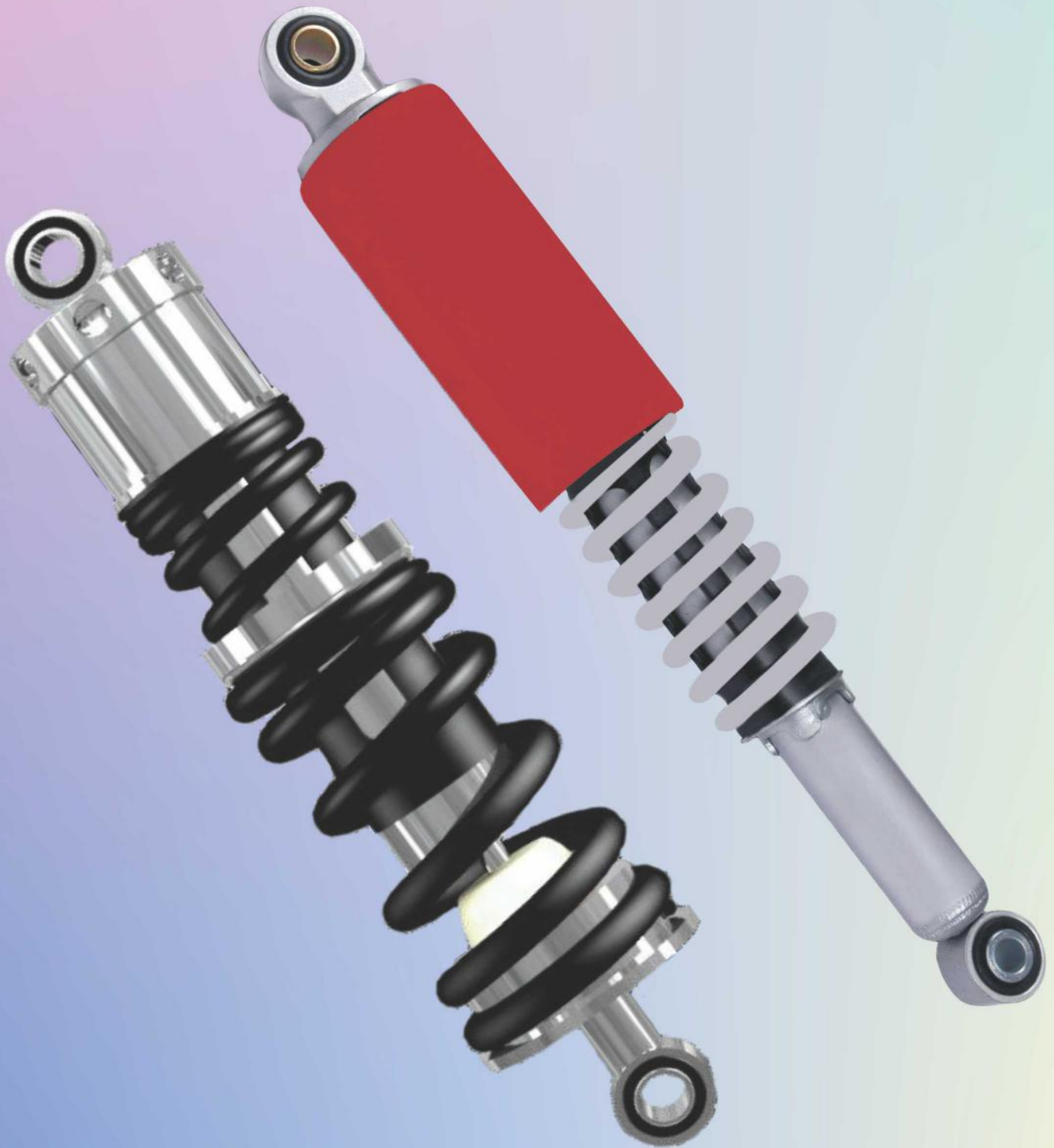


MUNJAL SHOWA LTD.



33rd Annual Report 2017-18

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BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

SHARE TRANSFER/ STAKEHOLDERS RELATIONSHIP COMMITTEE

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

NOMINATION AND REMUNERATION COMMITTEE

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

CSR COMMITTEE

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

RISK MANAGEMENT COMMITTEE

(Non-Mandatory)

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

CHIEF FINANCIAL OFFICER

Mr. Pankaj Gupta

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Saurabh Agrawal

STATUTORY & TAX AUDITORS

M/s Deloitte Haskins & Sells LLP, Gurugram

INTERNAL AUDITORS

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

SECRETARIAL AUDITORS

M/s Satyender Kumar & Associates, Gurugram

BANKERS

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

SHARE TRANSFER AGENT

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

TECHNICAL & FINANCIAL COLLABORATOR

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

REGISTERED OFFICE & WORKS

Gurugram Plant & Registered Office

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

Manesar Plant

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

Haridwar Plant

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

YEARLY FINANCIAL RESULTS AT A GLANCE

	March'18	March'17	March'16	March'15	March'14
Share Capital	799.93	799.93	799.93	799.93	799.93
Reserve & Surplus	56162.32	50466.90	44492.09	40272.34	34812.93
Total Shareholder's Funds	56962.25	51266.83	45292.02	41072.27	35612.86
Unsecured Loans	0.00	0.00	0	0.00	0.00
Secured Loan	0.00	0.00	0	0.00	0.00
Total Term Liability	0.00	0.00	0	0.00	0.00
Liabilities & Provisions	22367.92	16309.94	15661.41	20202.78	21,814.06
Total Assets / Liabilities	79330.17	67576.76	60953.42	61275.04	57426.91
Revenue from operations (Net Excise duty & GST)	160210.77	147724.69	150183.71	164296.67	159797.31
(% Growth year on year)	0.08	-0.02	-8.59%	2.82%	2.64%
Profit Before Interest Depn. & Tax (PBDIT)	13379.62	11707.16	11727.48	13542.34	11129.86
Profit Before Interest Depn. & Tax (PBDIT)-%	8.35	7.92	7.81	8.24	6.97
Interest	14.93	5.40	12.19	44.54	270.32
Depreciation	2824.46	2906.22	2929.84	2867.09	2840.99
Profit Before Tax (PBT)	10540.23	8795.55	8785.45	10630.71	8018.55
Profit After Tax (PAT)	7751.42	6071.33	6115.23	7562.89	6970.09
Earnings per Share (EPS) (Rs.)	19.38	14.14	15.29	18.91	17.43
Book Value per Share (Rs.)	142.42	128.18	113.24	102.69	89.03
Dividend payout %	# 225%	200%	200%	200%	175.00%
Dividend per share	# 4.5	4.00	4.00	4.00	3.50

Recommended by Board of Directors

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 33RD ANNUAL GENERAL MEETING OF THE MEMBERS OF MUNJAL SHOWA LIMITED WILL BE HELD ON WEDNESDAY, THE 26TH DAY OF SEPTEMBER 2018 AT 11:00 AM AT THE COMPANY'S REGISTERED OFFICE SITUATED AT 9-11, MARUTI INDUSTRIAL AREA, SECTOR-18, GURUGRAM-122015 (HARYANA) TO TRANSACT THE FOLLOWING BUSINESSES: -

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended March 31, 2018 including Audited Balance Sheet as at March 31, 2018 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, 2018 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 and Auditors thereon be and are hereby received, considered and adopted."

2. To declare a dividend on equity shares for the financial year ending 2017-18.

"RESOLVED THAT a final dividend of Rs. 4.5/- per equity share on 39,995,000 equity shares of Rs. 2/- each fully paid up for the financial year 2017-18 be and is hereby approved and declared."

3. To appoint a director in place of Mrs. Charu Munjal (DIN 03094545), who retires by rotation and being eligible offers herself for re-appointment.

"RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mrs. Charu Munjal (DIN 03094545), 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. To appoint a director in place of Mr. Yogesh Chander Munjal (DIN 00003491), who retires by rotation and being eligible offers himself for re-appointment.

"RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Yogesh Chander Munjal (DIN 00003491), who retires by rotation and being eligible offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company liable to retire by rotation."

5. To ratify the appointment of Statutory Auditors and to fix their remuneration.

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and pursuant to the resolution passed by the members at the 32nd Annual General Meeting for appointing M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Gurugram (Firm Registration No. 117366W/W-100018) as Statutory Auditors of the Company, for a term of five consecutive years, to hold office from the conclusion of 32nd Annual General Meeting until the conclusion of 37th Annual General Meeting of the Company, subject to annual ratification by members at every Annual General Meeting, on such remuneration as may be determined of the Board, the Company hereby ratifies and confirms the appointment of M/s. Deloitte Haskins & Sells LLP, as Statutory Auditors of the Company from the conclusion of 33rd Annual General Meeting until the conclusion of 34th Annual General Meeting of the Company (i.e. for the financial year ending 31st March, 2019) on such remuneration as may be decided by the Board in consultation with Auditors plus applicable tax and reimbursement of travelling and other out of pocket expenses incurred by them for the purpose of audit.

RESOLVED FURTHER THAT the annual ratification of appointment of Statutory Auditors at every annual general meeting, for their remaining term as aforesaid, shall be done, if so required under the Act.

