF TRADING BY INSIDERS	http://www.munjalshowa.net/wp-content/uploads/2015/05/CODE-OF-INTERNAL-PROCEDURES-AND-CONDUCT-FOR-REGULATING-MONITORING-AND-REPORTING-OF-TRADING-BY-INSIDERS.pdf
CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL	http://www.munjalshowa.net/wp-content/uploads/2016/02/Code-of-conduct.pdf

For and on behalf of the Board

Place: Gurgaon
Date: May 20, 2016

Yogesh Chander Munjal
(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

CORPORATE GOVERNANCE REPORT

ANNEXURE-A TO BOARD'S REPORT

Report on Corporate Governance

The Directors have pleasure in presenting the Corporate Governance Report for the year ended March 31, 2016.

Company's Philosophy on Corporate Governance

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

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

GOVERNANCE STRUCTURE

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

I. BOARD OF DIRECTORS

A. Composition of Board

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

At present, 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 play an active role in the meetings of the Board and are associated with the various Board Committees. They also bring independent judgment in the Board's deliberations and decisions. The Board meets regularly and is responsible for the proper management of the Company. Two Directors are executive; four directors, including one woman director, is non-executive and four directors, including the chairman, are Non-Executive Independent directors. The independent Director of the Company is not serving as independent Director more than seven Listed Company.

The Board has elected Mr. Devi Singh as its Chairman of the Company w.e.f. May 20, 2016

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 (LODR) Regulations, 2015. No Director is a member of more than 10 Committees or acts as Chairman of more than 5 Committees across all companies in which he is a director.

The details of the composition of the Board, number of meetings held during their tenure and attended by Directors during financial year 2015-16 are as follows:

Name of Director	Number of Board Meetings held during their tenure and attended by them		Attendance at last AGM	Number of Committee Memberships (Excluding Chairmanships) held	Number of Committee Chairmanships held	Number of Directorship (s) held In Indian Companies (Including Munjal Showa Limited)
	Held	Attended		Including Munjal Showa Limited and excluding Private Companies, Foreign Companies and Section 8 Companies		
Executive & Promoter Directors						
Mr. Yogesh Chander Munjal	5	5	Yes	1	None	3
Mr. Isao Ito	5	4	Yes	1	None	1
Non-Executive Directors						
Mr. Brijmohan Lall Munjal	3	0	No	NA	NA	NA
Mr. Katsuhiko Matsuura ²	0	0	No	None	None	0
Mr. Pankaj Munjal	5	3	No	2	None	11
Mr. Ashok Kumar Munjal	5	1	No	3	None	14
Mr. Matsui Masanao ³	5	1	Yes	None	None	1
Mrs. Charu Munjal	5	3	No	None	None	2
Non-Executive Independent Directors						
Mr. Krishan Chand Sethi ⁴	5	4	Yes	NA	NA	NA
Mr. Vinod Kumar Agrawal	5	5	Yes	None	1	1
Mr. Surinder Kumar Mehta	5	5	No	None	1	5
Mr. Nand Lal Dhameja	5	5	Yes	1	1	1
Mr. Devi Singh	5	4	Yes	None	None	8

1. Mr. Brijmohan Lall Munjal expired on November 01, 2015
2. Mr. Katsuhiko Matsuura ceased w.e.f. May 22, 2015
3. Representative of Showa Corporation, Japan based at Japan.
4. Mr. Krishan Chand Sethi expired on March 29, 2016

Chairmanship/Membership of the Audit Committee and Share Transfer/Stakeholders' Relationship Committee alone has been considered in accordance with Regulation 26 of Listing Regulations 2015

None of Directors hold any shares or security of the Company as on March 31, 2016 except Mr. Surinder Kumar Mehta. Mr. Mehta holds 2000 equity shares of the Company with the joint name of his wife Mrs. Santosh Mehta

B. Meetings held in financial year 2015-16 and Attendance of Directors

The Board meets at least once in a quarter and the gap between two 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 2015-16 on May 22, 2015, July 31, 2015, October 30, 2015, February 05, 2016 and March 09, 2016.

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 goodwill, brand equity or intellectual property,
- Any significant development in Human Resources / Industrial relations, significant labour problems and proposed solutions,
- Quarterly details of foreign exchange exposure and the steps taken by management to limit the risk of adverse exchange rate,
- Sale of material nature, of investments and assets, which are not in normal course of business, 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 F.Y. 2015-16

C. Code of Conduct

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

I hereby confirm that the Company has obtained from all the members of the Board and Management Personnel, affirmation that they have complied with the Code of Business Conduct & Ethics for Directors/Management Personnel in respect of the financial year 2015-16.

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

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

D. Board Training and Induction

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

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

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

The Director is also explained in detail the compliances required from him under the Companies Act 2013, SEBI (LODR) Regulations, 2015 and other relevant regulations.

By way of an introduction of the Company, the Director is presented with presentation on the Company which shows its history over 31 years of its existence, Annual Reports, policy on the CSR activities pursued by the Company etc.

Familiarization programme for Independent Directors:

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

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

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

<http://www.munjalshowa.net/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 non mandatory committees viz. Risk Management Committee (*It is applicable for only top 100 company to constitute Risk Management Committee as it is Non mandatory to our Company*). The terms of reference of these Committees are determined by the Board and their relevance reviewed from time to time. Meetings of each of these Committees are convened by the respective Chairman of the Committee, who also informs the Board about the summary of discussions held in the Committee Meetings. The Minutes of the Committee Meetings are sent to all Directors individually and tabled at the Board Meetings.

II. AUDIT COMMITTEE

The Audit Committee comprises of Directors namely Mr. Krishan Chand Sethi (Expired on March 29, 2016), Mr. Ashok Kumar Munjal, Mr. Vinod Kumar Agrawal and Mr. Nand Dhameja, being Non- Executive Directors and majority of them are independent directors, to review various areas of audit and accounts. Mr. Vinod Kumar Agrawal, a non-executive and independent director is the Chairman of the Committee. All the members are having expertise in financial matters. All these Directors have good knowledge of Corporate & Project Finance, Accounts and Corporate Laws. Mr. Vinod Kumar Agrawal, Mr. Ashok Kumar Munjal and Mr. Nand Lal Dhameja are having accounting and related financial management expertise. The terms of reference of the Audit Committee are in line with the SEBI (LODR) Regulations, 2015 and the Companies Act, 2013. The Audit Committee assures to the Board the adherence of adequate internal control and financial disclosures and other acts conforming to the requirements of SEBI (LODR) Regulations, 2015. The Quarterly Financial Statements of the Company are reviewed by the Committee before submission to the Board for approval.

The terms of Reference of this Committee are wide enough covering matters specified for Audit Committees under the SEBI (LODR) Regulations, 2015. The Audit Committee regularly reviews related party transactions, internal audit reports, appointment of Auditors, management discussion and analysis of financial condition and results of operations apart from other items of financial management and Company's business. The Constitution of Audit Committee also meets with the requirement of Section 177 of the Companies Act, 2013 and the rules made thereunder. The Company Secretary acts as the secretary of the Committee. The Auditors and Head of Finance generally attend the meetings on invitation by the Chairman. During the financial year 2015-16, the Audit Committee met four (4) times, on May 21, 2015, July 30, 2015, October 29, 2015 and February 04, 2016. All the meetings were attended by auditors and Head of Finance.

Attendance of Members at the meetings of the Audit Committee held during 2015-16 was as under:

Name of the Chairman and Member	Attendance at the Audit Committee Meetings held on			
	May 21, 2015	July 30, 2015	October 29, 2015	February 04, 2016
Non-Executive Directors				
Mr. Ashok Kumar Munjal (Member)	No	No	No	No
Non-Executive and Independent Directors				
Mr. Krishan Chand Sethi (Member)*	Yes	Yes	Yes	Yes
Mr. Vinod Kumar Agrawal (Chairman)	Yes	Yes	Yes	Yes
Mr. Nand Lal Dhameja (Member)	Yes	Yes	Yes	Yes

*Expired on March 29, 2016

The Board modified the terms and references of Audit Committee to be in line with Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

III. NOMINATION AND REMUNERATION COMMITTEE -

(Constituted in 2003 as Remuneration Committee)

In compliance with Section 178 of the Companies Act, 2013, the Board has renamed the existing "Remuneration Committee" as the "Nomination and Remuneration Committee". The Committee is governed by the terms of reference formulated by Board.

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

Mr. Krishan Chand Sethi-Chairman (Expired on March 29, 2016)

Mr. Vinod Kumar Agrawal- Member

Mr. Surinder Kumar Mehta-Chairman w.e.f. May 20, 2016

Mr. Devi Singh-Member

The meeting of the Remuneration Committee was held on May 22, 2015 under the Chairmanship of Mr. Krishan Chand Sethi. The meeting was attended by Mr. Krishan Chand Sethi, Mr. Vinod Kumar Agrawal, Mr. Surinder Kumar Mehta and Mr. Devi Singh. The meeting was held to consider and recommend increase in the remuneration payable to Mr. Yogesh Chander Munjal, Managing Director and Mr. Isao Ito, Joint Managing Director.

The Board elected Mr. Surinder Kumar Mehta as Chairman of such Committee w.e.f. May 20, 2016.

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 Fee for attending the meetings of Board of Directors and Committees thereof as may be determined by the Board of Directors from time to time. Payments of sitting fee to non-executive directors are made within the limits prescribed under the Companies Act, 2013. The details of the remuneration paid to Directors for the financial year 2015-16 are as under:

Name	Salary, Allowances and Perquisites	Commission	Sitting Fee	Total
Mr. Brijmohan Lall Munjal	Nil	Nil	Nil	Nil
Mr. Yogesh Chander Munjal	36,510,554	9,655,061	Nil	46,165,615
Mr. Isao Ito	16,091,849	9,655,061	Nil	25,746,910
Mr. Pankaj Munjal	Nil	Nil	120,000	120,000
Mr. Ashok Kumar Munjal	Nil	Nil	40,000	40,000
Mrs. Charu Munjal	Nil	Nil	120,000	120,000
Mr. Kishan Chand Sethi	Nil	Nil	440,000	440,000
Mr. Vinod Kumar Agrawal	Nil	Nil	480,000	480,000
Mr. Surinder Kumar Mehta	Nil	Nil	280,000	280,000
Mr. Nand Dhameja	Nil	Nil	560,000	560,000
Mr. Devi Singh	Nil	Nil	240,000	240,000
Mr. Matsui Masanao	Nil	Nil	Nil	Nil

The Board modified the terms and references of Nomination and Remuneration to be in line with Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

V. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE -

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

The terms of reference of the CSR Committee broadly 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, 2016 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 October 29, 2015
Non-Executive and Independent Directors	
Mr. Krishan Chand Sethi-Chairman (Expired on March 29, 2016)	Yes
Mr. Vinod Kumar Agrawal- Member	Yes
Executive Directors	
Mr. Yogesh Chander Munjal- Chairman w.e.f. May 20, 2016	Yes
The Board appointed Mr. Isao Ito as a new member of CSR Committee w.e.f. May 20, 2016	

VI. RISK MANAGEMENT COMMITTEE

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

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

The objectives and scope of the Risk Management Committee broadly comprise as:

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

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

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

VII. SHARE TRANSFER/STAKEHOLDERS RELATIONSHIP COMMITTEE

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

During the year, the Company received 34 complaints from the shareholders. All the requests were attended promptly and resolved. The Company generally endeavors to reply to all complaints received from the shareholders within a period of ten days. As on date no complaints are pending except those, which are under litigation, dispute or court orders. There was no pending share transfer case as on March 31, 2016. The total number of shares transferred in physical form during the year under review was 19500 shares. The Board modified the terms and references of Share Transfer/Stakeholders Relationship Committee to be in line with Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

VIII. SHARE TRANSFER SYSTEM / DIVIDEND AND OTHER RELATED MATTERS

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

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

Reconciliation of Share Capital Audit

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

IX. INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on February 05, 2016, inter alia, to discuss:

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

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

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

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

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

XI. PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. A structured parameters has been prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

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. The criteria are given below:

1. **Initiative and Resourcefulness:** Deals skillfully and promptly with new situations, difficulties or regularly assigned work. Demonstrates a readiness and ability to take actions within prescribed time.
2. **Judgment:** Applies sound logic in making decisions. Maintains awareness of Organizational realities and audience perspectives.
3. **Adaptability:** Able to adjust to changing responsibilities, work environment and other factors.
4. **Decisiveness:** Able to make decisions or resolve problems within reasonable time frames.
5. **Innovation and Creativity:** Able to develop new approaches or procedure, adapts existing procedures to meet new work demands.
6. **Leadership:** Able to guide others by example or by fostering Team work or by direct or indirect supervision.
7. **Interpersonal Relationship:** Works well with others. Resolves conflicts amicably and professionally. Maintains composure in stressful situation.
8. **Oral Communication:** Able to communicate clearly so that the listener can readily and fully understand.
9. **Written Communication:** Able to communicate information in writing at the level commensurate with the job.
10. **Job knowledge and skills:** Has the knowledge and skills to perform effectively. Adds to the organization through professional or vocational abilities, knowledge of legislation, regulations, use tools and equipment, etc.
11. **Learning Ability:** Keen in learning new and latest developments in the field of automobile sector w.r.t. laws, rules and regulations.
12. **Evaluating subordinates:** Regular Meetings with Manager level employee to discuss their teams performance and plans.
13. **Self-Management:** How well does they focus, manage their time, avoid distractions, etc.
14. **Attendance and Grooming:** Regularity to the visits of the office and presentation before the officials of other departments as Directors of the Company.

XII. RELATED PARTY TRANSACTIONS

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and SEBI (LODR) 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. There were no materially significant transactions with related parties during the financial year. And none of the transaction was in conflict with the interest of the Company. Suitable disclosure as required by the Companies Act, 2013 and Accounting Standards (AS18) has been made in the note nos. 28 & 28A of notes to the Financial Statements. The Board has approved a policy for related party transactions which has been uploaded on the Company's website. The web-link is given below:

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

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

XIII. DISCLOSURES**Strictures and Penalties**

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

Compliance with Accounting Standards

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

Internal Controls

The Company has a formal system of internal control testing which examines both the design effectiveness and operational effectiveness to ensure reliability of financial and operational information and all statutory / regulatory compliances. The Company's business processes are on SAP-ERP and SAP-HR platforms and 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 (LODR) 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.

XIV. FOREIGN EXCHANGE RISK

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

XV. PUBLIC ISSUES, RIGHT ISSUES OR PREFERENTIAL ISSUES

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

XVI. VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

Vigilance and Ethics Officer is as under:-

Name and Address - Shri R K Arora, Head Personnel

Munjal Showa Limited

9-11, Maruti Industrial Area, Gurgaon-122015

Email- rkarora@munjalshowa.net

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

Name and Address of Managing Director - Shri Yogesh Chander Munjal

Munjal Showa Limited

9-11, Maruti Industrial Area, Gurgaon-122015

Email- yogesh_munjal@munjalshowa.net

Name and Address of the Chairman of Audit Committee- Sh. V K Agrawal

Munjal Showa Limited

9-11, Maruti Industrial Area, Gurgaon-122015

Email- agrawalnagrawal@yahoo.co.in

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

<http://www.munjalshowa.net/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 INSIDERS with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The 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 Directors and the designated employees have confirmed compliance with the Code.

XVIII. COMMUNICATION WITH THE MEMBERS/SHAREHOLDERS

The unaudited quarterly / half yearly results are announced within forty-five days of the close of the quarter. The audited annual results are announced within 60 days from the close of the financial year as per the requirements of the SEBI (LODR) 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 The Economic Times (English edition) and Navbharat Times (Hindi edition). The audited financial statements form a part of the Annual Report which is sent to the Members well in advance of the Annual General Meeting. The Company also informs by way of intimation to BSE and NSE all price sensitive matters or such other matters, which in its opinion are material and of relevance to the members and subsequently issues a Press Release in regard to the same.