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 Resolution as an Ordinary Resolution:

6. Appointment of Mr. Yasuhiro Yamamoto (DIN 08127304) as a Director of the Company

“RESOLVED THAT pursuant to the provisions of Sections 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Yasuhiro Yamamoto (DIN 08127304), who was appointed as an Additional Director by the Board of Directors of the Company in its meeting held on May 30, 2018 and who holds office up to the date of this Annual General Meeting be and is hereby appointed as a Director of the Company liable to retire by rotation.”

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

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

“RESOLVED THAT pursuant to the recommendations of the Nomination and Remuneration Committee, 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 thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and subject to the approval of the Central Government, if required, the Basic Salary payable to Mr. Shigeki Kobayashi (DIN 07626553), Joint Managing Director of the Company be increased to Rs. 16,00,000/- per month from the existing Rs. 13,50,000/- per month with effect from September 01, 2018 for the remaining period of his tenure.”

“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. Shigeki Kobayashi, Joint Managing Director in a particular Financial Year will be subject to the overall ceiling limit laid down in Section 197 read with Schedule V of the Companies Act, 2013 or such other amendments as may be prescribed at any point of time.”

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

8. Variation in the Terms of Appointment of Mr. Yogesh Chander Munjal (DIN 00003491), 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 Thirty Second Annual General Meeting held on August 24, 2017, 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 thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and subject to the approval of the Central Government, if required, the Basic Salary payable to Mr. Yogesh Chander Munjal (DIN 00003491), Managing Director of the Company be increased to Rs. 19,00,000/- per month from the existing Rs. 17,50,000/- per month with effect from September 01, 2018 for the remaining period of his tenure.”

“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. Yogesh Chander Munjal, Managing Director in a particular Financial Year will be subject to the overall ceiling limit laid down in Section 197 read with Schedule V of the Companies Act, 2013 or such other amendments as may be prescribed at any point of time.”

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

9. Re-appointment of Mr. Vinod Kumar Agrawal (DIN 00004463) as an Independent Director of the Company

“RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’) and the Companies (Appointment and Qualification of Directors) Rules, 2014, Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), on the recommendations of the Nomination and Remuneration Committee and Board, and the Nomination and Remuneration Policy of the Company, Mr. Vinod Kumar Agrawal (DIN 00004463), Independent Director of the Company, whose term of office shall expire on March 31, 2019 and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and being eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company for a term of five consecutive years with effect from April 1, 2019 to 31st March 2024, who shall not be liable to retire by rotation.

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

10. Re-appointment of Mr. Surinder Kumar Mehta (DIN 00002888) as an Independent Director of the Company

“RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’) and the Companies (Appointment and Qualification of Directors) Rules, 2014, Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), on the recommendations of the Nomination and Remuneration Committee and Board, and the Nomination and Remuneration Policy of the Company, Mr. Surinder Kumar Mehta (DIN 00002888), Independent Director of the Company, whose term of office shall expire on March 31, 2019 and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company for a term of five consecutive years with effect from April 1, 2019 to 31st March 2024, who shall not be liable to retire by rotation.

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

11. Re-appointment of Mr. Nand Lal Dhameja (DIN 02351762) as an Independent Director of the Company

“RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’) and the Companies (Appointment and Qualification of Directors) Rules, 2014, Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), on the recommendations of the Nomination and Remuneration Committee and Board, and the Nomination and Remuneration Policy of the Company, Mr. Nand Lal Dhameja (DIN 02351762), Independent Director of the Company, whose term of office shall expire on March 31, 2019 and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director and who has submitted a declaration that he meets the criteria for independence as provided

in Section 149(6) of the Act and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company for a term of five consecutive years with effect from April 1, 2019 to 31st March 2024, who shall not be liable to retire by rotation.

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

12. Re-appointment of Dr. Devi Singh (DIN 00015681) as an Independent Director of the Company

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014, Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), on the recommendations of the Nomination and Remuneration Committee and Board, and the Nomination and Remuneration Policy of the Company, Mr. Devi Singh (DIN 00015681), Independent Director of the Company, whose term of office shall expire on March 31, 2019 and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company for a term of five consecutive years with from April 1, 2019 to 31st March 2024, who shall not be liable to retire by rotation.

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

Place: Gurugram
Dated: May 30, 2018

By Order of the Board of Directors,
for **MUNJAL SHOWA LIMITED**

Registered Office:

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

SAURABH AGRAWAL
COMPANY SECRETARY
Membership No. A36163

NOTES:-

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

A person can act as proxy on behalf of members not exceeding fifty (50) in number and holding in the aggregate not more than ten percent (10%) of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other person or shareholder. Proxies in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than forty eight hours before the commencement of the Meeting. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

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

- 02) Corporate Members are required to send a certified copy of the Board Resolution, pursuant to Section 113 of the Companies Act, 2013, authorizing their representatives to attend and vote on their behalf at the Meeting.
- 03) A brief resume of each of the directors proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter se as stipulated under Regulation 36 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, and Clause 1.2.5 of Secretarial Standards-2 on General Meetings, are provided in Details of Directors seeking Appointment/ Reappointment at the Annual General Meeting (hereinafter referred as "AGM") is annexed herewith as Annexure A.
- 04) In terms of Section 152 of the Companies Act, 2013, Mrs. Charu Munjal & Mr. Yogesh Chander Munjal, retire by rotation at the Meeting and being eligible, offer themselves for re-appointment. The Board of Directors of the Company recommends their re-appointments. Brief resume of such directors is given in Annexure A.
- 05) The Explanatory Statement setting out the material facts concerning Special Business at Item Nos. 6 to 12 of the accompanying notice as required by Section 102 of the Companies Act, 2013, is annexed hereto.
- 06) Only bonafide members of the Company whose names appear on the Register of Members/Proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-members from attending the meeting.
- 07) 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, September 15, 2018 to Wednesday, September 26, 2018 (both days inclusive) for the purpose of 33rd AGM of the Company and for determining the entitlement of the shareholders for dividend for the financial year 2017-18, as may be approved by the Members at the meeting.
- 08) Members are requested to note that under Section 124 and Section 125 of Companies Act, 2013 (erstwhile Section 205A of the Companies Act, 1956) read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules) the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF) constituted by the Central Government of India. Further all shares, in respect of which dividends remain unclaimed for seven consecutive years or more, have been transferred to the IEPF.

The Company had, accordingly, transferred the unpaid and unclaimed dividend amount pertaining to dividend for financial year 2009-10 to the IEPF within the stipulated time period.

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

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

- 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) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, has mandated that for making dividend payments, companies whose securities are listed on the stock exchanges shall use electronic clearing services (local, regional or national), direct credit, real time gross settlement, national electronic funds transfer etc. The companies and the registrar and share transfer agents are required to seek relevant bank details of shareholders from depositories/ investors for making payment of dividends in electronic mode. It is also mandatory to print the bank details on the physical instrument if the payment is made in physical mode. Accordingly, shareholders are requested to provide or update (as the case may be) their bank details with the respective depository participant for the shares held in dematerialised form and with the registrar and share transfer agent in respect of shares held in physical form.
- 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 AGM. In order to enable us to register your attendance at the venue of the AGM, members are requested to please bring their folio number/ demat account number/DP ID-Client ID to enable us to provide a duly filled attendance slip for your signature and participation at the meeting.
- 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 showing directions for easy location to reach the venue of the 33rd AGM is annexed to the notice as per the requirement of the Secretarial Standards.
- 17) All the relevant documents referred to in the accompanying Notice and in the Explanatory Statement are open for inspection by the Members at the Company's Registered Office at Munjal Showa Limited, Plot No. 9 to 11, Maruti Industrial Area, Sector 18, Gurugram (HR) 122015 on all working days (except Sundays and Public Holidays) between 11.00 a.m. to 1.00 p.m. up to the date of this AGM and also at the AGM.
- 18) A member can inspect the proxies lodged at any time during the business hours of the Company from the period beginning 24 hours before the time fixed for the commencement of the AGM and ending with the conclusion of the said meeting, provided he has given to the Company a notice, in writing, of his intention to inspect not less than three days before the commencement of the said meeting.

VOTING THROUGH ELECTRONIC MEANS

In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation 2015, the 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 33rd 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 33rd 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. Saturday, August 25, 2018 have the option to request for physical copy of the Ballot Form by sending an e-mail to cs@munjalshowa.net by mentioning their Folio/DP-ID and Client-ID No. However, the duly completed Ballot Form should reach the Registered Office of the Company not later than one day before the General Meeting. Ballot Form received after this date will be treated as invalid. A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.

Members may also note that the Notice of the 33rd AGM and the Annual Report for FY 2017-18 will be available on the Company's website www.munjalshowa.net for their download and also on the website of Central Depository Services (India) Limited viz. www.evotingindia.com. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: cs@munjalshowa.net.

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

The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of Wednesday, September 19, 2018.

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

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

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

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

- i. The voting period begins on Sunday, September 23, 2018 at 9.00 a.m. and ends on Tuesday, September 25, 2018 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, September 19, 2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after 5.00 p.m. on Tuesday, September 25, 2018.
- ii. Members holding shares in physical or in demat form as on Wednesday, September 19, 2018 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. Eg. 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	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <p>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).</p>

- ix. After entering these details appropriately, click on "SUBMIT" tab.
- x. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- xi. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii. Click on the EVSN for the Munjal Showa Limited.
- xiii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiv. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

- xv. After selecting the Resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xvi. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvii. You can also take out print of the voting done by you by clicking on "Click here to print" option on the voting page.
- xviii. If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xix. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xx. Note for Non-Individual Shareholders & Custodians:
 - a. Non-Individual shareholders (i.e. other than Individuals, HUF and NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporate and Custodians respectively.
 - b. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - c. After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - d. The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - e. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xx. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com. The person, responsible to address the grievances connected with e-voting, is given below:

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

Place: Gurugram
Dated: May 30, 2018

By Order of the Board of Directors,
for **MUNJAL SHOWA LIMITED**

Registered Office:

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

SAURABH AGRAWAL
COMPANY SECRETARY
Membership No. A36163

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESSES PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013****Item No. 6**

The Board of Directors of the Company in its meeting held on May 30, 2018 has appointed Mr. Yasuhiro Yamamoto as an Additional Director of the Company w.e.f. May 30, 2018. A notice under Section 160 of the Companies Act, 2013 has been received for proposing the candidature of Mr. Yasuhiro Yamamoto as a Director of the Company.

Mr. Yasuhiro Yamamoto, aged 54 years, having 36 years of vast experience in technical field, completed his Graduation in Engineering from Japan. He started his career with Showa Corporation, Asaba Plant in 1982. He managed Business Planning office, Motorcycle and Hydraulic Components operation department. Recently he has been elevated by Showa Corporation as the General Manager of Business and Production Planning Division, Motorcycle and Hydraulic Components Operations.

Keeping in view that Mr. Yasuhiro Yamamoto has rich and varied experience in the Industry; it would be in the interest of the Company to consider the employment of Mr. Yasuhiro Yamamoto as the Director of the Company.

He is presently not holding the directorship of any Company.

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

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

Except Mr. Yasuhiro Yamamoto and his relatives, none of the Directors, Key Managerial Personnel (KMPs) and their relatives are interested /concerned either financially or otherwise, except to the extent of their shareholding in the Company, in the Resolution under Item No. 6 of the notice.

Mr. Yasuhiro Yamamoto does not hold any equity shares in the Company.

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

Item No. 7

Under the leadership of Mr. Shigeki Kobayashi, 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. Shigeki Kobayashi towards the growth of the Company and the job responsibilities handled by the Joint Managing Director in the challenging environment, and on the basis of the recommendations of the Nomination and Remuneration Committee, your Board of Directors have, by passing a Resolution in their meeting held on May 30, 2018, revised the basic salary of Joint Managing Director to Rs. 16,00,000/- per month from the existing Rs. 13,50,000/- per month from September 01, 2018 for the remaining period of his tenure. All other terms and conditions of his appointment including allowances, perquisites and benefits will remain same.

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

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

Except Mr. Shigeki Kobayashi and his relatives, none of the Director, Key Managerial Personnel (KMPs) and their relatives are interested /concerned either financially or otherwise, except to the extent of their shareholding in the Company, in the Resolution under Item No. 7 of the notice. Mr. Shigeki Kobayashi does not hold any equity shares in the Company.

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

Item No. 8

Mr. Yogesh Chander Munjal, aged 78 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 Gurugram Industrial Association, Chairman of CII (Haryana Committee) and Chairman of Haryana Chamber of Commerce and Industry, Gurugram.

He is a member of the Alumni Assn. of University, Roorkee and India Habitat Centre. He is senior active member of Rotary Club of Delhi 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, Gurugram.

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

The Members had approved the basic salary of Mr. Yogesh Chander Munjal - Managing Director as Rs. 17, 50, 000/- p.m. with effect from September 01, 2017 in the Thirty Second Annual General Meeting held on August 24, 2017. Under the leadership of Mr. Yogesh Chander Munjal, the Company has grown since his appointment inspite of the challenging environment. In view of the vast experience and valuable contribution made by Mr. Yogesh Chander Munjal towards the growth of the Company and the job responsibilities handled by the 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 30, 2018, revised the basic salary of Managing Director to Rs. 19,00,000/- per month from the existing Rs. 17,50,000/- per month with effect from September 01, 2018 for the remaining period of his tenure. All other terms and conditions of his appointment including allowances, perquisites and benefits will remain same.

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

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

Except Mr. Yogesh Chander Munjal and Mrs. Charu Munjal or their relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, except to the extent of their shareholding in the Company, in the resolution set out at item no. 8 of the notice.

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

The Board recommends the resolution as set out in Item No. 8, to the members for their approval as special resolution.

Item No. 9, 10, 11 & 12

Mr. Vinod Kumar Agrawal, Mr. Surinder Kumar Mehta, Mr. Nand Lal Dhameja and Mr. Devi Singh, were appointed as Independent Directors on the Board of the Company pursuant to the provisions of Section 149 of the Companies Act, 2013 (hereinafter referred as "Act") read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the erstwhile Clause 49 of the Listing Agreement with the stock exchanges at 29th AGM of the Company held on August 28, 2014 to hold the office for a term of five consecutive years w.e.f. April 1, 2014 to March 31, 2019. Therefore, their current term shall expire on March 31, 2019.

Section 149(10) of the Act provides that an independent director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the company and disclosure of such appointment in its Board's report. Section 149(11) provides that an independent director may hold office for up to two consecutive terms.

The Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation of Independent Directors, has recommended the reappointment of Mr. Devi Singh, Mr. Vinod Kumar Agrawal, Mr. Surinder Kumar Mehta and Mr. Nand Lal Dhameja as Independent Directors of the Company for a second term of 5 (five) consecutive years on the Board of the Company with effect from April 1, 2019 to 31st March 2024.

The Board, based on the performance evaluation of Independent Directors, the Nomination and Remuneration Policy of the Company and as per the recommendation of the Nomination and Remuneration Committee, considers that, given their background and experience and contributions made by them during their tenure, the continued association of Mr. Devi Singh, Mr. Vinod Kumar Agrawal, Mr. Surinder Kumar Mehta & Mr. Nand Lal Dhameja would be beneficial to the Company and it is desirable to continue to avail their services as Independent Directors. Accordingly, it is proposed to re-appoint Mr. Devi Singh, Mr. Vinod Kumar Agrawal, Mr. Surinder Kumar Mehta and Mr. Nand Lal Dhameja as Independent Directors of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company.

Section 149 of the Act and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") inter alia prescribe that an independent director of a company shall meet the criteria of independence as provided in Section 149(6) of the Act.

Mr. Devi Singh, Mr. Vinod Kumar Agrawal, Mr. Surinder Kumar Mehta and Mr. Nand Lal Dhameja are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has received a notice in writing Section 160 of the Act proposing the candidature of Mr. Devi Singh, Mr. Vinod Kumar Agrawal, Mr. Surinder Kumar Mehta and Mr. Nand Lal Dhameja, for the office of Director of the Company.

The Company has received declarations from Mr. Devi Singh, Mr. Vinod Kumar Agrawal, Mr. Surinder Kumar Mehta and Mr. Nand Lal Dhameja that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and applicable provisions of the Listing Regulations. In the opinion of the Board, Mr. Devi Singh, Mr. Vinod Kumar Agrawal, Mr. Surinder Kumar Mehta and Mr. Nand Lal Dhameja fulfill the conditions for appointment as Independent Directors as specified in the Act and the Listing Regulations.

Mr. Devi Singh, Mr. Vinod Kumar Agrawal, Mr. Surinder Kumar Mehta and Mr. Nand Lal Dhameja are independent of the management.

Details of Directors whose re-appointment as Independent Directors is proposed at Item Nos. 9, 10, 11 and 12 of the Notice, are provided in the "Annexure A" to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings, issued by the Institute of Company Secretaries of India.

Copy of draft letters of appointment of Mr. Devi Singh, Mr. Vinod Kumar Agrawal, Mr. Surinder Kumar Mehta & Mr. Nand Lal Dhameja setting out the terms and conditions of appointment are available for inspection by the members at the registered office of the Company. The said terms and conditions are also available at the Company's website www.munjalshowa.net.

Mr. Devi Singh, Mr. Vinod Kumar Agrawal, Mr. Surinder Kumar Mehta and Mr. Nand Lal Dhameja being the proposed appointees are interested in the resolutions set out respectively at Item Nos. 9, 10, 11 and 12 of the Notice with regard to their respective re-appointments. The relatives of Mr. Devi Singh, Mr. Vinod Kumar Agrawal, Mr. Surinder Kumar Mehta & Mr. Nand Lal Dhameja may be deemed to be interested in the respective resolutions to the extent of their shareholding interest, if any, in the Company. None of the other directors and Key Managerial Personnel (KMPs) of the Company and their relatives is concerned or interested, financially or otherwise, except to the extent of their shareholding in the Company, in the respective resolutions set out at item no. 9, 10, 11 and 12 of the notice.

The Board recommends the resolutions as set out in Item Nos. 9, 10, 11 and 12, to the members for their approval as special resolutions.