The Annual Report of the Company, the quarterly / half yearly and the annual results and the press releases of the Company are also placed on the Company's website: www.munjalshowa.net and can be downloaded. In compliance SEBI (LODR) Regulations, 2015, the quarterly results, shareholding pattern, quarterly compliances and all other corporate communication to the Stock Exchanges viz. BSE Limited and National Stock Exchange of India Limited are filed electronically on BSE's on-line portal and through Corporate Filing and Dissemination System (CFDS) website www.corpfiling.co.in. Likewise, the said information is also filed electronically with NSE through NSE's NEAPS portal. The Company has complied with filing submissions through BSE's BSE Online Portal.

XIX. GENERAL INFORMATION TO SHAREHOLDERS

Investor Services

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

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

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 NECS. However, queries relating to non-receipt of dividend, non-receipt of annual reports, or on matters relating to the working of the Company should be sent to the Company.

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

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

Market Information

Listing on Stock Exchanges

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

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

Munjal Showa Limited Share Price on BSE & NSE April- March 2016

(In Rupees)

BSE Ltd			National Stock Exchange of India Ltd.	
Month	High Price	Low Price	High Price	Low Price
Apr-15	218.70	162.00	218.50	162.20
May-15	184.90	162.90	184.50	161.85
Jun-15	181.00	157.30	179.30	155.00
Jul-15	233.50	169.00	234.00	168.70
Aug-15	218.00	155.00	217.90	154.10
Sep-15	188.30	161.00	188.45	160.60
Oct-15	194.60	170.00	194.75	171.55
Nov-15	201.70	169.90	201.95	164.95
Dec-15	210.00	187.50	210.45	187.30
Jan-16	211.50	171.00	212.00	169.35
Feb-16	183.00	150.00	184.70	150.00
Mar-16	178.60	153.00	178.00	152.00

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

BSE Sensex			Munjal Showa Limited		
Year	Sensex	% Change	Year	Close	% Change
2016	25341.86	-	2016	163.50	-
2015	27957.49	-9.36	2015	175.60	-6.89
2014	22386.27	13.20	2014	83.70	95.34
2013	18835.77	34.54	2013	57.00	186.84
2012	17404.20	45.61	2012	70.45	132.08
2011	19445.22	30.32	2011	50.08	226.48

Distribution of Shareholding as on March 31, 2016

No of Shares held with NSDL	34,172,402	85.44%
No of Shares held with CDSL	5,117,149	12.79%
No of Shares held in Physical	705,449	1.76%
Total	39,995,000	100.00%

Shareholding pattern as on March 31, 2016

Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares
Indian Promoters	2	15,604,000	15,604,000	39.01
Foreign Promoters	1	10,400,000	10,400,000	26.00
Public Shareholding				
Institutions				
Mutual Funds/ UTI	7	389,108	385,608	0.97
Financial Institutions/ Banks	7	11,994	4,994	0.03
Insurance Companies	0	0	0	0.00
Foreign Institutional Investors	7	471,848	471,848	1.18
Non-institutions				
Bodies Corporate	393	3,255,221	3,247,721	8.14
Individuals - i. Individual shareholders holding nominal share capital up to Rs. 2 lakh.	12,644	8,753,800	8,071,351	21.89
ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakh.	3	891,500	891,500	2.23
Any Other-NRI	236	206,529	201,529	0.52
Any Other-Trust & foundation	2	11,000	11,000	0.03
GRAND TOTAL	13,302	39,995,000	39,289,551	100.00
% of Dematerialization				98.24

Statement showing Shareholding of persons belonging to the category “Promoter and Promoter Group” as on March 31, 2016

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.

(1) Nomination Facility:

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

(2) Outstanding GDRs/ADRs/Warrants or any convertible instruments, if any : Not Applicable**(3) Plant Locations**

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

(4) Address for Correspondence

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

A. Distribution of Shareholding as on March 31, 2016

Shares Holding on Nominal Value of Rs. 2/-			No. of Shares	No. Shareholders	% of Shares	% of Shareholders
1	to	500	1,461,269	10,148	3.65	76.29
501	to	1000	1,323,377	1,503	3.31	11.30
1001	to	2000	1,476,794	864	3.69	6.50
2001	to	3000	648,607	249	1.62	1.87
3001	to	4000	563,460	152	1.41	1.14
4001	to	5000	468,155	98	1.17	0.74
5001	to	10000	1,209,049	159	3.02	1.20
10001	to	50000	2,320,544	109	5.80	0.82
50001	to	100000	697,815	11	1.74	0.08
And Above			29,825,930	9	74.57	0.07
Total			39,995,000	13,302	100	100

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

For the Year	Location	Day and Date	Time	No. of Special Resolutions passed
2014-2015	9-11, Maruti Industrial Area, Sec-18, Gurgaon	Wednesday, August 26, 2015	11.00A.M.	01
2013-2014	9-11, Maruti Industrial Area, Sec-18, Gurgaon	Thursday, August 28, 2014	11.00A.M.	01
2012-2013	9-11, Maruti Industrial Area, Sec-18, Gurgaon	Tuesday, September 03, 2013	11.00A.M.	01

No resolution has been passed by the Company's shareholders through postal ballot during the Financial Year 2015-16 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 2015-16

Other General Information to the members of the Company

1) Annual General Meeting

-Day, Date and Time	:	Wednesday, August 24, 2016, 11:00 A.M.
-Venue	:	9-11, Maruti Industrial Area, Sector 18, Gurgaon-122015 (HR)

2) Financial Calendar

(a) Financial Year 2016-2017	:	April to March
(b) Financial reporting for the quarter ending June' 2016	:	By August 14, 2016
(c) Financial reporting for the half year ending September' 2016	:	By November 14, 2016
(d) Financial reporting for the quarter ending December' 2016	:	By February 14, 2017
(e) Financial reporting for the year ending March' 2017.	:	End 30th May, 2017
(f) Annual General Meeting for the year ending March 31, 2017	:	End September, 2017

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

4) Date of Book Closure : Saturday, August 13, 2016 to August 24, 2016 (both days inclusive)

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

XX. SEPARATE POST OF CHAIRMAN AND CEO

The Company appointed a separate person on the Post of Chairman and Managing Director. Mr. Devi Singh is the Chairman of the Company w.e.f. May 20, 2016. He is an Independent Director of the Company. Mr. Yogesh Chander Munjal and Mr. Isao Ito are the Managing Directors of the Company

XXI. REPORTING OF INTERNAL AUDITOR

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

XXII. NON-COMPLIANCE OF LISTING AGREEMENT

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

COMPLIANCE WITH CODE OF CONDUCT

As provided under SEBI (LODR) Regulations, 2015, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended March 31, 2016.

For and on behalf of the Board

Place: Gurgaon
Date: May 20, 2016

Yogesh Chander Munjal
(Managing Director)
(DIN 00003491)

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

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

To,

The Board of Directors
Munjal Showa Limited

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

- a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2016 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: Gurgaon
Date: May 20, 2016

Yogesh Chander Munjal (Managing Director) (DIN 00003491) B-175, Greater Kailash, Part I, New Delhi, 110048	Pankaj Gupta (Chief Financial Officer) (PAN ABCPG8127F) House No. 408, Sector 4, Urban Estate Gurgaon, 122001, Haryana
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MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Development

The Indian auto industry is one of the largest in the world. The industry accounts for 7.1 per cent of the country's Gross Domestic Product (GDP). As of FY 2014-15, around 31 per cent of small cars sold globally are manufactured in India.

The Two Wheelers segment with 81 per cent market share is the leader of the Indian Automobile market owing to a growing middle class and a young population. Moreover, the growing interest of the companies in exploring the rural markets further aided the growth of the sector. The overall Passenger Vehicle (PV) segment has 13 per cent market share. In addition, several initiatives by the Government of India and the major automobile players in the Indian market are expected to make India a leader in the Two Wheeler (2W) and Four Wheeler (4W) market in the world by 2020.

The auto industry produced a total 19.84 million vehicles in April-January 2016, including passenger vehicles, commercial vehicles, three wheelers and two wheelers, as against 19.64 million in April-January 2015.

The domestic sales of Commercial Vehicles increased by 9.43 per cent in April-January 2016 over the same period last year. Sales of Medium & Heavy Commercial Vehicles (M&HCVs) increased at 30.19 percent.

Opportunities and Threats

The Government of India encourages foreign investment in the automobile sector and allows 100 per cent FDI under the automatic route. Some of the major initiatives taken by the Government of India are: Mr Nitin Gadkari, Minister of Road Transport, Highways & Shipping has announced plans to set up a separate independent Department for Transport, comprising of experts from the automobile sector to resolve issues such as those related to fuel technology, motor body specifications and fuel emissions, apart from exports; Government of India aims to make automobiles manufacturing the main driver of 'Make in India' initiative, as it expects passenger vehicles market to triple to 9.4 million units by 2026, as highlighted in the Auto Mission Plan (AMP) 2016-26; The Government plans to promote eco-friendly cars in the country i.e. CNG based vehicle, hybrid vehicle, and electric vehicle and also made mandatory of 5 per cent ethanol blending in petrol. The government has formulated a Scheme for Faster Adoption and Manufacturing of Electric and Hybrid Vehicles in India, under the National Electric Mobility Mission 2020 to encourage the progressive induction of reliable, affordable and efficient electric and hybrid vehicles in the country. The Automobile Mission Plan (AMP) for the period 2006–2016, designed by the government is aimed at accelerating and sustaining growth in this sector. Also, the well-established Regulatory Framework under the Ministry of Shipping, Road Transport and Highways, plays a part in providing a boost to this sector.

In order to keep up with the growing demand, several auto makers have started investing heavily in various segments of the industry during the last few months. The industry has attracted Foreign Direct Investment (FDI) worth US\$ 14.32 billion during the period April 2000 to December 2015, according to data released by Department of Industrial Policy and Promotion (DIPP).

Indian Automobile industry is flourishing its twigs worldwide and is close to a fruition of triumph in the global competition. The spine of the industry is its suppliers of auto components and accessories which is also an exclusive industrial segment. Today auto industry is enjoying the benefits while the auto component sector is in its gloom despite of hard efforts of survival. The factors making the differences are unavailability of resources like skilled labour and technology, high cost of production due to inflation and Government policies of indirect taxes such as customs and excise. Presence of such a large number of players in the Automobile industry results into extensive competition, every company eating into others share leaving little scope for new players. For the passenger segment fluctuations in the fuel prices remains the determining factor for its growth. Also government regulations relating the use of alternative fuels like CNG. Macroeconomic uncertainty, Recession, un-employment etc. are the economic factors which will daunt the automobile industry for a long period of time. Due to the fact that mature markets are already overcrowded, industry is shifting towards emerging markets by building facilities, R & D centers in these markets. But the ROI out of these decisions is yet to be capitalized. The area of concern for the industry is the reductions in the 200% weighted deduction on R&D spend, as specified the Union Budget. This will now be limited to 150% from 1 April, 2017 and 100% from 1 April, 2020, which will immensely impact the growth in domestic innovation at a time when

there is a need for higher spend on R&D. That apart government's move to levy an extra 1% tax on purchase of luxury cars additionally 1% infrastructure cess on small, petrol, LPG, CNG cars while 2.5-4% on diesel and SUV's having higher engine capacity may have an adverse impact on the automotive industry that has been witnessing a flat growth over the last nine months CRISIL's ratings affirmation on the bank facilities and commercial paper programme of the Company continue to reflect Company's healthy operating efficiencies, and continuing strong business linkages with its customers, including Hero MotoCorp Ltd (HMCL; rated 'CRISIL AAA/FAAA/Stable/CRISIL A1+') and Honda Motorcycle & Scooter India (Pvt) Ltd (HMSI), the largest players in the two-wheeler industry in India. The ratings also factor in the company's healthy financial risk profile, supported by zero debt and healthy cash accruals.

Product Wise Performance

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

Outlook

The Indian auto component industry is cautiously optimistic about clocking a high single digit growth this year as the automobile sector shows signs of recovery across segments. Auto Components Manufacturers Association of India (ACMA) expects the domestic market to continue to be the bulk contributor to the business even as it looks for an uptick in exports.

The rapidly globalising 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 four times to US\$ 40 billion by 2020. However, stronger sales over the past few years have caused renewed optimism. India is also a substantial auto exporter, with solid export growth expectations for the near future. Looking at the facts, there are ample reasons to be optimistic about the automotive industry's future in India.

Risks and Concerns

The Company understands that risk is an indispensable part of any organization therefore Company regularly conducts a study to develop a comprehensive 360° view on the opportunities, risks and threats to the business internally as well as externally. These include areas such as market trends, new competition, changing customer preferences, disruptions in supplies, product development, talent management etc.

Key risks identified unit are as follows:-

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

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 will execute in 2016 and beyond. These plans are reviewed periodically by the Risk Management Committee of the Company. Although there is no legal requirement to constitute Risk Management Committee, but for better mitigation of the Risk your Company has made a Risk Management Committee. The Committee periodically reviews the 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 Accountant for internal audit functions consisting of experienced and professionally qualified team. The Internal Auditor reports directly to the Board through Audit Committee. The internal auditors has physically verified the fixed assets for all the three plants and also verified the internal financial control processes. 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 Financial statements have been prepared in compliance with requirements of Companies Act 2013, Indian Generally Accepted Accounting Policies (IGAAP) and Schedule III. All mandatory accounting standards have been complied with.

The gross turnover of the Company for the year under review was Rs. 163,392.62 lakhs as against Rs. 178,382.49 lakhs during the previous year and profit before tax was Rs. 8,785.45 lakhs as against Rs. 10,630.71 lakhs of 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 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 3,451 as on 31st March, 2016.

Cautionary Statement

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

For and on behalf of the Board

Place: Gurgaon
Date: May 20, 2016

Yogesh Chander Munjal
(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

AUDITORS' CERTIFICATE

To

The Members of Munjal Showa Limited

We have examined the compliance of conditions of corporate governance by Munjal Showa Limited, for the year ended on March 31, 2016, as stipulated in chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the provisions as specified in chapter IV Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to Listing Agreement of the said Company with stock exchanges.

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

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm registration number: 301003E/E300005

per Sanjay Vij

Partner

Membership Number:95169

Place : Gurgaon

Date: May 20, 2016

ANNEXURE 'B' TO BOARD'S REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

For The Financial Year ended on 31st March, 2016

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

To

The Members,

Munjal Showa Limited

9-11, Maruti Industrial Area

Gurgaon-122015

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering financial year ended on 31st March, 2016 ("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, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(Not applicable to the Company during the audit period)

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; and 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;

(Not applicable to the Company during the audit period)

- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable to the Company during the audit period)**
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(Not applicable to the Company during the audit period)

- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

(Not applicable to the Company during the audit period)

- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(Not applicable to the Company during the audit period)

- vi) On the basis of representation received from the Company confirming that the Company does not fall under automobile industry and only auto ancillary industry, and that no industry specific laws are applicable to the company. We have also examined compliance with the applicable clauses/regulations of the following:

1. Secretarial Standards issued by The Institute of Company Secretaries of India. (Applicable w.e.f. 1.7.2015)
2. The Listing Agreements entered into by the Company with the Stock Exchange(s),
3. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes (during the year under review there were no instance recorded in the minutes where any director has dissented to any particular resolution).

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. 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: Gurgaon
Date : May 20, 2016

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

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

(A) CONSERVATION OF ENERGY-

- (i) The steps taken or impact on conservation of energy;
The Company is making continuous efforts to conserve and optimise energy wherever practicable by economising on fuel and power

The following new initiatives were taken to conserve energy during the year 2015-16:

1. 150 KVP Power Generation by Solar Power Plant
2. Gas Fired Burner on thermo pack

- (ii) The steps taken by the company for utilising alternate sources of energy;
The Company use Sate Power Board Electricity and Generators. Your Company has started the solar power plant for Gurgaon and Manesar Plant. The Company is trying to reduce Energy for using LED Lights and Solar Water Heater etc.