Profile of Dr. Devi Singh

Devi Singh is currently the Vice Chancellor of FLAME University, Pune. He was Director of the Indian Institute of Management, Lucknow ("IIML") for more than ten years. Before joining IIML, he was a Director of Management Development Institute (MDI) Gurugram for Four and half years. He is a well-known Professor of International Finance and Management. He is recognized as one of the top Academic Leaders in India who has created and transformed Institutions

of higher learning. IIM, Lucknow and MDI took major strides and made all round progress under his dynamic leadership. Before joining MDI, he was a Visiting Full Professor at the Faculty of Management, McGill University, Canada for five years. He has been a Ford Foundation and UNDP Fellow (International Management Education). He has been a Visiting Faculty at the International Centre for Public Enterprises, Slovenia. ESCP Europe, SKK Graduate School of Business, Seoul, and Kelly School of Business, Indiana. He is an alumnus Fellow of the Institute of World Affairs, Connecticut. He has taught at leading Business Schools in India. He is an author of three books in Finance and Management and he has been a consultant to leading Indian and multinational organizations in India. He has been a Member of Boards/Executive Councils of Indian Institute of Management, Kozikhode, Narsee Monjee Institute of Management Studies, Mumbai, Indian Institute of Mass Communication, New Delhi, NITTIE, Mumbai, Ambedkar University, Lucknow, Jamia Islamia University, New Delhi, Tejpur University, Tejpur, University of Allahabad, Allahabad and two new Central Universities. Mentor and Founder Director, IIM Rohtak(2010-11) and IIM Kashipur (2011-12). He has served as Member on the RBI's Appointments Board for two years (2011-12). He was on the Board of India Fulbright for two years (2005-07) and has recently been nominated on the International Accreditation Advisory Board of Association of MBAs for three years. He was the President of Association of Indian Management Schools in 2006-07, and Member the All India Board of Management Studies of AICTE for six years (2000-2006). He has served on many corporate Boards and is currently on the Board of Governors of some of the leading Public and Private Sector companies. He has received several awards including ISTE National Fellow (2007), UP Ratan (2008), Best Director of a Business School (1999), Ravi J Mathai Fellow (2013), and Bharat Ashmita Award (2013). He holds Ph.D. in International Finance from Indian Institute of Management, Ahmedabad (1984)

Profile of Mr. Vinod Kumar Agrawal

Mr. Agrawal aged 75 years was born on May 14, 1943, is a graduate in commerce and law from University of Lucknow. He topped Lucknow University in LLB and LLM examination and was awarded five Gold Medals. He cleared Civil services exams of UPSC in 1966 and joined Indian Customs and Excise services in 1967. He served the prestigious positions in the Government of India. He served as member of Custom Excise and Service Tax Appellate Tribunal. He also served as Chairman of two members committee for simplification of excise procedures. He as a member of CEGAT (now termed as CESTAT) passed various judicial orders resolving disputes on classification, valuation, CENVAT credit, refunds etc. He was awarded by the President of India for "DISTINGUISHED RECORD OF SERVICE" on Republic Day in 1998.

Profile of Mr. Dhameja

Mr. Dhameja aged 78 years was born on December 12, 1939 is a Fellow (Ph.D), Indian Institute of Management, Ahmedabad and M.Com. University of Delhi, Delhi. He is currently Adjunct Professor Management Development Institute, Gurugram. He earlier worked as Professor MDI, Professor, Indian Institute of Public Administration, New Delhi; Chief Consultant and Director Finance- National Productivity Council New Delhi, Faculty, Institute of Chartered Accountant of India, New Delhi; Faculty, Constituent College, University of Delhi, Delhi

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

Profile of Mr. Surinder Kumar Mehta

Mr. Mehta aged 83 years Born on December 6, 1934 at Peshawar (Pakistan) in the family of educationists. He graduated from A S College, Khanna in 1954 and passed out from Punjab University Law College, Jalandhar with high merit in 1957, Enrolled as advocate of Punjab and Haryana High Court, Chandigarh in 1959. He received intensive training in taxation/accounts from M/s Vasudev & Co., Income Tax Advisors, New Delhi and M/s K C Khanna, Chartered Accountants, New Delhi. Joined Hero Group in 1962 with responsibility for group accounts, internal audit, taxation, finance and legal matters and retired from this position in December 2003 as Sr. Vice President. He is Trustee cum General Secretary of Sant Ashram Dhablan Trust (District Patiala) since 1976 and Gurudwara Karamsar Rara Sahib Trust since 1978 and general secretary of Sant Ishar Singh Ji Memorial Public School, Karamsar since 1985. He is looking after as manager since 1995, all educational institutions run by Lala Bahadur Chand Munjal Foundation, Ludhiana, which have student strength of 14000.

Place: Gurugram
Dated: May 30, 2018

By Order of the Board of Directors,
for **MUNJAL SHOWA LIMITED**

Registered Office:

9-11, Maruti Industrial Area
Sector- 18, Gurugram, Haryana - 122 015

Email: cs@munjalshowa.net

Website: www.munjalshowa.net

CIN: L34101HR1985PLC020934

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

SAURABH AGRAWAL
COMPANY SECRETARY
Membership No. A36163

Annexure A

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

Name of the Director	Mr. Devi Singh	Mr. Vinod Kumar Agrawal	Mr. Nand Lal Dhameja	Mr. Surinder Kumar Mehta	Mr. Yogesh Chander Munjal	Mrs. Charu Munjal	Mr. Yasuhiro Yamamoto	Mr. Shigeki Kobayashi
DIN	00015681	00004463	02351762	00002888	0003491	03094545	08127304	07626553
Date of Birth & age	02/09/1952 65 Years	14/05/1943 75 Year	12/12/1939 78 Year	06/12/1934 83 Year	13/02/1940 78 Years	04/06/1972 45 Year	18/10/1963 54 Year	03/04/1964 53 Years
Qualification	Ph.D. in International Finance from Indian Institute of Management, Ahmedabad (1984)	Graduate in commerce and law from University of Lucknow	Fellow (Ph.D), Indian Institute of Management, Ahmedabad and M.Com. University of Delhi	Law Graduate Punjab University Law College, Jalandhar	B. Arch.	Diploma in Textile Designing from Banaras Hindu University	Graduate	Graduation from Hamamatsu Technical High School, Shizuoka Prefecture, Japan.
Experience and Expertise	39 Year teaching, training, research and academic administration and recognized as a leading institution builder	51 Year in Legal Fields & Management	Vast experience in research, consultancy, finance, management accounting, public enterprises management, public budgeting and financial management	Rich experience in Accounts, Taxation & Legal Advisory	54 years of experience in the field of engineering industry, investment, finance and auto component	Exposure in creative designing and marketing field.	36 years of experience in the field of engineering industry and auto component	35 years' experience in technical field
Remuneration proposed to be paid	Nil (Except Sitting Fee)	Nil (Except Sitting Fee)	Nil (Except Sitting Fee)	Nil (Except Sitting Fee)	Provided in CG Report	Nil (Except Sitting Fee)	Nil	Provided in CG Report
Date of first appointment on the Board	23/09/2008	29/07/2005	23/09/2008	23/09/2008	16/05/1985	23/05/2014	30/05/2018	26/10/2016
Number of Meetings of the Board attended during the year	Details mentioned in the Corporate Governance report.	Details mentioned in the Corporate Governance report.	Details mentioned in the Corporate Governance report.	Details mentioned in the Corporate Governance report.	Details mentioned in the Corporate Governance report.	Details mentioned in the Corporate Governance report.	NA	Details mentioned in the Corporate Governance report.

Name of the Director	Mr. Devi Singh	Mr. Vinod Kumar Agrawal	Mr. Nand Lal Dhameja	Mr. Surinder Kumar Mehta	Mr. Yogesh Chander Munjal	Mrs. Charu Munjal	Mr. Yasuhiro Yamamoto	Mr. Shigeki Kobayashi
Directorships held in other companies	1 MAHINDRA AEROSPACE PRIVATE LIMITED 2 INTUIT CONSULTING PRIVATE LIMITED 3 ENERGY INFRATECH PRIVATE LIMITED 4 NATIONAL INSTITUTE OF FOOD TECHNOLOGY ENTREPRENEURSHIP & MANAGEMENT 5 FUTURE GENERALI INDIA LIFE INSURANCE COMPANY LIMITED 6 MUNJAL SHOWA LIMITED 7 FUTURE GENERALI INDIA INSURANCE COMPANY LIMITED	Nil	Nil	1. SUNBEAM AUTO PRIVATE LIMITED 2. SUNGLOW INDUSTRIES PRIVATE LIMITED 3. A AND N AUTOCAST PRIVATE LIMITED	HERO CYCLES LIMITED DAYANAND MUNJAL INVESTMENTS PVT LTD	SHIVAM AUTOTECH LIMITED	NIL	Nil
Board Membership of Listed Companies as on March 31, 2018	Munjal Showa Limited	Munjal Showa Limited	Munjal Showa Limited	Munjal Showa Limited	Munjal Showa Limited	Munjal Showa Limited Shivam Autotech Limited	Munjal Showa Limited	Munjal Showa Limited

Name of the Director	Mr. Devi Singh	Mr. Vinod Kumar Agrawal	Mr. Nand Lal Dhameja	Mr. Surinder Kumar Mehta	Mr. Yogesh Chander Munjal	Mrs. Charu Munjal	Mr. Yasuhiro Yamamoto	Mr. Shigeaki Kobayashi
Chairman/Member of the Committee of the Board of directors as on March 31, 2018	Member of Audit Committee & Nomination and Remuneration Committee in Munjal Showa Limited.	Audit Committee-Chairman Nomination and Remuneration Committee-Member CSR Committee-Member In Munjal Showa Limited	Munjal Showa Limited-Member in Audit Committee & Chairman in Share Transfer/ Stakeholders Relationship Committee	Munjal Showa Limited-Chairman in Nomination and Remuneration Committee	Member of Stakeholders Relationship Committee & Chairman of CSR Committee of Munjal Showa Limited Member of Audit Committee and Nomination and Remuneration Committee of Hero Cycles Limited	Member of CSR Committee in Shivam Autotech Ltd.	NIL	Munjal Showa Limited-Member of Share Transfer/ Stakeholders Relationship Committee & Member of CST Committee
Number of Shares held in the Company as on March 31, 2018	Nil shares in Munjal Showa Limited	Nil shares in Munjal Showa Limited	Nil shares in Munjal Showa Limited	2000 Equity Shares of the Company with the joint name of his wife.	Nil shares in Munjal Showa Limited	Nil shares in Munjal Showa Limited	Nil shares in Munjal Showa Limited	Nil shares in Munjal Showa Limited
Relationship with other directors, manager and other Key Managerial Personnel of the company	NIL	NIL	NIL	NIL	Father in Law of Mrs. Charu Munjal	Daughter-In-Law of Mr. Yogesh Chander Munjal	NIL	NIL

Name of the Director	Mr. Devi Singh	Mr. Vinod Kumar Agrawal	Mr. Nand Lal Dhameja	Mr. Surinder Kumar Mehta	Mr. Yogesh Chander Munjal	Mrs. Charu Munjal	Mr. Yasuhiro Yamamoto	Mr. Shigeki Kobayashi
Terms and Conditions of appointment or re-appointment along with details of remuneration sought to be paid and remuneration last drawn by such person	As per Nomination and Remuneration Policy of the Company as displayed on the Company's website viz. (http://www.munjalshowa.net/wp-content/uploads/2015/05/Nomination-And-Remuneration-Policy1.pdf) 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	As per Nomination and Remuneration Policy of the Company as displayed on the Company's website viz. (http://www.munjalshowa.net/wp-content/uploads/2015/05/Nomination-And-Remuneration-Policy1.pdf) 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	As per Nomination and Remuneration Policy of the Company as displayed on the Company's website viz. (http://www.munjalshowa.net/wp-content/uploads/2015/05/Nomination-And-Remuneration-Policy1.pdf) 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	As per Nomination and Remuneration Policy of the Company as displayed on the Company's website viz. (http://www.munjalshowa.net/wp-content/uploads/2015/05/Nomination-And-Remuneration-Policy1.pdf) 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	As per Nomination and Remuneration Policy of the Company as displayed on the Company's website viz. (http://www.munjalshowa.net/wp-content/uploads/2015/05/Nomination-And-Remuneration-Policy1.pdf) Details of the remuneration drawn by such person, is mentioned in the Corporate Governance report	As per Nomination and Remuneration Policy of the Company as displayed on the Company's website viz. (http://www.munjalshowa.net/wp-content/uploads/2015/05/Nomination-And-Remuneration-Policy1.pdf) 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	As per Nomination and Remuneration Policy of the Company as displayed on the Company's website viz. (http://www.munjalshowa.net/wp-content/uploads/2015/05/Nomination-And-Remuneration-Policy1.pdf) 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	As per Nomination and Remuneration Policy of the Company as displayed on the Company's website viz. (http://www.munjalshowa.net/wp-content/uploads/2015/05/Nomination-And-Remuneration-Policy1.pdf) Details of the remuneration drawn by such person, is mentioned in the Corporate Governance report

BOARD'S REPORT

Dear Members,

Your Directors have great pleasure in presenting the 33rd Annual Report together with the Audited Statement of Accounts for the financial year ended March 31, 2018.

FINANCIAL RESULTS AND APPROPRIATIONS

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

	<u>Year Ended</u>	<u>(Rs. In lakhs)</u> <u>Year Ended</u>
	<u>31.03.18</u>	<u>31.03.17</u>
Sales and other Income (Net of Excise Duty and GST)	160,210.77	147,724.69
Profit before Interest, Depreciation & Tax	13,379.62	11,707.15
Financial Cost	14.93	5.40
Depreciation	2,824.46	2,906.20
Profit before Tax	10,540.23	8,795.55
Tax Expenses		
Current tax	3,110.23	3,108.91
Deferred tax	(321.42)	(384.69)
Total Tax Exp	2,788.81	2,724.22
Profit after Tax	7,751.42	6,071.33
Other comprehensive income net of taxes	(130.52)	(205.23)
Adjustment to deferred tax liability	-	(89.79)
Total Comprehensive Income	7,620.90	5,776.31
Net Profit brought forward	24,559.05	18,782.74
Profit available for appropriation	32,179.95	24,559.05
Dividend payment	1,599.80	-
Dividend Tax	325.68	-
Transfer to General Reserve	2,000.00	-
Surplus Available	28,254.47	24,559.05

OPERATIONS & STATE OF THE COMPANY'S AFFAIRS

The Company has achieved a sales turnover, including other income (Net of Excise Duty), of Rs. 160,210.77 lakhs vis-à-vis Rs. 147,724.69 lakhs in the previous year. The profit before tax in the current year was at Rs. 10,540.23 Lakhs as compared to Rs. 8,795.55 lakhs in the previous year.

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

CREDIT RATING

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

	(In lakhs)
INR 6850 Long-Term Loans	AA/Stable (Reaffirmed)
INR 3000 Cash Credit	AA/Stable (Reaffirmed)
INR 4350 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. 2,000/- lakhs to General Reserve before recommending the final dividend. The balance amount of Rs. 28,254.47 lakhs (Previous year Rs. 24,559.05 lakhs) will be retained as surplus in the statement of Profit and Loss.

DIVIDEND

Your directors are pleased to recommend a dividend of 225 per cent (i.e. Rs. 4.5/- per equity share of Rs. 2/- each fully paid up) for the financial year ended March 31, 2018 amounting to Rs. 1,799.78 lakhs. Dividend will be tax free in the hands of shareholders, as the Company will bear the dividend distribution tax of Rs. 369.95 lakhs. The dividend, if approved, at the Annual General Meeting (hereinafter refer as "AGM") shall be payable to the shareholders registered in the books of the Company and the beneficial owners whose names are furnished by the depositories, determined with reference to the book closure from Saturday, September 15, 2018 to Wednesday, September 26, 2018 (both days inclusive).

SHARE CAPITAL & DEBENTURES

The authorized share capital of the Company is Rs. 15,00,00,000 (Rupees Fifteen Crores only) divided into 7,50,00,000 (Seven Crores Fifty Lakh) equity shares of Rs. 2 (Rupees Two) each. The paid up Share Capital of the Company as on March 31, 2018 was Rs. 7,99,92,500 (Rupees Seven Crore Ninety Nine Lakhs Ninety Two Thousand Five Hundred only).

During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity. The Company has not accepted or repaid any Debentures, Preference Share, Bond and Security during the financial year, and none of the Directors of the Company hold any shares or security of the Company. The Company does not have any Debentures, Preferential Shares as on March 31, 2018.

FINANCE

Cash and cash equivalent as at March 31, 2018 was Rs. 1912 lakhs. The Company continues to focus on judicious management of its working capital. Receivables, inventories and other working capital parameters were kept under strict check through continuous monitoring.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The company has neither given any guarantee nor provided any security covered under the provision of Section 186 of the Companies Act, 2013. The Company has made investments in Mutual funds and given loan/advance to its vendors during ordinary course of business. Please refer note numbers 5A and 5B to the financial statements. As per policy of loans to employees of the Company, during the year the Company provided an interest free loan amounting to Rs. 40,000/- to Mr. Saurabh Agrawal-Company Secretary & Key Managerial Person of the Company.

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.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the Financial Year under review, your Company has transferred unpaid/ unclaimed dividend, amounting to Rs. 4.89 Lakhs for FY 2009-10 to the Investor Education and Protection Fund (IEPF) of the Central Government of India.

AUDITORS

At 32nd AGM of the Company, the members of the Company appointed M/s Deloitte Haskins & Sells LLP as a statutory auditor of the Company for the period of 5 years, who hold office up to the conclusion of the 37th AGM of the Company. In compliance with the applicable provisions of the Companies Act, 2013 and the rules made thereunder read with the statutory modification(s) or re-enactment(s) thereof, for the time being force, the Board recommends for ratification of the appointment of M/s Deloitte Haskins & Sells LLP as the Statutory Auditors of the Company. The Statutory Auditors have consented for the said ratification of appointment and confirmed their eligibility under Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

The Report given by the Auditors, M/s Deloitte Haskins & Sells LLP, Chartered Accountants, Gurugram, on the financial statements of the Company for the financial year 2017-18, is part of the Annual Report. There are no qualifications, reservation, adverse remark, observations, comments or disclaimer given by the Auditors in their Report.