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

Description of Machines	Amount (In INR)
151.2 Kwp Grid connected Solar Rooftop Plant for Gurgaon Plant	10,540,000
151.2 Kwp Grid connected Solar Rooftop Plant for Manesar Plant	10,540,000
Duel Fuel (NG/HSD) Fire Burner for Gurgaon Plant	836,510

(B) TECHNOLOGY ABSORPTION

(I) RESEARCH AND DEVELOPMENT (R & D)

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

New product Technology absorption
Indigenization of CKD Parts

Benefits derived as a result of above R & D activities

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

Future plan of action

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

Expenditure on R & D

Capital	Rs. NIL
Recurring	Rs. 7,000,118.20/-
Total	Rs. 7,000,118.20/-

Total expenditure as a percentage of total turnovers 0.04 per cent.

(II) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Your Company has absorbed the technology received from collaborator Showa Corporation, Japan, continuously. As in the past, the Company has successfully implemented indigenisation of various components as an import substitution in order to fulfil the continuous demand of the customers for price reduction with the prior approval of our collaborators on quality issues. The cost reduction was possible because of material reduction, standardisation, application engineering, product engineering & manufacturing and reduction in manufacturing cycle time. In the last five years, the Company has imported various drawings with right to use for getting the orders from existing and new customers for their new models.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

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

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

Total Foreign Exchange used and earned

The foreign exchange earnings during the year were Rs. 4,754,622/- and foreign exchange outgo during the year was Rs. 1,917,781,616/-. Details of earnings from exports and foreign exchange outgo on account of imports, Technician fee, royalty, travelling & conveyance, interest expense, design & drawings & miscellaneous expenses are shown in Note numbers 33,34 and 37 of Notes to Accounts.

For and on behalf of the Board

Place: Gurgaon
Date: May 20, 2016

Yogesh Chander Munjal
(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 BOARD'S REPORT

FORM NO. MGT – 9
EXTRACT OF ANNUAL RETURN
(As on the financial year ended on 31.03.2016)
Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Company
(Management and Administration) Rules, 2014

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S. No.	Name and Description of main products / service	NIC Code of the Product/ service	% to total turnover of the services
1	Shock absorbers	29301	84.65
2	Struts	29301	11.45

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Nil				
2					
3					

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

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1 Indian	0	0	0	0.00	0	0	0	0.00	0.00
a) Individual / HUF	0	0	0	0.00	0	0	0	0.00	0.00
b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corporate	15600000	0	15600000	39.00	15600000	0	15600000	39.00	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other (Relative of director)	4000	0	4000	0.01	4000	0	4000	0.01	0.00
Sub-Total (A)(1):	15604000	0	15604000	39.01	15604000	0	15604000	39.01	0.00
2 Foreign									
a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	10400000	0	10400000	26.00	10400000	0	10400000	26.00	0.00
d) Any Others....	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (A)(2):	10400000	0	10400000	26.00	10400000	0	10400000	26.00	0.00
Total (A)	26004000	0	26004000	65.02	26004000	0	26004000	65.02	0.00
B. Public Shareholding									
1 Institutions									
a) Mutual Funds / UTI	598978	3500	602478	1.51	385608	3500	389108	0.97	0.53
b) Banks / FI	7617	7000	14617	0.04	4994	7000	11994	0.03	0.01
c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FII's	199018	0	199018	0.50	471848	0	471848	1.18	0.68
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00

Sub-Total (B)(1):	805613	10500	816113	2.04	862450	10500	872950	2.18	0.14
2 Non-Institutions									
a) Bodies Corporate									
i) Indian	3527618	12000	3539618	8.85	3247721	7500	3255221	8.14	0.71
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual Shareholders holding nominal share capital upto Rs. 1 lakh	7282096	715149	7997245	20.00	7578017	682449	8260466	20.65	0.66
ii) Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh	1376273	0	1376273	3.44	1384834	0	1384834	3.46	0.02
c) Other (specify)									
Non Resident Indians	191571	5000	196571	0.49	201529	5000	206529	0.52	0.02
Overseas Corporate Bodies	0	0	0	0.00	0	0	0	0.00	0.00
Foreign Nationals	0	0	0	0.00	0	0	0	0.00	0.00
Clearing Members	0	0	0	0.00	0	0	0	0.00	0.00
Trusts	65180	0	65180	0.16	11000	0	11000	0.03	0.14
Foreign Bodies - DR	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (B)(2):	12442738	732149	13174887	32.94	12423101	694949	13118050	32.80	0.14
Total Public (B)	13248351	742649	13991000	34.98	13285551	705449	13991000	34.98	0.00
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	39252351	742649	39995000	100.00	39289551	705449	39995000	100.00	0.00

(ii) Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	% change in Shares holding during the year
1	DAYANAND MUNJAL INVESTMENTS PRIVATE LIMITED	15600000	39.00	Nil	15600000	39.00	Nil	0.00
2	SHOWA CORPORATION	10400000	26.00	Nil	10400000	26.00	Nil	0.00
3	NIDHI KAPOOR (RELATIVE OF DIRECTOR)	4000	0.01	Nil	4000	0.01	Nil	0.00
	Total		65.02	Nil		65.02	Nil	0.00

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

S.No.	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
	At the beginning of the year			26004000	65.02%	26004000	65.02%
	Changes during the year			0.00%			0.00%
	At the end of the year			26004000	65.02%	26004000	65.02%

There are no changes in the Promoter's shareholding during the Financial Year 2015-16.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S.No.	Name	Shareholding		Date	Increase/ (Decrease) In Shareholding	Reason	Cumulative Shareholding During The year (01-04-15 to 31-03-16)	
		No. of share at the beginning (01-04-15)/ end of the year (31-03-16)	% ge total Shares of the Company				No of shares	% ge total shares of the Company
1	ENAM SECURITIES PRIVATE LIMITED	2154508	5.3869	01.04.2015	0		2154508	5.3869
		2151433	5.3793	17.04.2015	-3075.00	Transfer	2151433	5.3793
				31.03.2016				
2	UTI - RETIREMENT BENEFIT PENSION FUND							
		329215	0.82	01.04.2015	0		329215	0.82
				01.05.2015	3126.00	Transfer	332341	0.831
				15.05.2015	10000.00	Transfer	342341	0.856
				12.06.2015	14468.00	Transfer	356809	0.8921
				28.08.2015	19930.00	Transfer	376739	0.942
3	MOHAN GUPTA			04.09.2015	450.00	Transfer	377189	0.9431
		377189	0.9431	31.03.2016				
		300000	0.75	01.04.2015	0		300000	0.75
4	ANIL KUMAR GOEL			24.04.2015	-50000.00	Transfer	250000	0.6251
		250000	0.6251	31.03.2016				
		493000	1.23	01.04.2015	0		493000	1.23

				17.04.2015	-1000.00	Transfer	492000	1.2302
				01.05.2015	1070.00	Transfer	493070	1.2328
				15.05.2015	500.00	Transfer	493570	1.2341
				05.06.2015	1930.00	Transfer	495500	1.2389
				24.07.2015	-4500.00	Transfer	491000	1.2277
				31.07.2015	-254.00	Transfer	490746	1.227
				28.08.2015	3664.00	Transfer	494410	1.2362
				09.10.2015	-4410.00	Transfer	490000	1.2252
				04.12.2015	-3000.00	Transfer	487000	1.2177
				31.12.2015	-2000.00	Transfer	485000	1.2127
		485000	1.2127	31.03.2016				
5	SURESH SHETTY	156500	0.39	01.04.2015	0	Nil	156500	0.39
						Movement during the year		
		156500	0.39	31.03.2016				
6	OPTIMUM STOCK TRADING COMPANY PVT LTD	150000	0.38	01.04.2015	0	Nil	150000	0.38
						Movement during the year		
		150000	0.38	31.03.2015	0		150000	0.38
7	SWISS FINANCE CORPORATION (MAURITIUS) LIMITED	98981	0.25	01.04.2015	0		98981	0.25
				31.07.2015	-3000		95981	0.24
				07.08.2015	-4000		91981	0.23
				04.12.2015	-3500		88481	0.2212
		88481	0.2212	31.03.2016				
8	JNJ HOLDINGS PVT. LTD.	92000	0.23	01.04.2015				
				17.04.2015	-13000	Transfer	79000	0.1975
				24.07.2015	-18500	Transfer	60500	0.1513
				31.07.2015	-13500	Transfer	47000	0.1175
				11.12.2015	-17500	Transfer	29500	0.0738
				18.12.2015	-5000	Transfer	24500	0.0613
				31.12.2015	-1500	Transfer	23000	0.06
				08.01.2016	-13102	Transfer	9898	
				22.01.2016	-3000	Transfer	6898	
		1	0.00	29.01.2016	-6897	Transfer	1	0.00
				31.03.2016				

9	BNP PARIBAS MID CAP FUND	170000	0.4251	01.04.2015	-28250	Transfer	141750	0.3544
				22.05.2015	-81282	Transfer	60468	0.1512
				27.05.2015	-40385	Transfer	20083	0.0502
				05.06.2015	-20083	Transfer	0	0.00
		0	0.00	12.06.2015				
				31.03.2016				
10	SHILPA ATUL SHAH	70500	0.1763	01.04.2015	0	Nil		
						Movement during the year		
					0		70500	0.18
11	SEEMA GOEL	70500	0.1763	31.03.2016				
		70000	0.175	01.04.2015		Nil		
						Movement during the year		
		70000	0.175	31.03.2016	0		70000	0.18
		0	0.00	01.04.2015				
12	PINEBRIDGE INDIA EQUITY FUND			18.09.2015	46571	Transfer	46571	0.1164
				09.10.2015	15904	Transfer	62475	0.1562
				06.11.2015	25142	Transfer	87617	0.2191
				22.01.2016	33316	Transfer	120933	0.3024
				19.02.2016	134875	Transfer	255808	0.6396
		255808	0.6396	31.03.2016				

(v) Shareholding of Directors and Key Managerial Personnel:

(v) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of the shares	% of total shares	No. of shares	% of total shares
1	Pankaj Gupta (CFO) At the beginning of the year Changes during the year At the end of the year						
				5	0.00%	5	0.00%
				-	0.00%	-	0.00%
2	Surinder Kr. Mehta (Director) At the beginning of the year Change during the year At the end of the year			5	0.00%	5	0.00%
				2,000	0.01%	2,000	0.01%
				-	0.00%	-	0.00%
				2,000	0.01%	2,000	0.01%

V. INDEBTEDNESS

The Company had no indebtedness (except Cash Credit Limit) with respect to Secured or Unsecured Loans or Deposits during the financial year 2015-16. Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	33147	Nil	Nil	33147
Total (i+ii+iii)	33147	Nil	Nil	33147
Change in Indebtedness during the financial year				
• Addition	Nil	Nil	Nil	Nil
• Reduction	Nil	Nil	Nil	Nil
Net Change	Nil	Nil	Nil	Nil
Indebtedness at the end of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	15238	Nil	Nil	15238
Total (i+ii+iii)	15238	Nil	Nil	15238

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Yogesh Chander Munjal	Isao Ito	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	20250000 14066839 Nil	12550000 2104849 Nil	32800000 16171688 Nil
2.	Stock Option	Nil	Nil	Nil

B. Remuneration to other directors:

Note: Overall Ceiling as per the Act Rs. 106,205,671/-

MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/MTD

S. No.	Particulars of Remuneration	CEO	Key Managerial Personnel		
			Company Secretary	CFO	TOTAL
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NA	396218	2266055	2662273

	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	39,550	39,550
2.	Stock Option	NA	NIL	NIL	NIL	NIL
3.	Sweat Equity	NA	NIL	NIL	NIL	NIL
4.	Commission - as % of profit - others,	NA	NIL	NIL	NIL	NIL
5.	Others, please specify	NA	NIL	NIL	NIL	NIL
	Total	NA	396218	2305605	2701823	

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board

Place: Gurgaon
Date: May 20, 2016

Yogesh Chander Munjal
(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-1' TO BOARD'S REPORT

THE RATIO OF THE REMUNERATION OF EACH DIRECTOR TO THE MEDIAN REMUNERATION OF THE EMPLOYEES OF THE COMPANY FOR THE FINANCIAL YEAR 2015-2016

S.No.	Name	Designation	RATIO
1.	Mr. Yogesh Chander Munjal	Managing Director	159.04
2.	Mr. Isao Ito	Joint Managing Director	88.70

The Company pays only sitting fees to Non Executive Directors.

THE PERCENTAGE INCREASE IN REMUNERATION OF EACH DIRECTOR, CHIEF FINANCIAL OFFICER, CHIEF EXECUTIVE OFFICER, COMPANY SECRETARY OR MANAGER, IN THE FINANCIAL YEAR 2015-2016

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	5.34
2.	Mr. Isao Ito	Joint Managing Director	3.32
3.	Mr. Pankaj Gupta	Chief Financial Officer	1.18
4.	Mr. Saurabh Agrawal*	Company Secretary	NA

*Since this information is available only for part of the previous year, hence the same is not comparable in current year.
THE PERCENTAGE INCREASE IN THE MEDIAN REMUNERATION OF EMPLOYEES IN THE FINANCIAL YEAR 2015-16: 18.08

THE NUMBER OF PERMANENT EMPLOYEES ON THE ROLLS OF COMPANY

There were 1596 employees on the rolls of the Company as on March 31, 2016 as compare to 1474 employee as on March 31, 2015.

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

The overall remuneration paid by the company has gone up by 9.11 per cent as compared to previous financial year while sales have decreased by 8.59 per cent. The Company has the policy of increase in remuneration of permanent employees as per the agreement entered by the Company with its employees. Generally these agreements are for three years. Apart from these agreements annual increments are based on the performance of individual employee. The company has the practice of having a long term relationship with its employees and thus does not have a major impact on account of increase/decrease in revenue annually. However, the Company considers very carefully the performance of the Company during the negotiation of agreements with its employees. The company evaluates its employees, KMP's as per nomination and remuneration and evaluation policy adopted by the board.

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

The total remuneration of Key Managerial Personnel increased by Rs. 3,561,173 from Rs. 71,293,886 in 2014-15 to Rs. 74,855,059 in 2015-16 whereas the net sales has decreased by 8.59 per cent from Rs. 164296.67 Lacs in 2014-15 to Rs. 150183.71 Lacs in 2015-16 and profit before tax has decreased by 17.36 percent from Rs. 10630.71 lacs in 2014-15 to Rs. 8785.45 lacs in 2015-16. The decrease in the profit is attributable to decrease in contribution on decreased sales. However, due to managerial efficiency the overall impact is very less as compare to loss of contribution on decreased sales.

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

Particulars	March 31, 2016	March 31, 2015	% Change
Market Capitalization (BSE)	Rs. 6,539,182,500	Rs. 7,023,122,000	(6.89%)
Price Earnings Ratio	10.69%	9.29%	15.07%

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

Particulars	March 31, 2016	1987 (IPO)	1987 (IOP)*	% Change*
Market Price (BSE)	163.5	10	1	16250%
Market Price (NSE)	163.4	10	1	16240%

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

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

The average percentile increase in the salaries of employees was around 9.47% and the percentile increase in the managerial remuneration for the year was 4.61%. The Company except Managing Director and Joint Managing Director gives general increase to all its permanent employees after every three years as per the practice followed by the Company after making wage agreements with its permanent workers for three years. The last increase was effective from July 2013. Apart from this the Company gives 3 to 5 percent every year on the basis of the individual employee's performance.