Further, with regard to section 134(3)(ca) of the Companies Act, 2013, no frauds have been reported by the auditors under section 143(12) of the said Act.

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 are no qualifications, reservation, adverse remark, observations, comments or disclaimer given by the Auditors in their Report except two e-forms were filled with additional fees due to administrative reason with Ministry of Corporate Affair.

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 thereunder 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, 2018, is annexed hereto and forms part of this Report. **Annexure-E**

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

In terms of provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Corporate Social Responsibility (hereinafter referred as 'CSR') Committee has formulated a CSR Policy indicating the activities to be undertaken by the Company. The constitution of CSR Committee is disclosed in Corporate Governance Report.

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

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

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

The Company has incurred the CSR expenditure of Rs. 112.67 lakhs during the current financial year being about 61.04 % of Rs. 184.59 Lakh, to be spent during the year. The shortfall of Rs. 71.92 Lakh, being 38.96% of the required expenditure on CSR was due to non-identification of appropriate projects / activities / programmes in line with the CSR policy of the Company. The CSR activities of the Company are approved by the Board and few new initiatives have been proposed that may be considered in future. For the subsequent years, the Company endeavours to spend the budgeted CSR expenditure in accordance with the statutory requirements.

MATERIAL CHANGES AND COMMITMENTS

There are no material changes and commitments affecting the financial position of the Company 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.

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 21 types of Losses & converts them into Profit. We are able to reduce Repair & Maintenance Cost.

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

Lean TPM Activities:

We have clubbed TPM with lean manufacturing system. Thru Lean we are able to focus & control 7 types of wastes. Our Company has conducted Lean Manufacturing System (Value Stream Mapping) Work Shop through JMAC Japan. We have converted huge & complicated machines by using TPM & Lean Concepts. These machines consume very less Electricity, occupy less space, take very less inputs like consumables, manpower, tools, oils, compressed air, less set-up time, less cycle time, etc. These machines are 10S Machines (Safe, Simple, Small, Slim, Speed, Smart, Sturdy, Superb, Sushil & Sunder and help us in reducing Cost of manufacturing. So far we are able to manufacture more than 750 machines In-House with Lean TPM Concept inclusive of many CNC Machines.

ISO/TS 16949 ACCREDITATION

Your Company's manufacturing facilities are located at Gurugram, Haridwar and Manesar and we continue to maintain and uphold the prestigious **ISO/TS 16949:2009, ISO 14001:2004 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, prevention of rear misses and to ensure maximized customer delight.

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 of SEBI (LODR) Regulations, 2015, the Annual Listing fees for the year 2018-19 has been paid to them well before the due date i.e. April 30, 2018. Annual Custody/Issuer fee for the year 2018-19 has also been paid by the Company to NSDL and CDSL.

HUMAN RESOURCES

Promoting Human Resources management is the strength of our Company and over a period of time, we have changed our vision of employees from "Human Resources Management" to "Human Capital Management".

Your Company believes that employees form the fulcrum of growth and differentiation for the organization. The Company recognizes that people are its principal assets and that its continued growth is dependent upon the Company's ability to attract and retain quality people. The total headcounts were 3302 at the end of the year as compared to 3058 of the previous year. The Company encourages long-term commitment to the Company by rewarding its people for the opportunities they create and the value generated for customers and shareholders. The Company conducts several employee engagement and training programmes to upgrade the skills of the workforce and generate specialist in quality, maintenance and manufacturing. As desired by the Govt. of India we have started NEEM Scheme and NAPS Scheme in order to enhance the technical skill level of our unemployed youths.

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

BUSINESS RISK MANAGEMENT

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

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

The Board has identified following risks:-

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

The website link is given below:

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

RECOMMENDATION OF THE AUDIT COMMITTEE

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

CHANGES IN THE NATURE OF BUSINESS

There is no change in the nature of the business of the Company during the Financial Year 2017-18.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Masanao Matsui ceased to be a director of the Company w.e.f. May 19, 2017.

During the period 2017-18, Mr. Ashok Kumar Munjal was the director liable to retire by rotation and being eligible, he had offered himself for re-appointment before the shareholder at 32nd AGM of the Company. The shareholder confirmed his appointment at the 32nd AGM of the Company.

At the 32nd Annual General Meeting of the Company, the members confirmed the appointment of Mr. Kobayashi as Joint Managing Director of the Company.

Mr. Teruyoshi Sato was appointed as an additional director of the Company w.e.f. May 19, 2017. Further, he was appointed as a Non-Executive Director of the Company, liable to retire by rotation u/s 152 of the Companies Act, 2013, at the 32nd AGM of the Company.

At the 32nd AGM of the Company, the members approved the variation in the terms of appointment of Mr. Yogesh Chander Munjal and Mr. Shigeki Kobayashi w.e.f. September 01, 2017.

The Board of Directors in its meeting held on May 30, 2018, after considering the recommendation of Nomination and Remuneration Committee, recommended to the shareholders to approve the variation in the terms of appointment of Mr. Yogesh Chander Munjal, Managing Director and Mr. Shigeki Kobayashi, Joint Managing Director of the Company w.e.f. September 1, 2018.

Mr. Yogesh Chander Munjal and Mrs. Charu Munjal are liable to retire by rotation at the ensuing AGM. And being eligible they offered themselves for re-appointment.

The Board of Directors in its meeting held on May 30, 2018, after considering the recommendation of Nomination and Remuneration Committee, recommended to the shareholders, the re-appointment of Mr. Devi Singh, Mr. Vinod Kumar Agrawal, Mr. Nand Lal Dhameja and Mr. Surinder Kumar Mehta as Independent Directors of the Company for a second term of 5 (five) consecutive years on the Board of the Company w.e.f. April 01, 2019 to March 31, 2024, as special resolution at the ensuing AGM.

Further Mr. Yasuhiro Yamamoto has been appointed as an additional director of the Company w.e.f. May 30, 2018. The Board, after considering the recommendations of Nomination and Remuneration Committee, recommends his appointment as a Non-Executive Director of the Company, liable to retire by rotation u/s 152 of the Companies Act, 2013, before the shareholder at the 33rd AGM of the Company.

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

Mr. Teruyoshi Sato has resigned as Director of the Company w.e.f. May 30, 2018. The Board placed its appreciation for the valuable services rendered by Mr. Teruyoshi Sato during his tenure as Director of the Company.

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

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

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

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

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

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 and the Risk Management Committee (non-mandatory committee). A detailed note on the composition of the Board and its committees is provided in the corporate governance report, which forms a part of the Board Report.

SUBSIDIARY COMPANIES, JOINT VENTURES OR ASSOCIATE COMPANIES

During the financial year 2017-18, the Company neither has any subsidiary, joint venture or associate company, nor has any company become or ceased to be its subsidiary, joint venture or associate company.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the other committees of the Board 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 silent feature of the Nomination and Remuneration Policy has been provided in this Report as **Annexure-G**. During the Financial Year 2017-18, no changes or amendments were made in such policy. The Nomination and Remuneration Policy is available on our website at <http://www.munjalshowa.net/wp-content/uploads/2015/05/Nomination-And-Remuneration-Policy1.pdf>.

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 four 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:

- a. that in the preparation of the annual accounts for the Financial Year ended March 31, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. 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, 2018 and of the Profit of your Company for the Financial Year ended March 31, 2018;
- c. 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;
- d. that the annual accounts for the Financial Year ended March 31, 2018 have been prepared on a going concern basis;
- e. 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
- f. 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 transactions except the loan to Mr. Saurabh Agrawal, 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. Hence, requirement of Form AOC-2 as required under section 188(1) of the Companies Act, 2013 is not applicable to the Company for all the transactions except the loan provided to Company Secretary.

The Company generally provided interest free loan to all its permanent employees and workers. As per the same, the Company has provided interest free loan of Rs. 40000 to Mr. Saurabh Agrawal, KMP of the Company. The form AOC-2 in respect of such transaction has been provided as **Annexure H**.

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

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

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

None of the Independent 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, comment, observation or disclaimer made by the auditor in his report and the company secretary in practice in his secretarial audit report except two e-forms were filled with additional fee to ROC due to administrative reason.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

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

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

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

The Companies Act, 2013 has introduced under Section 143(3)(i) stating that the statutory auditors of the Company shall include in his audit report whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls in addition to the reporting by Board of Directors in director's responsibility statement. The concept of reporting on internal financial controls is still new in India. This new reporting requirement has thrown up many challenges. The Company has developed the internal financial control processes and that was vetted by the internal auditors during the year. The same has also been verified by the statutory auditors and who have reported that all the material Internal financial controls exist during the financial year 2017-18.

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

COMPLIANCE OF THE SECRETARIAL STANDARDS

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively

GENERAL

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

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

SEXUAL HARASSMENT POLICY

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

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

Various workshops or awareness programme w.r.t. sexual harassment has been carried out during the FY. 2017-18.