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

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

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

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

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

For and on behalf of the Board

Place: Gurgaon
Date: May 20, 2016

Yogesh Chander Munjal
(Managing Director)
(DIN 00003491)
B-175, Greater Kallash, 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 THE PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT 2013 READ WITH RULE, 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 FORMING PART OF THE BOARD'S REPORT FOR THE YEAR ENDED MARCH 31, 2016

S. No.	Name	Designation	Gross Remuneration (Rs.)	Nature of employment	Qualification	Experience (Years)	Nature of duties	Date of commencement of Employment	Age (Years)	Last employment held before joining the Company, designation	Percent age / Nos. of Equity Share	Whether any such employee is a relative of any director or manager of the company
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Employed throughout the period and in receipt of remuneration not less than Rs. 6,000,000/-per annum

1.	Yogesh Chander Munjal	Managing Director	46,165,615	Contractual	B. Arch	52	Overall management of the affairs of the Company	01.09.1986	76	Chief Executive Rockman Cycle Inds. Ltd.	NIL	No
2.	Isao Ito	Joint Managing Director	25,746,910	Contractual	Graduate	33	Overall management of the affairs of the Company	24.05.2013	52	Showa India Private Limited	NIL	No

NOTES

- Information has been furnished on the basis of employees employed throughout the financial year, who were in receipt of remuneration for that year which, in the aggregate, was not less than Rs. 60,00,000/- (Rs. Sixty Lacs). None of the employees worked for a part of the Financial Year, who were in receipt of remuneration for any part of that year at a rate which, in the aggregate was not less than Rs. 5,00,000 (Five Lacs) per month. And none of the Employee who was in receipt of remuneration in excess of that drawn by the Managing Director or whole time director or manager and holds by himself or along with his spouse and dependent children, not less than 2% of the equity shares of the Company
- Gross remuneration includes Salary, Commission, Company's contribution to Provident Fund and Superannuation Fund, Medical Reimbursement, Monetary Value of Perquisites & value of Rent Free Accommodation.
- The above employees are not related to any Director of the Company.
- The appointment is contractual as per the policy/rules of the Company.
- Terms and conditions are as per the Appointment Letter given to the appointee from time to time.
- All the employees have adequate experience to discharge the responsibilities assigned to them.

For and on behalf of the Board

Place: Gurgaon
Date: May 20, 2016

Yogesh Chander Munjal
(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 BOARD'S REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.

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. Krishan Chand Sethi-Chairman (Expired on March 29, 2016)

Mr. Yogesh Chander Munjal- Chairman w.e.f. May 20, 2016

Mr. Vinod Kumar Agrawal- Member

Mr. Isao Ito-Member w.e.f. May 20, 2016

3. Average net profit of the Company for last three financial years: Rs. 854,434,098/-

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above):

The Company is required to spend towards CSR: Rs. 17,088,682/-

5. Details of CSR spend for the financial year 2015-16:

a. Total amount spent for the financial year 2015-16: Rs. 17,386,459/-

b. Amount unspent: NIL

c. Manner in which the amount spent during the financial year 2015-16 is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.No.	CSR project or activity identified	Sector in which the project is covered	Project or program (1) local area or other (2) specify the state and the district where the projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the project or program Subheads: (1) Direct expenditure on project or programs (2) Overheads:	Cumulative expenditure upto the reporting period.	Amount Spent: Direct or through implementing agency
1	Sarhaul Village, people were provided with 174 tankers of water	Clause (i) Eradicating hunger, poverty, malnutrition, promoting preventive health care and sanitation and making available safe drinking water	Sarhaul village- Gurgaon (Haryana)	Rs. 2,000,000.00	Rs. 186,800.00	Rs. 186,800.00	Direct Rs. 186,800.00

2	Made payments to the Niramaya Charitable Trust which is devoted towards eye care for the rural & urban poor.	Clause (i) Eradicating hunger, poverty, malnutrition, promoting preventive health care and sanitation and making available safe drinking water	Gurgaon (Haryana)		Rs. 11,109.00	Rs. 11,109.00	Indirect Rs. 11,109.00
3	Company has instructed Sai Chem Medicals (medical store) of Gurgaon to provide the required medicines to the prescribed needful patients free of cost & the amount of the same is reimbursed by the company to the said medical store.	Clause (i) Eradicating hunger, poverty, malnutrition, promoting preventive health care and sanitation and making available safe drinking water	Gurgaon (Haryana)		Rs. 9,900.00	Rs. 9,900.00	Direct Rs. 9,900.00
4	Payment to Dayanand Charitable Medical Center for the cataract surgery of ten needy patients.	Clause (i) Eradicating hunger, poverty, malnutrition, promoting preventive health care and sanitation and making available safe drinking water	Gurgaon (Haryana)		Rs. 25,000.00	Rs. 25,000.00	Direct Rs. 25,000.00
5	Providing Free dialysis to Children	Clause (i) Eradicating hunger,	New Delhi		Rs. 250,000.00	Rs. 250,000.00	Indirect Rs. 250,000.00 ^B

	from under privileged sectors of the society	poverty, malnutrition, promoting preventive health care and sanitation and making available safe drinking water					
6	Plantation work has been carried out by the company in Manesar at, HSIIDC outside company.	Clause (iv) ensuring environmental sustainability	Manesar (Haryana)		Rs. 200,000.00	Rs. 200,000.00	Direct Rs. 200,000.00
7	Construction of classrooms; paint work, lights & furniture; Kota marble flooring; Furniture etc	Clause (ii) Promoting education	Salempur-Haridwar (Uttarakhand)	Rs. 11,000,000.00	Rs. 7,706,765.21	Rs. 7,706,765.21	Direct Rs. 7,706,765.21
8	Construction of classrooms; and other infrastructural developments at Sr. Secondary School situated at Sarhaul Village.	Clause (ii) Promoting education	Sarhaul Village-Gurgaon (Haryana)		Rs. 2,886,606.88	Rs. 2,886,606.88	Direct Rs. 2,886,606.88
9	Education requirements of a student is provided by the company	Clause (ii) Promoting education	Gurgaon (Haryana)		Rs. 75,666.00	Rs. 75,666.00	Direct Rs. 75,666.00
10	Made payments for the certain repairs and maintenance activities in	Clause (ii) Promoting education	Ludhiana (Punjab)		Rs. 180,468.00	Rs. 180,468.00	Direct Rs. 180,468.00

	B.C.M Senior Secondary School						
11	Provided free of cost educational books to the Library & one hundred and twenty five Tables & Chairs to Raman Munjal Vidhya Mandir	Clause (ii) Promoting education	Ludhiana (Punjab)		Rs. 400,179.00	Rs. 400,179.00	Direct Rs. 400,179.00
12	Contributed Four hundred Schoolbags two hundred School books of LKG and UKG; 356 pencil box to the poor children at D.A.V. School, Gurgaon	Clause (ii) Promoting education	Sector 14, Gurgaon (Haryana)		Rs. 196,565.00	Rs. 196,565.00	Direct Rs. 196,565.00
13	Sponsored BALA initiative under which the classrooms and other infrastructure of the school named Arya Shisu Shala G.K-I, Delhi have been painted in a manner to promote interactive learnings & developing learning environment in the school for the students	Clause (ii) Promoting education	G.K-I, Delhi (New Delhi)		Rs. 62,800.00	Rs. 62,800.00	Direct Rs. 62,800.00

14	The company has provided school furniture.	Clause (ii) Promoting education	Gurgaon (Haryana)		Rs. 22,600.00	Rs. 22,600.00	Direct Rs. 22,600.00
15	The Company has carried out tiles work in Vedik Kanya High School, Gurgaon. Tiles were fitted in 1800 square feet area of the school for which 2150 square feet of tiles were used.	Clause (ii) Promoting education	Gurgaon (Haryana)		Rs. 172,000.00	Rs. 172,000.00	Direct Rs. 172,000.00
16	Contribution to the prime Minister National Relief Fund	Clause (viii) contributions to the prime Minister National Relief Fund	Surya Kiran branch of HDFC Bank, (New Delhi)	Rs. 3,100,000.00	Rs. 5,000,000.00	Rs. 5,000,000.00	Direct Rs. 5,000,000.00
TOTAL					Rs. 17,386,459/-		
A. Through Niramaya Charitable Trust B. Through Rotary Southend Charitable Trust							

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:

The Company has ensured that the amount spend on CSR activities is 2% as prescribed. There is no amount remaining unspent.

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.

For and on behalf of the Board

Place: Gurgaon
Date: May 20, 2016

Yogesh Chander Munjal
(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

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 BOARD'S REPORT NOMINATION AND REMUNERATION POLICY

Our policy on the appointment and remuneration of directors and key managerial personnel provides a framework based on which our human resources management aligns their recruitment plans for the strategic growth of the Company. The nomination and remuneration policy is provided herewith pursuant to Section 178(4) of the Companies Act and Clause 49(IV)(B)(4) of the Listing Agreement. The policy is also available on our website:

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

1. Preamble

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

2. Objective

2.1 The policy provides a framework for remuneration paid to the members of the Board of Directors ("Board"), Key Managerial Personnel ("KMP"), Senior Management Personnel ("SMP") and other employees.

2.2 To make recommendations to the Board for the appointment, removal and performance evaluation of directors.

2.3 To maintain the level and composition of remuneration so that it is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully.

2.4 To ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

3. Effective Date of the Policy

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

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

4.1 Section 178 of the Companies Act, 2013

4.2 Clause 49 of the Listing Agreement

5. Definitions

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

6. Interpretation of the Policy

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

7. Role of Committee

- 7.1 Formulating framework or policy for remuneration, terms of employment including service contracts, policy for pension arrangements and reviewing it on periodic basis.
- 7.2 Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board, relating to the remuneration for the Director, key managerial personnel and other employees.
- 7.3 To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management in order to maintain a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
- 7.4 To retain, motivate and promote talent and to ensure succession planning for long term sustainability of talented managerial persons and competitive advantage.
- 7.5 Formulating terms for cessation of employment and ensure that any payments made are fair to the individual and the Company.
- 7.6 To create appropriate performance benchmarks in order to maintain a justified relationship between performance and remuneration.
- 7.7 Term /Tenure
- 7.7.1 Managing Director /Whole time Director, etc:
- The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
- 7.7.2 Independent Director:
- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to

become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. At the time of appointment of Independent Director it should be ensured that the number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed Companies as an Independent Director in case such person is serving as a Whole time Director of a listed company or such other number as may be prescribed under the Act.

7.8 Evaluation

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

The generic criteria for evaluation can be as follows:

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

7.9 Removal

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

7.10 Retirement

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

7-A. Appointment of Director And Senior Management

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

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

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

8. Constitution of Committee

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

8.1 Composition of Committee

8.1.1 Members

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

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

8.1.2 Chairperson

8.1.2.1 Chairman of the Committee shall be an Independent Director.

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

Committee.

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

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

8.2 Frequency of Meetings

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

8.3 Quorum

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

8.4 Minutes of Committee Meeting

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

8.5 Voting

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

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

9. Committee Members' Interest

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

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

10. Applicability of Policy:

10.1 Directors (Executive and Non Executive)

10.2 Key Managerial Personnel

10.3 Senior Management Personnel

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

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

11. Remuneration

Total remuneration comprises of:

11.1 A fixed base salary –

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

11.2 Variable Pay/ Performance Linked Incentive –

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

11.3 Perquisites /Allowances –

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

11.4 Retirement Benefits –

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

11.5 Severance payments –

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

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

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

11.7 Remuneration to Non – Executive / Independent Director –

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

11.8 Sitting Fees –

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

11.9 ESOP

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

12. Policy for Appointment and Removal of Director and SMP

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

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

13. Review and Amendment

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

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

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

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

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

14. Disclosures

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

15. Deviations from the Policy

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

For and on behalf of the Board

Place: Gurgaon
Date: May 20, 2016

Yogesh Chander Munjal
(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

INDEPENDENT AUDITOR'S REPORT

To the Members of Munjal Showa Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Munjal Showa Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its profit, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

- (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;
 - (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, 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 2” to this report;
 - (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 6 and 30 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Sanjay Vij

Partner

Membership Number: 95169

Place of Signature: Gurgaon

Date: May 20, 2016

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

Re: Munjal Showa Limited (‘the Company’)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the Company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2016 and no material discrepancies were noticed in respect of such confirmations.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company and hence, not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence, not commented upon.

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

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax demand	62,587,830	Financial year 2008-09	Income Tax Appellate Tribunal
	Income Tax demand	95,025,498	Financial year 2009-10	Income Tax Appellate Tribunal
	Income Tax demand	175,046,500	Financial year 2010-11	Income Tax Appellate Tribunal
Finance Act, 1994	Service Tax demand and penalty	156,137,941	April 2007 to March 2009 and April 2006 to March 2010	Customs, Excise, Service Tax Appellate Tribunal
	Service Tax demand and penalty	3,454,035	February 2004 to March 2009 and August 2009 to March 2011	Customs, Excise, Service Tax Appellate Tribunal

- (viii) The Company did not have any outstanding dues in respect of a financial institution or bank or to government or debenture holders during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer/ further public offer/ debt instruments and term loans, thus, reporting under clause (ix) is not applicable to the Company and hence, not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud / material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence, not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares

- or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and hence, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with them as referred to in section 192 of Companies Act, 2013.
 - (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Sanjay Vij

Partner

Membership Number: 95169

Place of Signature: Gurgaon
Date: May 20, 2016

Annexure 2 to the independent auditor's report of even date on the financial statements of Munjal Showa Limited

Report on the Internal Financial Controls 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 of March 31, 2016 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 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 the 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 on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 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, 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, 2016, 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 issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Sanjay Vij

Partner

Membership Number: 95169

Place of Signature: Gurgaon

Date: May 20, 2016

BALANCE SHEET AS AT MARCH 31, 2016

	Notes	March 31, 2016 Rs.	March 31, 2015 Rs.
Equity and liabilities			
Shareholders' funds			
Share capital	3	79,992,500	79,992,500
Reserves and surplus	4	4,449,209,131	4,027,234,434
		<u>4,529,201,631</u>	<u>4,107,226,934</u>
Non-Current Liabilities			
Deferred tax liabilities (net)	5	65,963,171	84,678,080
Long-term provisions	6	32,757,520	25,156,986
		<u>98,720,691</u>	<u>109,835,066</u>
Current Liabilities			
Trade payables	7		
Total outstanding dues of micro enterprises and small enterprises		276,096,538	274,086,733
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,067,638,828	1,278,634,059
Other current liabilities	7	59,398,071	106,579,343
Short-term provisions	6	64,286,545	252,030,947
		<u>1,467,419,982</u>	<u>1,911,331,082</u>
TOTAL		<u>6,095,342,304</u>	<u>6,128,393,082</u>
Assets			
Non-current assets			
Fixed assets			
Tangible assets	8	1,955,179,522	2,092,622,839
Intangible assets	9	19,692,858	18,183,422
Capital work-in-progress		26,144,694	17,440,967
Loans and advances	10	497,903,503	395,317,606
Other non-current assets	11.2	-	70,080
		<u>2,498,920,577</u>	<u>2,523,634,914</u>
Current assets			
Current investments	12	818,917,678	680,000,000
Inventories	13	631,340,389	665,252,222
Trade receivables	11.1	1,991,067,033	2,033,591,641
Cash and bank balances	14	24,257,608	15,641,113
Loans and advances	10	130,763,507	174,186,367
Other current assets	11.2	75,512	36,086,825
		<u>3,596,421,727</u>	<u>3,604,758,168</u>
TOTAL		<u>6,095,342,304</u>	<u>6,128,393,082</u>

Summary of significant accounting policies 2.1

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

As per our report of even date

For S.R.Batliboi & Co. LLP

Chartered Accountants

Firm Registration No.: 301003E/E300005

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

per Sanjay Vij

Partner

Membership No. 95169

Yogesh Chander Munjal

Managing Director

DIN 00003491

Vinod Kumar Agrawal

Director

DIN 00004463

Place: Gurgaon

Dated: May 20, 2016

Pankaj Gupta

Chief Financial Officer

Saurabh Agrawal

Company Secretary

Membership No. A36163

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

	Notes	March 31, 2016 Rs.	March 31, 2015 Rs.
Income			
Revenue from operations (gross)	15	16,339,261,737	17,838,248,997
Less : Excise duty		1,320,890,432	1,408,581,633
Revenue from operations (net)		15,018,371,305	16,429,667,364
Other income	16	51,916,667	81,455,901
Total revenue (I)		15,070,287,972	16,511,123,265
Expenses			
Cost of raw materials and components consumed	17	10,960,075,767	12,144,478,532
(Increase)/Decrease in inventories	18	15,983,652	(25,245,737)
Employee benefits expense	19	1,008,455,012	924,262,416
Depreciation and amortization expense	20	292,984,094	286,708,910
Financial costs	21	1,219,471	4,453,828
Other expenses	22	1,913,025,064	2,120,168,513
Exceptional item	23	-	(6,774,393)
Total expenses (II)		14,191,743,060	15,448,052,069
Profit before tax (I - II)		878,544,912	1,063,071,196
Tax expense			
Current tax		288,300,000	260,554,566
MAT credit utilised/(entitlement)		-	74,345,434
Adjustment of tax relating to earlier years		(2,563,040)	(3,364,322)
Deferred tax expense/ (credit)		(18,714,909)	(24,752,990)
Total tax expense		267,022,051	306,782,688
Profit for the year		611,522,861	756,288,508
Earnings per equity share			
Basic and diluted [Nominal value of shares Rs. 2/- (March 31, 2015: Rs. 2/-)]	24	15.29	18.91

Summary of significant accounting policies 2.1

The accompanying notes are integral part of the financial statements.