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: Gurugram
Date: May 30, 2018

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

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

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, 2018.

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

Kotak Committee on Corporate Governance

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

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

The Board plays a pivotal role in ensuring that the Company runs on sound and ethical business practices and that its resources are utilized for creating sustainable growth and societal wealth. The Board operates within the framework of a well-defined responsibility matrix which enables it to discharge its fiduciary duties of safeguarding the 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; three directors, including one woman director, are non-executive and five directors are Non-Executive Independent directors. The independent Director of the Company is not serving as independent Director in more than seven Listed Companies. The Chairman of the Board is an executive director.

The Board and its Committees formulate policy decisions, so as to lead and control the affairs of the Company. The Composition of the Board is in conformity with the provisions of the SEBI (LODR) Regulations, 2015. No Director is a member of more than 10 Committees (Audit Committees and Stakeholders' Relationship Committees) or acts as Chairperson of more than 5 Committees (Audit Committees and Stakeholders' Relationship Committees) across all 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 2017-18 are as follows:

Name of Director	Number of Board Meetings held during their tenure and attended by them during the year ended March 31, 2018		Attendance at last AGM dated August 24, 2017 for the FY 2016-17	Number of memberships in Audit/ Stakeholders Relationship Committee(s) Including Munjal Showa Limited (Refer Regulation 26(1) of the Listing Regulations)	Number of post of Chairperson on in Audit/ Stakeholders Relationship Committee(s) in listed entities including this listed entity (Refer Regulation 26(1) of the Listing Regulations)	Number of Directorship(s) held in Indian Companies (Including Munjal Showa Limited)	Date of joining the Board
	Held	Attended					
Executive & Promoter Directors							
Mr. Yogesh Chander Munjal	4	4	Yes	2	None	3	16/05/1985
Mr. Shigeki Kobayashi	4	4	Yes	1	None	1	26/10/2016
Non-Executive Directors							
Mr. Ashok Kumar Munjal	4	2	No	3	None	14	02/01/1989
Mr. Masanao Matsui 1	1	1	NA	NA	NA	NA	22/05/2015
Mrs. Charu Munjal (Woman Director)	4	2	No	None	None	2	23/05/2014
Mr. Teruyoshi Sato2	3	1	No	None	None	1	19/05/2017
Non-Executive Independent Directors							
Mr. Vinod Kumar Agrawal	4	4	Yes	1	1	1	29/07/2005
Mr. Surinder Kumar Mehta	4	4	No	None	None	4	23/09/2008

Mr. Nand Lal Dhameja	4	4	Yes	2	1	1	23/09/2008
Mr. Pankaj Munjal	4	2	No	3	None	11	16/05/1985
Mr. Devi Singh	4	4	Yes	1	None	7	23/09/2008

1. Representative of Showa Corporation, Japan based at Japan and resigned from directorship w.e.f. May 19, 2017.

2. Representative of Showa Corporation, Japan based at Japan and appointed w.e.f. May 19, 2017

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 the Directors hold any shares or security of the Company as on March 31, 2018 except Mr. Surinder Kumar Mehta. Mr. Mehta holds 2000 equity shares of the Company with the joint name of his wife Mrs. Santosh Mehta.

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

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

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

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

B. Meetings held in financial year 2017-18

The Board meets at least once in a quarter and the gap between two consecutive meetings does not exceed 120 days to consider, amongst other business, the quarterly performance of the Company and its financial results. The Board held four (4) meetings during the financial year 2017-18 on May 19, 2017, August 9, 2017, October 27, 2017 and January 31, 2018.

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 FY. 2017-18

C. Code of Conduct

The Code of Conduct for Directors/Management Personnel ('the Code'), as adopted by the Board, is a comprehensive Code applicable to all the directors and management personnel. The Company's Board of Directors and Management Personnel are responsible for and are committed to setting the standards of conduct contained in this Code and for updating these standards, as appropriate, to ensure their continuing relevance, effectiveness and responsiveness to the needs of investors and all other stakeholders as also to reflect corporate, legal and regulatory developments. This Code should be adhered to in letter and in spirit. A copy of the Code has been uploaded on the Company's website 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 2017-18.

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

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

D. Board Training and Induction

At the time of 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 introduced to the compliances required from him under the Companies Act 2013, SEBI (LODR) Regulations, 2015 and other relevant regulations.

The Director is presented with a presentation introducing the Company which shows its history over 33 years of its existence, Annual Reports, policy on the CSR activities pursued by the Company etc.

Familiarization programme for Independent Directors:

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

Note: The above programme was conducted for 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 voluntary committees viz. Risk Management Committee (It is applicable for only top 100 companies to constitute Risk Management Committee, thus it is non mandatory for our Company). The terms of reference of these Committees are determined by the Board and their relevance reviewed from time to time. Meetings of each of these Committees are convened by the respective Chairman of the Committee, who also informs the Board about the summary of discussions held in the Committee Meetings. The Minutes of the Committee Meetings are sent to the respective members individually and tabled at the Board Meetings.

II. AUDIT COMMITTEE

The Audit Committee comprises of Directors namely Mr. Vinod Kumar Agrawal, Mr. Ashok Kumar Munjal, Mr. Nand Lal Dhameja and Mr. Devi Singh, being Non- Executive Directors and majority of them are independent directors, to review various areas of audit and accounts. Mr. Vinod Kumar Agrawal, a non-executive and independent director is the Chairman of the Committee. All the members are having expertise in financial matters. All these Directors have good knowledge of Corporate & Project Finance, Accounts and Corporate Laws. Mr. Vinod Kumar Agrawal, Mr. Ashok Kumar Munjal, Mr. Nand Lal Dhameja and Mr. Devi Singh are having accounting and related financial management expertise. The 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 controls and financial disclosures and other acts conforming to the requirements of SEBI (LODR) Regulations, 2015. The Quarterly Financial results of the Company are reviewed by the Committee before submission to the Board for approval.

The Company Secretary of the Company acts as the secretary of the Committee. The Auditors and Head of Finance generally attend the meetings on invitation by the Chairman. During the financial year 2017-18, the Audit Committee met four (4) times, on May 18, 2017, August 8, 2017, October 27, 2017 and January 31, 2018. All the meetings were attended by the auditors and the Head of Finance.

Attendance of Members at the meetings of the Audit Committee held during 2017-18 was as under:

Name of the Chairman and Member	Attendance at the Audit Committee Meetings held on			
	May 18, 2017	August 8, 2017	October 27, 2017	January 31, 2018
Non-Executive Directors				
Mr. Ashok Kumar Munjal (Member)	No	No	Yes	No
Non-Executive and Independent Directors				
Mr. Vinod Kumar Agrawal (Chairman)	Yes	Yes	Yes	Yes
Mr. Nand Lal Dhameja (Member)	Yes	Yes	Yes	Yes
Mr. Devi Singh (Member)	Yes	Yes	Yes	Yes

Terms of References of Audit Committee

The Audit Committee shall play the following role:

- The recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- Review and monitor the auditor's independence and performance, and effectiveness of audit process.
- Examination of the financial statement and the auditor's report thereon.
- Approval or any subsequent modification of transaction of the company with the related parties.
- Scrutiny of inter-corporate loans and investments.

- Valuation of undertaking or assets of the company, wherever it is necessary.
- Evaluation of internal financial controls and risk management systems.
- Monitoring the end use funds raised through public offers and related matters.

The Audit Committee shall receive comments from the auditors:

- About the internal control system
- About the scope of audit.
- Observation of the auditors about the audit.
- Review of financial statement before submission to the board of directors.
- Discuss on related issue with the internal auditors.
- Discuss on related issue with statutory auditors.
- Discuss on related issue with the management.

The Audit Committee shall have the following authorities and powers:

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

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

The Audit Committee will have roles, duties, functions and powers etc as mentioned in the Companies Act, 2013, Rules and Regulations made there under and the 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. Surinder Kumar Mehta-Chairman

Mr. Yogesh Chander Munjal- Member w.e.f. May 01, 2018

Mr. Vinod Kumar Agrawal- Member

Mr. Devi Singh-Member

The meeting of the Nomination and Remuneration Committee was held on May 19, 2017 under the Chairmanship of

Mr. Surinder Kumar Mehta.