As per our report of even date

For S.R.Batliboi & Co. LLP

Chartered Accountants

Firm Registration No.: 301003E/E300005

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

per Sanjay Vij

Partner

Membership No. 95169

Yogesh Chander Munjal

Managing Director

DIN 00003491

Vinod Kumar Agrawal

Director

DIN 00004463

Place: Gurgaon

Dated: May 20, 2016

Pankaj Gupta

Chief Financial Officer

Saurabh Agrawal

Company Secretary

Membership No. A36163

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

	March 31, 2016 Rs.	March 31, 2015 Rs.
A. Cash flow from operating activities		
Profit before tax	878,544,912	1,063,071,196
Adjustments to reconcile profit before tax to net cash flow:		
Depreciation and amortisation expense	292,984,094	286,708,910
(Profit)/Loss on disposal of fixed assets (net)	3,245,209	(193,321)
Net (gain)/loss on sale of current investments	(37,314,198)	(34,584,776)
Interest Income	(5,770,779)	(22,579,916)
Interest expense	1,219,471	4,453,828
Unrealised foreign exchange (gain)/loss	(5,733,720)	(28,186,106)
Bad Debts/provision for doubtful debts	617,267	1,653,264
Operating profit before working capital changes	1,127,792,256	1,270,343,079
Movements in working capital :		
Decrease/(Increase) in trade receivables	41,907,341	(266,508,712)
Decrease/(Increase) in inventories	33,911,833	(171,365,924)
Decrease/(increase) in long term loans and advances	(544,172)	(4,310,213)
Decrease/(increase) in short term loans and advances	43,422,860	34,522,283
Decrease/(increase) in other assets	36,086,825	4,880,514
(Decrease)/ increase in trade payables	(202,362,706)	(76,528,261)
(Decrease)/ increase in other current liabilities	(51,656,343)	45,868,618
Increase/ (decrease) in short term provisions	4,803,762	(10,523,665)
Increase/ (decrease) in long term provisions	7,600,534	10,582,446
Cash generated from operations	1,040,962,190	836,960,165
Direct taxes paid (net of refunds)	(378,653,439)	(282,356,663)
Net cash generated from operating activities (A)	662,308,751	554,603,502
B. Cash flow from investing activities		
Purchase of fixed assets, intangible assets, including additions to Capital work in progress and capital advances	(180,883,992)	(160,704,522)
Proceeds from disposal of fixed assets	1,870,596	8,255,431
Purchase of current investments	(6,300,064,919)	(7,791,819,453)
Proceeds from sale of current investments	6,198,461,439	7,446,404,230
Interest received	5,765,347	22,571,679
Net cash used in investing activities (B)	(274,851,529)	(475,292,635)
C. Cash flow from financing activities		
Interest paid	(1,237,380)	(55,965,227)
Proceeds from capital subsidy	3,000,000	-
Dividend paid on equity shares	(315,467,019)	(139,483,794)
Tax on equity dividend paid	(65,136,328)	(23,790,026)
Net cash used in financing activities (C)	(378,840,727)	(219,239,047)
Net decrease in cash and cash equivalents (A+B+C)	8,616,495	(139,928,180)
Cash and cash equivalents at the beginning of the year	15,641,113	155,569,293
Cash and cash equivalents at the end of the year	24,257,608	15,641,113
Components of cash and cash equivalents		
Cash on hand	737,809	708,511
Cheques on hand	-	-
Balances with scheduled banks:		
On current accounts	8,308,162	6,376,626
On cash credit accounts	5,731,424	3,568,744
On unpaid dividend accounts (refer note 2 below)	9,480,213	4,987,232
Total cash and equivalents (note 14)	24,257,608	15,641,113

Notes:

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

As per our report of even date

For S.R.Batliboi & Co. LLP

Chartered Accountants

Firm Registration No.: 301003E/E300005

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

per Sanjay Vij

Partner

Membership No. 95169

Yogesh Chander Munjal

Managing Director

DIN 00003491

Vinod Kumar Agrawal

Director

DIN 00004463

Place: Gurgaon

Dated: May 20, 2016

Pankaj Gupta

Chief Financial Officer

Saurabh Agrawal

Company Secretary

Membership No. A36163

Notes to financial statements for the year ended March 31, 2016.

1. Corporate information

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

2. Basis of preparation

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

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year except for the change in accounting policy explained below.

2.1 Summary of significant accounting policies

a) Change in accounting policy

Component Accounting

The Company has adopted component accounting as required under Schedule II to the Companies Act, 2013, from 1 April 2015. The Company was previously not identifying components of property, plant and equipment separately for depreciation purposes; rather, a single useful life/ depreciation rate was used to depreciate each item of property, plant and equipment.

Due to application of Schedule II to the Companies Act, 2013, the Company has changed the manner of depreciation for its property, plant and equipment. Now, the company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset. These components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. The Company has used transitional provisions of Schedule II to adjust the impact of component accounting arising on its first application. If a component has zero remaining useful life on the date of component accounting becoming effective, i.e., April 01, 2015, its carrying amount, after retaining any residual value, is charged to the statement of profit and loss. The carrying amount of other components, i.e., components whose remaining useful life is not nil on April 01, 2015, is depreciated over their remaining useful lives.

The Company has also changed its policy on recognition of cost of major inspection/ overhaul. Earlier company used to charge such cost of major inspection/ overhaul directly to statement of profit and loss, as incurred. On application of component accounting, the major inspection/ overhaul is identified as a separate component of the asset at the time of purchase of new asset and subsequently, the cost of such major inspection/ overhaul is depreciated separately over the period till next major inspection/ overhaul. Upon next major inspection/ overhaul, the costs of new major inspection/ overhaul are added to the asset's cost and any amount remaining from the previous inspection/ overhaul is derecognized.

The above said change has no significant impact on the depreciation charge, repair and maintenance expense and the resultant profit for the current year and the carrying value of fixed assets as at March 31, 2016.

On the date of component accounting becoming applicable, i.e., April 01, 2015, there was no component having zero remaining useful life. Hence, no amount has been directly adjusted against retained earnings.

b) Use of estimates

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

c) Tangible fixed assets

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

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

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

The company identifies and determines cost of asset significant to the total cost of the asset having useful life that is materially different from that of the remaining life.

d) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The identified components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset. The Company has used the following rates to provide depreciation on its fixed assets.

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

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

- The useful lives of certain plant and 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.

e) Intangible assets

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

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Company

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

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

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

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

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

Designs and Drawings

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

Computer Software

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

f) Leases

Where the Company is lessee

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

g) Borrowing Costs

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

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

h) Impairment of tangible and intangible assets

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

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

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

Impairment losses, including impairment on inventories, are recognized in the statement of profit and loss.

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

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

i) Investments

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

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

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

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

j) Inventories

Inventories are valued as follows:

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

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

k) Revenue Recognition

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

Sale of goods

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

Interest

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

l) Foreign currency translation**Initial recognition**

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

Conversion

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

Exchange differences

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

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

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

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

m) Retirement and other benefits

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

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

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

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

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

n) Income taxes

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

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits.

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

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

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

o) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received. When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the company receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognized at a nominal value.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of the shareholders' funds

p) Segment reporting

Identification of segment

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

Inter-segment transfers

The company generally accounts for intersegment sales and transfers at cost plus appropriate margins.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

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

q) Earnings per share

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

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

r) Provisions

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

Warranty provisions

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

s) Contingent liabilities

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

t) Cash and cash equivalents

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

u) Derivative instruments

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

3. Share Capital

	March 31, 2016 Rs.	March 31, 2015 Rs.
Authorised shares		
75,000,000 (March 31, 2015: 75,000,000) equity shares of Rs.2 each	<u>150,000,000</u>	<u>150,000,000</u>
Issued shares		
39,997,500 (March 31, 2015: 39,997,500) equity shares of Rs. 2 each	<u>79,995,000</u>	<u>79,995,000</u>
Subscribed and Fully Paid up shares		
39,995,000 (March 31, 2015: 39,995,000) equity shares of Rs.2 each	<u>79,990,000</u>	<u>79,990,000</u>
Share forfeited (amount originally paid up)	<u>2,500</u>	<u>2,500</u>
Total paid-up share capital	<u>79,992,500</u>	<u>79,992,500</u>

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

	March 31, 2016		March 31, 2015	
Equity shares	No. of shares	Rs.	No. of shares	Rs.
At the beginning of the year	39,995,000	79,992,500	39,995,000	79,992,500
Outstanding at the end of the year	39,995,000	79,992,500	39,995,000	79,992,500

(b) Terms/ rights attached to equity shares

- The Company has only one class of equity shares having par value of Rs. 2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.
- During the year ended March 31, 2016, the amount of per share dividend recognized as distributions to equity shareholders is Rs. 4.00 (March 31, 2015: Rs. 4.00).
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	March 31, 2016		March 31, 2015	
	No. of shares	% holding	No. of shares	% holding
Equity shares of Rs. 2 each fully paid		in the class		in the class
(i) Dayanand Munjal Investments Private Limited	15,600,000	39.00%	15,600,000	39.00%
(ii) Showa Corporation, Japan	10,400,000	26.00%	10,400,000	26.00%
(iii) Enam Shares & Securities Private Limited	2,151,433	5.38%	2,154,508	5.39%

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

4. Reserves and Surplus

	March 31, 2016 Rs.	March 31, 2015 Rs.
Capital subsidy		
Balance as per the last financial statements	-	-
Add: Received during the year	3,000,000	-
Closing Balance	3,000,000	-
General reserve		
Balance as per the last financial statements	2,390,784,601	2,190,784,601
Add: Amount transferred from surplus balance in the statment of profit and loss	200,000,000	200,000,000
Closing Balance	2,590,784,601	2,390,784,601
surplus in the statement of profit and loss		
Balance as per the last financial statements	1,636,449,833	1,290,508,307
Profit for the year	611,522,861	756,288,508
Less: Amount of net value of fixed assets transferred to retained earning whose useful life has exceeded the specified useful life (as per Schedule II of Companies Act, 2013) (net of deferred tax)-[Refer note 8 and 39]	-	(17,798,818)
Less: Appropriation		
Dividends:		
Final- proposed [Rs. Nil per share (March 31, 2015: Rs4.00 per share)]	-	(159,980,000)
Interim dividend [Rs.4.00 per share (March 31, 2015: Rs. Nil per share)]	(159,980,000)	-
Tax on interim/proposed dividend	(32,568,164)	(32,568,164)
Transfer to general reserve	(200,000,000)	(200,000,000)
Total appropriations	(392,548,164)	392,548,164)
Net surplus in the statement of profit and loss	1,855,424,530	1,636,449,833
Total reserves and surplus	4,449,209,131	4,027,234,434

5. Deferred tax liabilities (net)

	March 31, 2016 Rs.	March 31, 2015 Rs.
Deferred tax liabilities		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	93,044,842	111,536,985
Gross deferred tax liabilities	93,044,842	111,536,985
Deferred tax assets		
Impact of expenditure charged to the statement of profit and loss in the current year and earlier years but allowable for tax purposes on payment basis	17,785,033	16,963,063
Provision for doubtful debts and advances	9,296,638	9,895,842
Gross deferred tax asset	27,081,671	26,858,905
Net deferred tax liabilities	65,963,171	84,678,080

6. Provisions

	Long term	Short term	Long term	Short term
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
	Rs.	Rs.	Rs.	Rs.
Provision for employee benefits				
Provision for gratuity (note 25)	-	989,006	-	3,356,646
Provision for leave benefits	-	39,930,649	-	36,496,636
	-	40,919,655	-	39,853,282
Other provisions				
Provision for wealth tax	-	-	-	222,670
Provision for warranties	32,757,520	15,866,890	25,156,986	11,906,831
Provision for contingency	-	7,500,000	-	7,500,000
Proposed equity dividend	-	-	-	159,980,000
Provision for tax on proposed dividend	-	-	-	32,568,164
	32,757,520	23,366,890	25,156,986	212,177,665
	32,757,520	64,286,545	25,156,986	252,030,947

Provision for warranties

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

	March 31, 2016	March 31, 2015
	Rs.	Rs.
At the beginning of the year	37,063,817	23,234,571
Additions during the year	32,929,681	41,728,997
Utilized during the year	21,369,088	27,899,751
At the end of the year	48,624,410	37,063,817
Current portion	15,866,890	11,906,831
Non-current portion	32,757,520	25,156,986

Provision for contingency

The Company had received a show-cause notice from Haryana State Pollution Control Board ('HSPCB') in 2009-10 towards contamination of ground water caused due to higher concentration of chromium used by the Company as compared to the minimum expected level. Pursuant to the show cause notice, the management had submitted a time bound remediation plan as per which specified milestones were to be achieved at the end of each quarter till December 2010. A bank guarantee of Rs. 50,000,000 had also been submitted to HSPCB. The management had initiated adequate steps suggested by the experts and had completed the plan within the overall time frame. Against the appeal filed by the Company with Appellate Authority, HSPCB, the case had been decided by the appellate authority on November 4, 2011 and as per the order of the appellate authority, bank guarantee of Rs. 37,500,000 had been released and bank guarantee of Rs. 12,500,000 had been forfeited by HSPCB. The Company had filed a writ petition against the order of the appellate authority before the Hon'ble High Court of Punjab and Haryana, which gave the decision for transfer of the case to National Green Tribunal, New Delhi. Since the matter is sub-judice and pending at Tribunal level, provision of Rs. 7,500,000 (March 31, 2015: Rs. 7,500,000), over and above the amount already forfeited by HSPCB, had been retained towards any contingency, as per management's assessment of the costs to be incurred. The table below gives information about movement in provision :

	March 31, 2016 Rs.	March 31, 2015 Rs.
At the beginning of the year	7,500,000	7,500,000
Additions during the year	-	-
Utilized during the year	-	-
Unused amount reversed	-	-
At the end of the year	7,500,000	7,500,000
Current portion	7,500,000	7,500,000
Non-current portion	-	-

7. Other current liabilities

	March 31, 2016 Rs.	March 31, 2015 Rs.
Trade payables (including acceptances)		
Total outstanding dues of micro enterprises and small enterprises (refer note 32 for details of dues to micro and small enterprises)	276,096,538	274,086,733
Total outstanding dues of creditors other than micro enterprises and small enterprise	1,067,638,828	1,278,634,059
	1,343,735,366	1,552,720,792
Other liabilities		
Interest accrued but not due on cash credit account	15,238	33,147
Investor Education and Protection Fund shall be credited by following amount (as and when due):		
Unpaid dividend	9,480,213	4,987,232
Others:		
Security deposit from customers / others*	4,513,770	4,313,770
Interest on land cost enhancement payable	47,597	47,597
Book Overdraft	-	54,607,466
Service tax payable	1,331,809	1,176,274
Swachh bharaat cess payable	142,190	-
Sales tax/ VAT payable	17,402,731	15,190,938
Tax deducted at source and tax collected at source payable	15,719,373	15,333,076
Cess payable	394,456	276,408
Works Contract Tax payable	186,193	82,286
Provident Fund and Employee State Insurance payable	7,721,795	7,323,447
Other dues	2,442,706	3,207,702
	59,398,071	106,579,343
	1,403,133,437	1,659,300,135

*Security deposits are repayable on demand.

8. Tangible assets

	Amount in Rs.							
	Freehold Land	Buildings	Plant & Machinery	Furniture & Fixtures	Office equipment	Computers	Vehicles	Total
Cost								
At April 01, 2014	527,500,946	714,510,257	3,022,069,853	14,781,505	18,963,351	25,392,033	42,756,502	4,365,974,447
Additions	-	716,689	74,890,822	995,879	1,374,851	1,333,819	1,246,392	80,558,452
Disposals	7,762,931	-	-	-	492,020	-	1,749,463	10,004,414
At March 31, 2015	519,738,015	715,226,946	3,096,960,675	15,777,384	19,846,182	26,725,852	42,253,431	4,436,528,485
Additions	-	26,820,090	104,616,644	1,047,410	538,731	943,424	4,524,721	138,491,020
Disposals	-	-	54,525,922	1,562,336	2,468,921	4,767,771	3,703,464	67,028,414
At March 31, 2016	519,738,015	742,047,036	3,147,051,397	15,262,458	17,915,992	22,901,505	43,074,688	4,507,991,091
Depreciation								
At April 01, 2014	-	169,946,319	1,839,027,053	8,752,310	7,197,609	16,522,326	15,017,942	2,056,463,559
Adjusted out of retained under note 4	-	-	21,919,728	137,794	3,502,324	1,414,471	26,632	27,000,949
Charge for the year	-	27,382,814	218,569,173	3,218,791	3,574,315	2,562,514	7,075,835	262,383,442
Disposals	-	-	-	-	466,786	-	1,475,518	1,942,304
At March 31, 2015	-	197,329,133	2,079,515,954	12,108,895	13,807,462	20,499,311	20,644,891	2,343,905,646
Charge for the year	-	27,390,734	231,049,408	1,126,190	2,396,273	1,883,857	6,972,070	270,818,532
Disposals	-	-	50,601,920	1,562,336	2,220,416	4,641,112	2,886,825	61,912,609
At March 31, 2016	-	224,719,867	2,259,963,442	11,672,749	13,983,319	17,742,056	24,730,136	2,552,811,569
Net Block								
At March 31, 2015	519,738,015	517,897,813	1,017,444,721	3,668,489	6,038,720	6,226,541	21,608,540	2,092,622,839
At March 31, 2016	519,738,015	517,327,169	887,087,955	3,589,709	3,932,673	5,159,449	18,344,552	1,955,179,522

9. Intangible assets

	Amount in Rs.		
	Computer Software	Designs and drawings	Total
Gross block			
At April 1, 2014	9,167,096	126,758,265	135,925,361
Purchase	1,037,052	21,781,500	22,818,552
Deletions	-	-	-
At March 31, 2015	10,204,148	148,539,765	158,743,913
Purchase	1,630,809	22,044,189	23,674,998
Deletions	-	-	-
At March 31, 2016	11,834,957	170,583,954	182,418,911
Amortization			
At April 1, 2014	7,714,579	108,520,444	116,235,023
Charge for the year	1,017,371	23,308,097	24,325,468
Deletions	-	-	-
At March 31, 2015	8,731,950	131,828,541	140,560,491
Charge for the year	762,597	21,402,965	22,165,562
Deletions	-	-	-
At March 31, 2016	9,494,547	153,231,506	162,726,053
Net Block			
At March 31, 2015	1472,198	16,711,224	18,183,422
At March 31, 2016	2,340,410	17,352,448	19,692,858

10. Loans and advances

	Non-current	Current	Non-Current	Current
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
	Rs.	Rs.	Rs.	Rs.
Capital advances				
Unsecured, considered good	13,631,450	-	4,506,204	-
(A)	13,631,450	-	4,506,204	-
Security deposits				
Unsecured, considered good	27,792,105	574,000	28,292,105	470,000
(B)	27,792,105	574,000	28,292,105	470,000
Advances recoverable in cash or in kind or for value to be received				
Unsecured, Considered good	-	32,986,457	-	39,794,458
Doubtful	-	24,213,552	-	24,213,552
	-	57,200,009	-	64,008,010
Less: Provision for doubtful advances	-	(24,213,552)	-	(24,213,552)
(C)	-	32,986,457	-	39,794,458
Other loans & advances				
Secured considered good				
Loan to suppliers	-	228,696	-	-

	Non-current	Current	Non-Current	Current
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
	Rs.	Rs.	Rs.	Rs.
Unsecured, considered good				
Advance income tax/tax deducted at source (net of provision for taxation)	440,524,161	-	347,607,682	-
Prepaid expenses	1,179,834	25,535,125	-	14,735,523
Loan to employees/suppliers	14,775,953	13,445,447	14,911,615	8,771,719
Balances with statutory/government authorities	-	57,993,782	-	110,414,667
Unsecured, considered doubtful				
Loan to employees/suppliers	-	489,676	-	489,676
	456,479,948	97,692,726	362,519,297	134,411,585
Less : Provision for doubtful advances	-	(489,676)	-	(489,676)
(D)	456,479,948	97,203,050	362,519,297	133,921,909
Total (A+B+C+D)	497,903,503	130,763,507	395,317,606	174,186,367
Loan and advances include:				
Due from a Private Limited Company in which two directors of the Company are interested as directors	-	2,501,601	-	2,864,822

11. Trade receivables and other assets

11.1 Trade receivables

	Non-current	Current	Non-Current	Current
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
	Rs.	Rs.	Rs.	Rs.
Debts outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	-	-	-	-
Unsecured, considered doubtful	-	1,458,690	-	3,890,861
	-	1,458,690	-	3,890,861
Provision for doubtful receivables	-	(1,458,690)	-	(3,890,861)
(A)	-	-	-	-
Other receivables				
Unsecured, considered good	-	1,991,067,033	-	2,033,591,641
(B)	-	1,991,067,033	-	2,033,591,641
Total (A+B)	-	1,991,067,033	-	2,033,591,641
11.2 Other assets				
Unsecured, considered good unless otherwise stated				
Non-current bank balances (note 14)	-	50,000	50,000	-
(C)	-	50,000	50,000	-
Others				
Interest accrued but not due on deposit	-	25,512	20,080	-
Unbilled revenue	-	-	-	36,086,825
(D)	-	25,512	20,080	36,086,825
Total (C+D)	-	75,512	70,080	36,086,825

12. Current investments

Current investments (valued at lower of cost and fair value, unless stated otherwise)*Unquoted mutual funds*

	March 31, 2016 Rs.	March 31, 2015 Rs.
Nil (March 31, 2015: 1,02,978.061) units of Rs. 1,000/- each fully paid-up of Reliance Liquid Fund- Treasury Plan- Growth Option	-	350,000,000
17,304,454.284 (March 31, 2015: 17,304,454.284) units of Rs. 10/- each fully paid-up of Sundaram Ultra Short-Term Fund Regular Growth	330,000,000	330,000,000
49,161.848 (March 31, 2015: Nil) units of Rs. 1000/- each fully paid-up of Taurus Ultra Short Term Bond Fund	90,000,000	-
10,381,700.523 (March 31, 2015: Nil) units of Rs. 10/- each fully paid-up of Taurus Dynamic Income Fund	150,000,000	-
546,627.31 (March 31, 2015: Nil) units of Rs. 10/- each fully paid-up of ICICI Prudential Balance Fund- Growth	48,917,678	-
8,525,112.851 (March 31, 2015: Nil) units of Rs. 10/- each fully paid-up of Canara Robeco Savings Plus Fund	200,000,000	-
	<u>818,917,678</u>	<u>680,000,000</u>
Aggregate amount of unquoted investments	818,917,678	680,000,000
Net assets value of above investment	851,691,893	681,973,201

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

	March 31, 2016 Rs.	March 31, 2015 Rs.
Raw materials and components [Including stock in transit: Rs.189,870,056 (March 31, 2015: Rs. 197,257,888)]	409,127,910	426,094,729
Work in progress (refer note 18)	84,547,327	90,610,211
Finished goods (refer note 18)	89,763,154	99,660,416
Stores and spares [Including stock in transit: Rs. 3,345,772 (March 31, 2015: Rs.2,953,158)]	47,578,124	48,539,486
Scrap	323,874	347,380
	<u>631,340,389</u>	<u>665,252,222</u>

14. Cash and bank balances

	Non-current March 31, 2016 Rs.	Current March 31, 2016 Rs.	Non-Current March 31, 2015 Rs.	Current March 31, 2015 Rs.
Cash and cash equivalents				
Balances with banks:				
On current accounts	-	8,308,162	-	6,376,626
On cash credit accounts#	-	5,731,424	-	3,568,744
On unpaid dividend accounts	-	9,480,213	-	4,987,232
Cash on hand	-	737,809	-	708,511
	-	<u>24,257,608</u>	-	<u>15,641,113</u>
Other bank balances:				
Deposits with original maturity for more than 12 months*	-	50,000	50,000	-
	-	<u>50,000</u>	<u>50,000</u>	-
Amount disclosed under non-current assets	-	(50,000)	(50,000)	-
	-	<u>24,257,608</u>	-	<u>15,641,113</u>

*Fixed deposit receipt of Rs.50,000 (March 31, 2015: Rs. 50,000) has been pledged with VAT authorities.

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

15. Revenue from operations

	March 31, 2016 Rs.	March 31, 2015 Rs.
Revenue from operations		
Sale of products:		
Finished goods	16,156,193,232	17,588,629,878
Other operating revenue:		
Scrap Sales	183,068,505	249,619,119
Revenue from operations (gross)	16,339,261,737	17,838,248,997
Less : Excise duty #	1,320,890,432	1,408,581,633
Revenue from operations (net)	15,018,371,305	16,429,667,364

In accordance with explanations below Para 10 of Notified Accounting Standard 9 - Revenue Recognition, excise duty on sales amounting to Rs.1,320,890,432 (March 31, 2015: Rs.1,408,581,633) has been reduced from sales in the statement of profit and loss and excise duty on variation of opening and closing stock of finished goods and scrap amounting to Rs. (-) (355,217) (March 31, 2015: Rs. 3,569,389) has been considered as (income)/ expense in note 22 of the financial statements.

Details of product sold

	March 31, 2016 Rs.	March 31, 2015 Rs.
Finished goods sold		
Shock absorbers	13,736,735,315	15,265,507,006
Struts	1,950,396,401	1,800,126,064
Window balancer	83,879,147	89,438,519
Other components	385,182,369	433,558,289
	16,156,193,232	17,588,629,878

16. Other Income

	March 31, 2016 Rs.	March 31, 2015 Rs.
Interest income on :		
Bank deposits	5,432	8,237
Income-tax refunds	2,445,784	12,489,895
Loans to employees	663,163	622,086
Others	2,656,400	2,685,305
Net gain on sale of current investments	37,314,198	34,584,776
Profit on disposal of tangible assets (net)	-	193,321
Exchange differences (net)	5,733,720	28,186,106
Liabilities no longer required written back (net)	133,921	1,530,320
Miscellaneous income	2,964,049	1,155,855
	51,916,667	81,455,901

17. Cost of raw materials and components consumed

	March 31, 2016 Rs.	March 31, 2015 Rs.
Inventory at the beginning of the year	426,094,729	270,638,209
Add : Purchases during the year	10,943,108,948	12,299,935,052
	11,369,203,677	12,570,573,261
Less : Inventory at the end of the year	409,127,910	426,094,729
Cost of raw materials and components consumed	10,960,075,767	12,144,478,532

Details of raw material and components consumed**March 31, 2016**
Rs.**March 31, 2015**
Rs.

Fork pipe	1,636,877,755	1,842,589,676
Bottom case	2,422,116,887	2,686,939,766
Main spring cushion	1,554,817,647	1,728,118,628
Oil seal	644,835,086	742,368,648
Dust seal	123,205,668	135,215,999
Other materials and components	4,578,222,724	5,009,245,815
	10,960,075,767	12,144,478,532

Details of inventory**March 31, 2016**
Rs.**March 31, 2015**
Rs.**Raw materials and components**

Fork pipe	4,410,940	4,742,670
Bottom case	170,973,136	192,345,483
Main spring cushion	5,646,875	7,061,774
Oil seal	35,963,132	43,888,981
Dust seal	1,642,308	1,257,899
Other materials and components	190,491,519	176,797,922
	409,127,910	426,094,729

18. (Increase)/Decrease in inventories**March 31, 2016**
Rs.**March 31, 2015**
Rs.**Inventories at the beginning of the year**

Work-in-Progress	90,610,211	77,316,851
Finished goods	99,660,416	87,682,805
Scrap	347,380	372,614
	190,618,007	165,372,270

Inventories at the end of the year

Work-in-progress	84,547,327	90,610,211
Finished goods	89,763,154	99,660,416
Scrap	323,874	347,380
	174,634,355	190,618,007
	15,983,652	(25,245,737)

Details of inventory**March 31, 2016**
Rs.**March 31, 2015**
Rs.**Work-in-Progress**

Shock absorbers	78,997,635	85,402,773
Struts	4,861,350	4,930,292
Window balancer	688,342	277,146
	84,547,327	90,610,211

Finished goods

Shock absorbers	69,013,132	85,329,973
Struts	20,378,282	13,686,845
Window balancer	371,740	643,598
	89,763,154	99,660,416

19. Employee benefits expense

	March 31, 2016 Rs.	March 31, 2015 Rs.
Salaries, wages and bonus	874,835,786	792,462,799
Contribution to provident and other funds	34,838,135	31,436,084
Gratuity expense (Refer note 25)	8,859,526	8,401,700
Contribution to superannuation fund	6,148,696	5,561,841
Staff welfare expenses	83,772,869	86,399,992
	1,008,455,012	924,262,416

20. Depreciation and amortization expense

	March 31, 2016 Rs.	March 31, 2015 Rs.
Depreciation of tangible assets	270,818,532	262,383,442
Amortisation of intangible assets	22,165,562	24,325,468
	292,984,094	286,708,910

21. Finance costs

	March 31, 2016 Rs.	March 31, 2015 Rs.
Interest expense [including interest on income tax of Rs. Nil (March 31, 2015: Rs. 566,585)]	1,219,471	4,453,828
	1,219,471	4,453,828

22. Other expense

	March 31, 2016 Rs.	March 31, 2015 Rs.
Consumption of stores and spares	459,078,938	477,903,809
Job work expenses	235,243,404	248,548,710
Differential excise duty on opening and closing inventories	(355,217)	3,569,389
Power and fuel	441,611,448	559,660,953
Freight and forwarding charges	44,118,084	63,115,459
Rent	2,506,000	2,392,500
Hire charges	555,000	486,000
Rates and taxes	16,921,416	13,154,965
Insurance	20,157,019	16,397,229
Repairs and maintenance:		
Plant and machinery	137,426,730	132,670,118
Buildings	15,107,761	17,787,385
Others	23,170,656	25,853,850
Advertising and sales promotion	1,938,429	1,539,831
Cash discounts	82,096	651,999
Royalty	369,337,944	416,325,036
Technician fee	1,315,020	1,271,940
Warranty expense	32,929,681	41,728,997
Legal and professional fees	15,212,494	14,383,722
Travelling and conveyance	35,195,084	37,599,973
Communication costs	5,018,369	4,646,106
Printing and stationery	3,572,878	2,794,242
Directors' sitting fees	2,280,000	2,000,000
Payment to statutory auditors' (Refer details below)	4,342,344	3,806,050
Donations and contributions to charitable institutions	588,173	1,391,092
Provision for doubtful debts	474,722	-
Bad debts	142,545	1,653,264

Bank charges	1,637,456	1,740,705
Loss on disposal of tangible and intangible assets (net)	3,245,209	-
CSR Expenditure (Refer Note 38)	17,386,459	2,833,032
Miscellaneous expenses	22,784,922	24,262,157
	1,913,025,064	2,120,168,513

Payment to statutory auditor

As auditors:

Audit fee	2,900,000	2,200,000
Tax audit fee	300,000	300,000
Limited review	900,000	900,000

In other capacity:

Other services (Certification etc.)	100,000	235,000
Reimbursement of expenses	142,344	171,050

4,342,344	3,806,050
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23. Exceptional item

Interest expense written back being no longer payable
(Refer note 40)

March 31, 2016 Rs.	March 31, 2015 Rs.
-	6,774,393
-	6,774,393

24. Earning per share (EPS)

	March 31, 2016	March 31, 2015
Net profit as per statement of profit and loss (Rs.)	611,522,861	756,288,508
Weighted average number of equity shares for calculating basic and diluted EPS	39,995,000	39,995,000
Nominal value per share (Rs.)	2.00	2.00
Basic and Diluted earnings per share (Rs.)	15.29	18.91

25. Gratuity

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

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

Statement of profit and loss

Net employee benefit expense recognized in employee cost:

	March 31, 2016	March 31, 2015
	Rs.	Rs.
Current service cost	9,198,711	7,960,687
Interest cost on benefit obligation	9,093,634	8,927,540
Expected return on plan assets	(8,825,102)	(6,473,916)
Net actuarial (gain) / loss recognized in the year	(607,717)	(2,012,611)
Net benefit expense	8,859,526	8,401,700
Actual return on plan assets	9,561,783	8,251,386

Balance Sheet

Benefit asset/ liability

	March 31, 2016	March 31, 2015
	Rs.	Rs.
Defined benefit obligation	(129,129,003)	(113,670,420)
Fair value of plan assets	128,139,997	110,313,774
	989,066	(3,356,646)
Less : Unrecognized past service cost	-	-
Plan asset (liability)	(989,006)	(3,356,646)

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

	March 31, 2016	March 31, 2015
	Rs.	Rs.
Opening defined benefit obligation	113,670,420	99,194,889
Interest Cost	9,093,634	8,927,540
Current Service Cost	9,198,711	7,960,687
Benefits paid	(2,962,726)	(2,177,555)
Actuarial losses on obligation	128,964	(235,141)
Closing defined benefit obligation	129,129,003	113,670,420

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

	March 31, 2016	March 31, 2015
	Rs.	Rs.
Opening fair value of plan assets	110,313,774	80,923,945
Expected return	8,825,102	6,473,916
Contributions by employer	11,227,166	23,315,998
Benefits paid	(2,962,726)	(2,177,555)
Actuarial gains	736,681	1,777,470
Closing fair value of plan assets	128,139,997	110,313,774

The Company expects to contribute Rs. 11,575,420 (March 31, 2015: Rs. 10,602,764) to gratuity fund in the year 2016-17.

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

	March 31, 2016	March 31, 2015
	%	%
Investments with insurer	100	100

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

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

	March 31, 2016	March 31, 2015
	%	%
Discount rate	8.00	8.00
Expected rate of return on assets	8.00	8.00
Increase in compensation cost	7.00	7.00
Employee turnover		
-upto 30 years	3.00	3.00
-above 30 years but upto 44 years	2.00	2.00
-above 44 years	1.00	1.00

Note :

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

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

	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
	Rs.	Rs.	Rs.	Rs.	Rs.
Defined benefit obligation	129,129,003	113,670,420	99,194,889	70,421,727	60,685,370
Fair value of plan assets	128,139,997	110,313,774	80,923,945	69,113,707	58,157,751
Deficit	989,006	3,356,646	18,270,944	1,308,020	2,527,619
Experience adjustments on plan liabilities	128,964	(8,126,164)	17,106,581	(253,554)	(98,498)
Experience adjustments on plan assets	736,681	1,777,470	732,044	953,953	2,082,083

Defined Contribution Plan :

	March 31, 2016	March 31, 2015
Contribution to Provident Fund (Rs.)	32,637,110	28,802,706
Contribution to Superannuation Fund (Rs.)	6,148,696	5,561,841

26. Leases

Operating lease : Company as lessee

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

	March 31, 2016 Rs.	March 31, 2015 Rs.
Lease payments for the year	2,506,000	2,392,500

27. Segment Information

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

28. Related party disclosures

(i) Names of related parties and related party relationship

- Key management personnel and their relatives
 - Mr. Yogesh Chander Munjal – Managing Director
 - Mr. Isao Ito - Joint Managing Director
 - Mrs. Nidhi Kapoor – Daughter of Mr. Yogesh Chander Munjal
- Enterprise with significant influence over the Company
 - Showa Corporation, Japan
- Enterprises owned or significantly influenced by key management personnel and their relatives
 - Dayanand Munjal Investments Private Limited
 - Majestic Auto Limited
 - Shivam Autotech Limited
- 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

Enterprises in which Director is a member/partner

 - Sunbeam Auto Private Limited
 - Munjal Castings (Partnership firm)

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

	Enterprises with significant influence over the Company		Key management personnel & their relatives		Enterprises over which Directors and their relatives have significant influence		Total
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	
Transactions during the year :							
Sale of goods							
Shivam Autotech Limited	-	-	-	-	12,000	-	-
Showa Corporation, Japan	570,361	564,065	-	-	-	-	564,065
	570,361	564,065	-	-	12,000	-	564,065
Purchase of goods							
Majestic Auto Limited	-	-	-	-	6,693,049	6,533,199	6,533,199
Shivam Autotech Limited	-	-	-	-	130,924,574	137,451,008	137,451,008
Showa Corporation, Japan	326,599,495	380,548,484	-	-	-	-	380,548,484
Sunbeam Auto Private Limited	-	-	-	-	916,038,804	1,408,528,075	1,408,528,075
Munjal Castings	-	-	-	-	24,430,720	20,671,797	20,671,797
	326,599,495	380,548,448	-	-	1,078,087,147	1,573,184,079	1,953,732,563
Royalty paid/payable							
Showa Corporation, Japan	369,337,944	416,325,036	-	-	-	-	416,325,036
	369,337,944	416,325,036	-	-	-	-	416,325,036
Purchase of intangible assets							
Design & drawing fees							
Showa Corporation, Japan	22,044,192	21,781,500	-	-	-	-	21,781,500
	22,044,192	21,781,500	-	-	-	-	21,781,500
Technician fee paid/payable							
Showa Corporation, Japan	1,315,020	1,271,940	-	-	-	-	1,271,940
	1,315,020	1,271,940	-	-	-	-	1,271,940
Interest expense paid/payable							
Showa Corporation, Japan	906,393	1,002,738	-	-	-	-	1,002,738
	906,393	1,002,738	-	-	-	-	1,002,738
Travelling and conveyance expense paid/payble							
Showa Corporation, Japan	1,789,684	1,993,418	-	-	-	-	1,993,418
	1,789,684	1,993,418	-	-	-	-	1,993,418
Legal and professional fees paid/payble							
Showa Corporation, Japan	76,037	90,756	-	-	-	-	90,756
	76,037	90,756	-	-	-	-	90,756
Staff welfare expense paid/payble							
Showa Corporation, Japan	-	17,028	-	-	-	-	17,028
	-	17,028	-	-	-	-	17,028

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

	(Amount in Rs.)					
	Enterprises with significant influence over the Company		Key management personnel & their relatives		Enterprises over which Directors and their relatives have significant influence	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Dividend Proposed						
Showa Corporation, Japan	41,600,000	41,600,000	-	-	-	41,600,000
Dayanand Munjal Investment Pvt. Ltd.	-	-	-	-	62,400,000	62,400,000
Nidhi Kapoor	-	-	16,000	16,000	-	16,000
	41,600,000	41,600,000	16,000	16,000	62,400,000	104,016,000
Employee Benefits for Key Management Personnel (Salary, Commission and contributions to Provident Fund and Superannuation fund)						
Mr. Yogesh Chander Munjal	-	-	46,165,615	43,823,927	-	46,165,615
Mr. Isao Ito	-	-	25,746,910	24,918,489	-	25,746,910
Mr. Pankaj Gupta	-	-	2,521,413	2,492,080	-	2,521,413
Mr. Saurabh Agrawal	-	-	421,120	59,390	-	421,120
	-	-	74,855,058	71,293,886	-	74,855,058
	-	-	-	-	-	71,293,886

(iii) Balances as at the year end:

Trade payables							
Majestic Auto Limited	-	-	-	-	672,033	1,143,852	1,143,852
Shivam Autotech Ltd.	-	-	-	-	19,099,271	19,270,217	19,270,217
Showa Corporation, Japan	187,070,306	330,442,979	-	-	19,099,271	330,442,979	330,442,979
Sunbeam Auto Private Limited	-	-	-	-	59,967,849	54,986,447	54,986,447
Munjal Castings	-	-	-	-	1,630,605	2,926,615	2,926,615
Mr. Yogesh Chander Munjal	-	-	9,804,052	12,357,419	-	9,804,052	12,357,419
Mr. Isao Ito	-	-	10,226,052	12,047,419	-	10,226,052	12,047,419
Mr. Pankaj Gupta	-	-	72,745	43,245	-	72,745	43,245
Mr. Saurabh Agrawal	-	-	24,908	25,315	-	24,908	25,315
	187,070,306	330,442,979	20,127,757	24,473,398	81,369,758	78,327,131	433,243,508
Trade receivables							
Showa Corporation, Japan	50,057	61,210	-	-	50,057	61,210	61,210
	50,057	61,210	-	-	-	-	-
Advances recoverable in cash or kind or for value to be received							
Sunbeam Auto Private Limited	-	-	-	-	2,501,601	2,864,822	2,864,822
	-	-	-	-	2,501,601	2,864,822	2,864,822

Notes:-

- 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.
- No amount has been written off or written back in the year in respect of debts due from/to above related parties.

29. Capital and other commitments

At March 31, 2016, the estimated amount of contracts remaining to be executed on capital account and not provided for is Rs.25,778,837 (March 31, 2015: Rs..38,147,834).

30. Contingent Liabilities

	March 31, 2016	March 31, 2015
	Rs.	Rs.
a) Demands raised by Income Tax Authorities, being disputed by the Company	905,418,851	678,305,272
b) Show cause notices / demands issued by Excise authorities, being disputed by the Company	303,155,723	307,168,848
c) Demand raised by Employees State Insurance Recovery Officer, being disputed by the Company	4,365,036	4,365,036

(a) Demands raised by Income Tax Authorities:

i) In respect of Assessment Year 1998-99, allowability of certain expenses like foreign technician expenses, design and drawing fees were pending under appeal before ITAT. The issue has been set aside by ITAT and sent back to the Assessing Officer to follow the order of earlier years. The total amount involved is Rs.298,942 (March 31, 2015: Rs.298,942).

ii) In respect of Assessment Years 2003-04, allowability of prior period expenses of Assessment year 2004-05 allowed by ITAT as deduction in Assessment year 2003-04 has not been allowed by the Assessing Officer on the ground that assessed income cannot be less than returned income. The CIT(A) has allowed the appeal filed by us and received the appeal effect. However, while giving appeal effect, the assessing officer has not given the credit of TDS. The amount involved is Rs. 252,082 (March 31, 2015: Rs. 36,53,248).

iii) In respect of Assessment Year 2006-07, certain adjustments were made to the transaction values by tax authorities based on arm's length price of international transactions entered with associated enterprises and on account of disallowance of royalty and technical fee. The matter has been set aside by the ITAT and sent back to the assessing officer with the direction to decide the issue afresh by way of speaking order in accordance with law. The amount involved is Rs.92,272,211 (March 31, 2015: Rs.92,272,211).

iv) In respect of Assessment Year 2007-08, certain adjustments were made to the transaction values by tax authorities based on arm's length price of international transactions entered with associated enterprises and on account of disallowance of royalty and technical fee. The matter has been set aside by the ITAT and sent back to the assessing officer with the direction to decide the issue afresh by way of speaking order in accordance with law. The amount involved is Rs.103,112,323 (March 31, 2015: Rs.103,112,323) including interest.

v) In respect of Assessment Year 2008-09, certain adjustments were made to the transaction values by the tax authorities based on arm's length price of international transactions entered with associated enterprises and on account of disallowance of royalty and technical fee. The matter has been set aside by the ITAT and sent back to the assessing officer with the direction to decide the issue afresh by way of speaking order in accordance with law. The amount involved is Rs. 99,266,894 (March 31, 2015: Rs.99,266,894) including interest.

vi) In respect of Assessment Year 2009-10, certain adjustments were made to the transaction values by the tax authorities based on arm's length price of international transactions entered with associated enterprises and on account of disallowance of royalty and technical fee. The matter is pending before ITAT. The amount involved is Rs. 125,175,660 (March 31, 2015: Rs 125,175,660) including interest.

vii) In respect of Assessment Year 2010-11, certain adjustments were made to the transaction values by the tax authorities based on arm's length price of international transactions entered with associated enterprises and on account of disallowance of royalty and technical fee. The matter is pending before ITAT. The amount involved is Rs. 138,590,560, including interest (March 31, 2015: Rs 138,590,560).

viii) In respect of Assessment Year 2011-12, certain adjustments were made to the transaction values by the tax authorities based on arm's length price of international transactions entered with associated enterprises. The matter is pending before ITAT. The amount of disallowances is Rs.385,573,006, on which income tax amounts to Rs.206,046,500 (March 31, 2015: Rs. 115,935,434) (excluding interest, penalty etc).

ix) In respect of Assessment Year 2012-13, certain adjustments were made to the transaction values by the tax authorities based on arm's length price of international transactions entered with associated enterprises

and on account of disallowance of royalty, technical fee. The Company has filed an objection against the draft assessment order before Dispute Resolution Panel ('DRP') and the same is currently pending disposal. The amount of disallowances is Rs.432,743,656, on which income tax amounts to Rs. 140,403,679 (March 31, 2015: Rs. Nil) (excluding interest, penalty etc).

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

(i) The Excise authorities had issued Show Cause Notices (SCN's) on the Company proposing to levy Service tax on royalty payments amounting to Rs. 157,284,357 (March 31, 2015: Rs. 157,284,357) as recipient of services under reverse charge mechanism on the royalty paid for such import of services during the period from September 10, 2004 to March 31, 2010. In an order passed by the Commissioner (Adjudication), Service Tax during an earlier year against the above show cause notices, service tax demand of Rs. 87,561,221 has been confirmed and balance demand has been dropped. In addition, penalty of Rs. 122,561,221 (March 31, 2015: Rs. 122,561,221) has also been levied. The Company has paid Rs. 63,406,462 against the above demand as per its computation alongwith interest under protest and has filed appeal before CESTAT which is pending for disposal.

(ii) The Excise authorities have issued show cause/ demand notices (SCN's) on the Company for wrong availment of service tax credit and cenvat aggregating to Rs. 20,361,664 (March 31, 2015: Rs 24,368,034). The Company has filed reply against the above show cause/ demand notices and has protested the same.

(iii) The Excise authorities have issued show cause/demand notices (SCN's) on the Company for wrong calculation of education cess and higher education cess aggregating to Rs. 2,948,481 (March 31, 2015: Rs. 2,967,690). The Company has filed reply against the above show cause/ demand notices and has protested the same.

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

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

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

31. Derivative Instruments and unhedged foreign currency exposure

Particulars of unhedged foreign currency exposure as at the reporting date

Particulars	March 31, 2016		March 31, 2015	
	Amount in Rs.	Foreign currency	Amount in Rs.	Foreign currency
Trade receivables				
USD	374,483	5,548	301,035	4,742
JPY	50,057	82,061	61,210	114,240
THB	-	-	-	-
Advances				
SGD	-	-	48,048	1,050
EUR	55,051	752	-	-
Trade payables & payable towards capital goods				
USD	80,377,562	1,218,740	41,173,379	625,330
JPY	35,410,305	60,985,734	161,179,210	303,045,675
EURO	3,520,370	46,371	4,986,041	71,675
THB	18,615,385	9,878,123	19,850,549	10,146,030

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

	March 31, 2016 Rs.	March 31, 2015 Rs.
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	276,096,538	274,086,733
Interest due on above	-	-
	276,096,538	274,086,733
The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act 2006.	-	-

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

	March 31, 2016 Rs.	March 31, 2015 Rs.
Raw materials and components	1,495,474,426	1,206,154,574
Stores and spares	24,654,951	40,929,609
Capital Goods	1,507,761	-
	1,521,637,138	1,247,084,183

34. Expenditure in foreign currency (on accrual basis)

	March 31, 2016 Rs.	March 31, 2015 Rs.
Technician fee	1,315,020	1,271,940
Royalty	369,337,944	416,325,036
Travelling and conveyance	2,464,893	2,438,953
Interest expense	906,393	1,002,738
Design and drawings (considered as intangible asset)	22,044,192	21,781,500
Miscellaneous expenses	76,037	107,784
	396,144,479	442,927,951

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

	% of total consumption		Value in Rs.	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Raw materials and components				
Imported	16%	11%	1,725,428,948	1,310,253,460
Indigenously obtained	84%	89%	9,234,646,819	10,834,225,072
	100%	100%	10,960,075,767	12,144,478,532
Stores and spares				
Imported	8%	10%	37,123,101	46,457,214
Indigenously obtained	92%	90%	421,955,837	431,446,595
	100%	100%	459,078,938	477,903,809

36. Net dividend remitted in foreign exchange

Year of remittance (ending on)	March 31, 2016	March 31, 2015
Period to which it relates	2014-15 & 2015-16	2013-14
Number of non-resident shareholders	1	1
Number of equity shares held on which dividend was due	10,400,000	10,400,000
Amount remitted (in Rs.)	83,200,000	36,400,000
Amount remitted (in USD)	1,251,888	599,572

37. Earnings in foreign currency (on accrual basis)

	March 31, 2016 Rs.	March 31, 2015 Rs.
Exports at F.O.B. value	4,754,622	4,633,370

38. Corporate social responsibility expenditure

	March 31, 2016 Rs.	March 31, 2015 Rs.
(a) Gross amount required to be spent by the Company during the year	17,088,682	15,600,086
(b) Amount spent during the year on:		

March 31, 2016

Particulars	In Cash (Rs.)	Yet to be paid in cash (Rs.)	Total (Rs.)
Construction/Acquisition of any asset	-	-	-
On any other purpose (Renovation and repair of a school in village Sarhaul, Gurgaon, Haryana and contribution to Prime Minister's Relief Fund)	17,386,459	-	17,386,459

March 31, 2015

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

39. Effective April 1, 2014, Schedule II of the Companies Act, 2013 became applicable to the Company. Accordingly, during the year ended March 31, 2015, the Company revised the estimated useful life of its assets from rates prescribed under Schedule XIV of the Companies Act, 1956 to the rates and useful life prescribed under Schedule II of Companies Act, 2013 and in accordance with transitional provisions of Schedule II, Rs. 17,798,818 (net of deferred tax) was adjusted from reserves as at April 01, 2014.

40. During earlier years, the Company had received demand notice of Rs. 216,052,602 from Haryana State Industrial and Infrastructure Development Corporation Limited (HSIIDC) towards payment of enhanced compensation for Company's Manesar land. During the year ended March 31, 2015, the Hon'ble High Court, Punjab & Haryana (HC), in its decision against the writ petition filed against HSIIDC, reduced the demand. Considering HSIIDC had accepted the basis of enhanced compensation as decided by the Hon'ble Court, the Company in accordance with the HC order recomputed the liability and reduced Rs. 7,762,931 from Manesar land cost capitalized in earlier years and further, had written back interest liability of Rs. 6,774,393 (disclosed as an exceptional item) during the previous year.

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

As per our report of even date

For S.R.Batliboi & Co. LLP

Chartered Accountants

Firm Registration No.: 301003E/E300005

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

per Sanjay Vij
Partner

Membership No. 95169

Place: Gurgaon

Dated: May 20, 2016

Yogesh Chander Munjal

Managing Director

DIN 00003491

Pankaj Gupta

Chief Financial Officer

Vinod Kumar Agrawal

Director

DIN 00004463

Saurabh Agrawal

Company Secretary

Membership No. A36163

[illegible]

Munjal Showa Limited

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

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

DP ID. Client ID No./ Folio No.

No. of Share(s) held:

Name of the Member/ proxy (IN BLOCK LETTERS)

Address of the member

I, hereby record my presence at the 31st Annual General Meeting of the Munjal Showa Limited held on Wednesday the 24th Day of August 2016 at 9-11, Maruti Industrial Area, Sector-18, Gurgaon-122 015, Haryana at 11.00 A.M.

Signature of the member/ Proxy

Notes:

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

Munjal Showa Limited

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

Web: www.munjalshowa.net, Email: msladmin@munjalshowa.net, Tel: +91124 4783000/4783100**Form No. MGT-11****PROXY FORM**

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

Name of the Member(s):	
Registered Address: _____	

E-mail ID: _____	Folio No. / DP ID and Client ID: _____

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

Name: _____ E-mail ID _____

Address: _____ Signature:

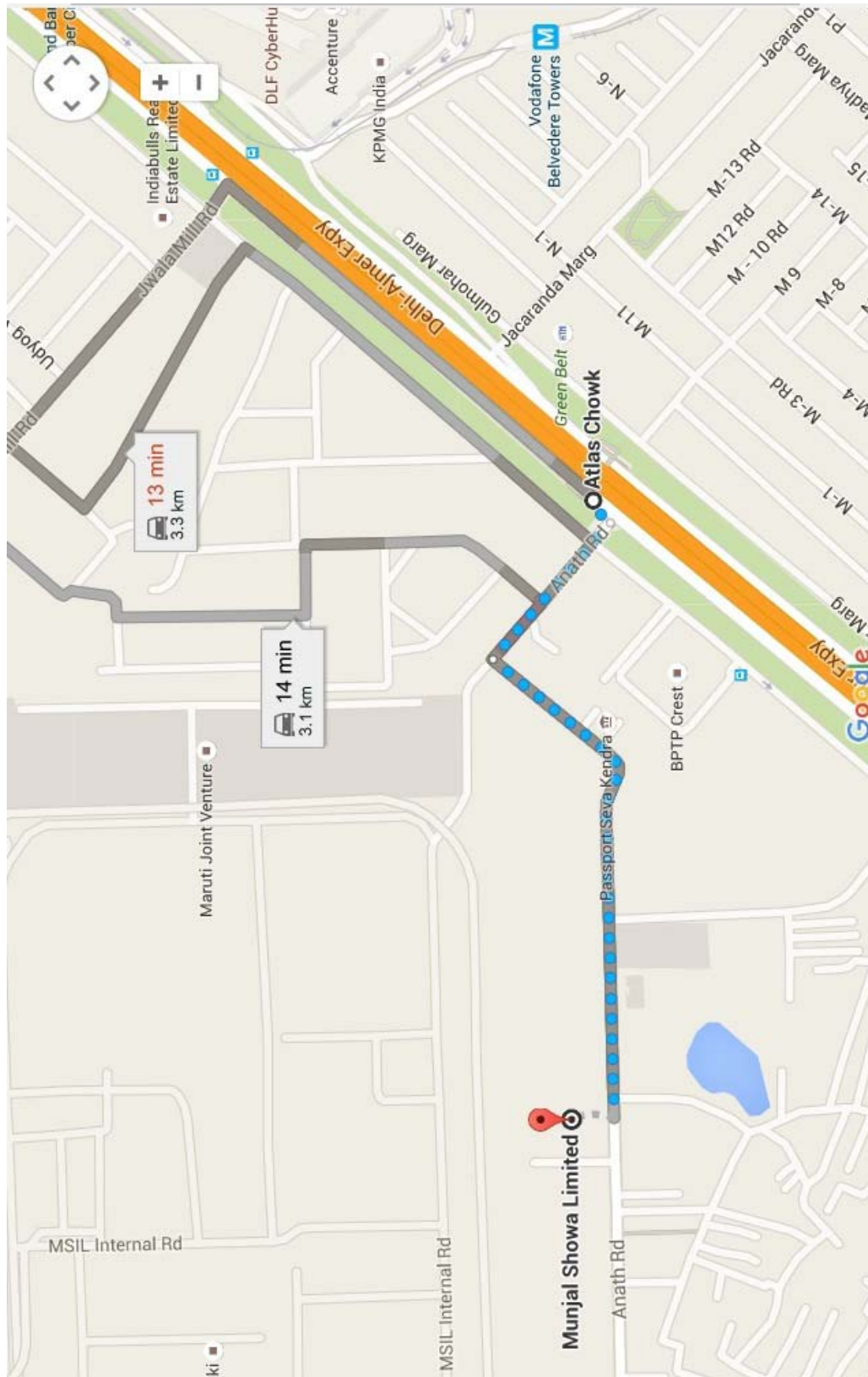
 or failing him/her

Name: _____ E-mail ID _____

Address: _____ Signature:

 or failing him/her

'Route map for the 31st AGM'



as my/our proxy to attend and vote, in case of a poll, for me/us and on my/our behalf at the 31th Annual General Meeting of the Company, to be held on Wednesday the 24th Day of August' 2016 at 11:00 A.M at the Registered Office of the Company and at any adjournment thereof in respect of such resolutions and in such manner as are indicated below:

Reso. No.	Description	For*	Against*
<i>As Ordinary Resolution</i>			
1	Adoption of Annual Accounts and Reports thereon for the Financial Year March 31 st , 2016. (Ordinary Resolution)		
2	To confirm the payment of Interim Dividend of Rs. 4.00/- per equity share (i.e. 200%) of Rs. 2/- each, fully paid up for the Financial Year ended March 31, 2016. (Ordinary Resolution)		
3	To appoint Mrs. Charu Munjal (DIN 03094545), as Director liable to retires by rotation. (Ordinary Resolution)		
4	Ratification of Appointment of M/s S. R. Batliboi & CO. LLP, As Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the thirty-second AGM of the Company to be held in the year 2017 and to fix their remuneration. (Ordinary Resolution)		
<i>Special Business</i>			
5	Amendment to Memorandum of Association of the Company. (Special Resolution)		
6	Adoption of new set of the Articles of Association in accordance with Companies Act, 2013. (Special Resolution)		
7	Re-appointment of Mr. Yogesh Chander Munjal (DIN 00003491) as Managing Director. (Special Resolution)		
8	Appointment of Mr. Pankaj Munjal (Din 00005330) as an Independent Director of the Company. (Ordinary Resolution)		
9	Variation in the Terms of Appointment of Mr. Isao Ito, (DIN 05134031), Joint Managing Director of the Company. (Ordinary Resolution)		

Signed this _____ day of _____ 2015.

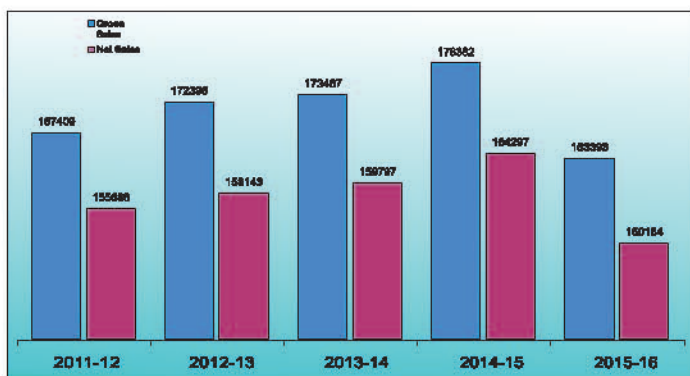
Signature _____

Affix
Revenue
Stamp

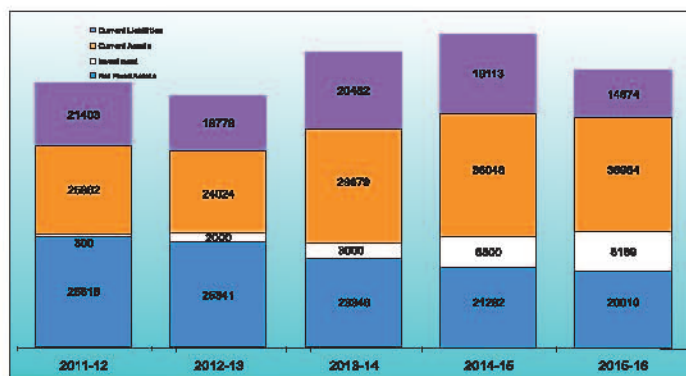
Notes:

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

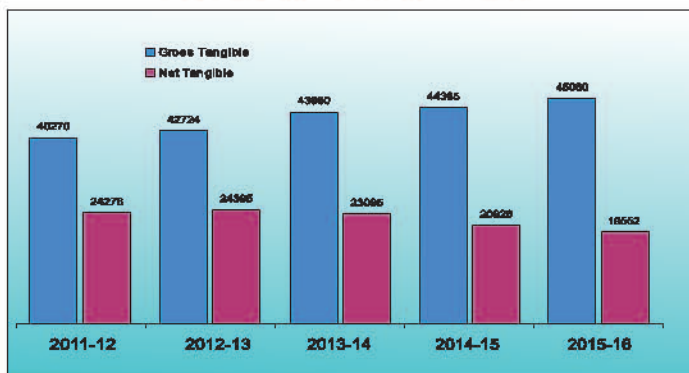
MUNJAL SHOWA LIMITED
Sales (Rs. in Lacs)



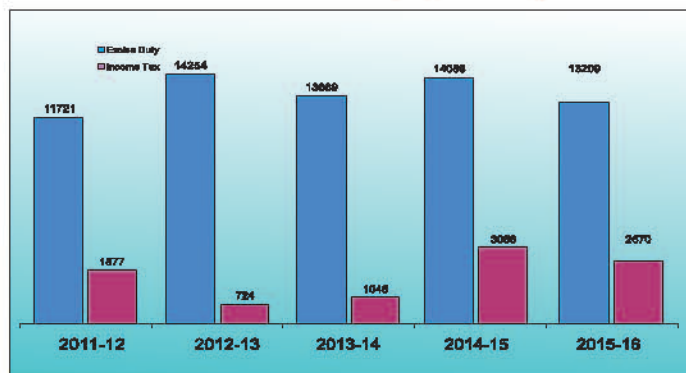
MUNJAL SHOWA LIMITED
Application of Funds (Rs. in Lacs)



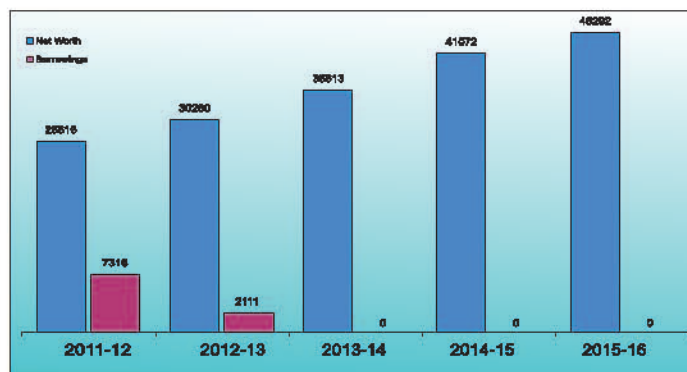
MUNJAL SHOWA LIMITED
Tangible Fixed Assets (Rs. in Lacs)



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



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





Gurgaon Plant



Manesar Plant



Haridwar Plant

Munjal Showa Limited

9-11, Maruti Industrial Area, Gurgaon-122015 (Harayana)

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

E-mail : msladmin@munjalshowa.net

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

CIN : L34101HR1985PLC020934