Name of the Chairman and Member	Attendance at the Nomination and Remuneration Committee Meeting held on May 19, 2017
Non-Executive and Independent Directors	
Mr. Surinder Kumar Mehta (Chairman)	Yes
Mr. Vinod Kumar Agrawal (Member)	Yes
Mr. Devi Singh (Member)	Yes

IV. REMUNERATION OF DIRECTORS

The remuneration structure of Executive Directors comprises of basic salary, commission, perquisites and other allowances. Non-executive Directors do not draw any remuneration from the Company except sitting fees for attending the meetings of Board of Directors and Committees thereof as may be determined by the Board of Directors from time to time. Payments of sitting fees to non-executive directors are made within the limits prescribed under the Companies Act, 2013. The details of the remuneration paid to Directors for the financial year 2017-18 are as under:

(In Rupees)

Name	Salary	Perquisites	Cont to PF & Allowances	Commission	Sitting Fee	Total
Sh. YOGESH CHANDER MUNJAL	23,850,000	3,581,502	15,223,758	10,676,991	Nil	53,332,251
SH. SHIGEKI KOBAYASHI	18,550,000	736,824	2,359,500	10,676,991	Nil	32,323,315
SH. MATSUI MASANAO	Nil	Nil	Nil	Nil	Nil	Nil
SH. TERUYOSHI SATO	Nil	Nil	Nil	Nil	Nil	Nil
SH. ASHOK KUMAR MUNJAL	Nil	Nil	Nil	Nil	120,000	120,000
SH. PANKAJ MUNJAL	Nil	Nil	Nil	Nil	80,000	80,000
SMT CHARU MUNJAL	Nil	Nil	Nil	Nil	80,000	80,000
SH. VINOD KUMAR AGRAWAL	Nil	Nil	Nil	Nil	440,000	440,000
SH. NAND LAL DHAMEJA	Nil	Nil	Nil	Nil	520,000	520,000
SH. DEVI SINGH	Nil	Nil	Nil	Nil	400,000	400,000
SH. SURINDER KUMAR MEHTA	Nil	Nil	Nil	Nil	240,000	240,000

During FY 2017-18, the Company did not advance any loan to any of its Directors. Further, there are no pecuniary relationships or transactions between the Non-Executive Directors and the Company, other than the sitting fees to Non-Executive and Independent Directors for attending the meetings of the Board and its Committees.

The criteria of making payment to non-executive directors, is disclosed in the Nomination and Remuneration Policy of the Company which is given as Annexure - G to the Directors Report, and is also disclosed on the website of the Company.

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, 2018 and the details of members' participation at the meetings of the Committee are as under:

Name of the Chairman and Member	Attendance at the Corporate Social Responsibility Meetings held on May 18, 2017
Executive Directors	
Mr. Yogesh Chander Munjal- Chairman	Yes
Mr. Shigeki Kobayashi- Member	Yes
Non-Executive and Independent Director	
Mr. Vinod Kumar Agrawal- Member	Yes

VI. RISK MANAGEMENT COMMITTEE

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

The 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 of:

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

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

Such committee comprises of Mr. Yogesh Chander Munjal (Chairman & 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 cs@munjalshowa.net.

During the year, the Company received **8** 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 fifteen days. As on date no complaints are pending except those, which are under litigation, dispute or court orders, if any. There was no pending share transfer case as on March 31, 2018.

The total number of shares transferred in physical form during the year under review was **12566** shares.

Attendance of Members at the meetings of the Share Transfer/Stakeholders Relationship Committee held during 2017-18 was as under:

Name of the Chairman and Member	Attendance at the Share Transfer / Stakeholders Relationship Committee Meetings held on			
	August 08, 2017	November 28, 2017	January 31, 2018	March 15, 2018
Executive Directors				
Mr. Yogesh Chander Munjal (Member)	Yes	Yes	Yes	Yes
Mr. Shigeki Kobayashi (Member)	Yes	Yes	Yes	Yes
Non-Executive Directors				
Mr. Ashok Kumar Munjal (Member)	No	No	No	No
Non-Executive and Independent Directors				
Mr. Nand Lal Dhameja (Chairman)	Yes	Yes	Yes	Yes

VIII. SHARE TRANSFER SYSTEM / DIVIDEND AND OTHER RELATED MATTERS

Share transfers in physical form are processed and the share certificates are generally returned to the transferees within a period of 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.

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

Reconciliation of Share Capital Audit

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

Compliance with Secretarial Standards

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

IX. INDEPENDENT DIRECTORS' MEETING

The Independent Directors of the Company meet at least once in a calendar year without the presence of Executive Directors and Management Personnel. During the year under review, the Independent Directors met on March 30, 2018, inter alia, to discuss:

- To review the performance of non-independent Directors and the Board as a whole.
- To review the performance of the Chairperson of the Company;
- 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 parameter has been prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

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

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

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

XII. RELATED PARTY TRANSACTIONS

All transactions except loan to Mr. Saurabh Agrawal, 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. Hence, requirement of Form AOC-2 as required under section 188(1) of the Companies Act, 2013 is not applicable to the Company for all the transactions except loan provided to the Company Secretary.

The Company generally provided interest free loan to all its permanent employees and workers. As per the same, the Company has provided interest free loan of Rs. 40,000 to Mr. Saurabh Agrawal, KMP of the Company. The form AOC-2 in respect of such transaction has been provided as **Annexure H**.

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

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

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

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

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

XIII. DISCLOSURES

Strictures and Penalties

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

Compliance with Accounting Standards

In the preparation of the financial statements, the Company has followed all the 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 AND HEDGING ACTIVITIES

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

XV. PUBLIC ISSUES, RIGHT ISSUES OR PREFERENTIAL ISSUES

The Company has not raised any money 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 behavior, actual or suspected fraud or violation of the codes of conduct or policy. The mechanism provides for adequate safeguards against victimization of employees and Directors to avail 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.

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

Vigilance and Ethics Officer is as under:-

Name and Address - Shri R K Arora, Head Personnel
Munjal Showa Limited
9-11, Maruti Industrial Area, Gurugram-122015
Email- rkarora@munjalshowa.net

The contact details of the 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, Gurugram-122015

Email- yogesh_munjal@munjalshowa.net

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

Munjal Showa Limited

9-11, Maruti Industrial Area, Gurugram-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 of 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 Nav Bharat 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 with the SEBI (LODR) Regulations, 2015, the quarterly results, shareholding pattern, quarterly compliances and all other corporate communication to the Stock Exchanges viz. BSE Limited and The National Stock Exchange of India Limited (NSE) are filed electronically on BSE's 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 Electronic Application Processing System ('NEAPS') portal. The Company has complied with filing submissions through BSE's BSE Online Portal.

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

XIX. GENERAL INFORMATION TO SHAREHOLDERS

Investor Services

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

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

Members who hold shares in dematerialized form should correspond with the Depository Participant with whom they maintain Demat Account/s, for their queries relating to shareholding, change of address, credit of dividend through National Electronic Clearing Services (NECS). However, queries relating to non-receipt of dividend, non-receipt of annual reports, or on matters relating to the working of the Company should be sent to the Company.

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

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

Market Information

Listing on Stock Exchanges

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

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

Munjal Showa Limited Share Price on BSE & NSE April 2017- March 2018

(In Rupees)

BSE Ltd			National Stock Exchange of India Ltd.	
Month	High Price	Low Price	High Price	Low Price
Apr-17	233.55	199.80	234.00	198.15
May-17	211.35	185.50	220.00	184.05
Jun-17	207.00	184.10	207.45	185.00
Jul-17	236.00	192.00	236.40	192.25
Aug-17	238.30	205.45	238.40	206.05
Sep-17	287.50	229.95	288.10	223.70
Oct-17	288.10	256.20	288.80	255.55
Nov-17	301.50	264.25	302.00	266.05
Dec-17	289.00	247.00	288.70	258.00
Jan-18	312.00	271.00	313.00	267.55
Feb-18	268.80	212.35	264.05	208.55
Mar-18	233.55	197.65	233.05	198.20

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

BSE Sensex			Munjal Showa Limited		
Year	Sensex	% Change	Year	Close	% Change
2018	32968.68		2018	204.45	
2017	29620.50	11.30	2017	214.17	(4.54)
2016	25341.86	30.10	2016	163.50	25.05
2015	27957.49	17.92	2015	175.60	16.43
2014	22386.27	47.27	2014	83.70	144.27
2013	18835.77	75.03	2013	57.00	258.68

Distribution of Shareholding as on 31.03.2018

No of Shares held with NSDL	34237836	85.61%
No of Shares held with CDSL	5167291	12.92%
No of Shares held in Physical	589873	1.47%
Total	39995000	100.00%

Shareholding pattern as on March 31, 2018

Category of shareholder	Number of shareholders	Total number of shares	Total shareholding as a percentage of total number of shares
Indian Promoters	2	15604000	39.01
Foreign Promoters	1	10400000	26.00
Public Shareholding			
Institutions			
Mutual Funds/ UTI	5	288873	0.72
Financial Institutions/ Banks	4	12650	0.03
Foreign Portfolio Investors	20	306484	0.77
Non-institutions			
Bodies Corporate	491	3256416	8.14
Individuals -			
i. Individual shareholders holding nominal share capital up to Rs. 2 lakhs	17858	9207813	23.02
ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.	4	537510	1.34
NBFCs registered with RBI	3	5725	0.01
Non resident Indians	352	305832	0.76
IEPF Suspense Account	1	64497	0.16
Any Other-Trust & foundation	4	5200	0.01
GRAND TOTAL	18745	39995000	100.00

Statement showing Shareholding of persons belonging to the category “Promoter and Promoter Group” as on March 31, 2018

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	65.02

No shares have been pledged by the promoters.

Distribution of Shareholding as on March 31, 2018:

Shares Holding on Nominal Value of Rs. 2			No. of Shares	No. Shareholders	% of Shares	% of Shareholders
1	To	500	2025923	15406	5.0654	82.1872
501	To	1000	1429263	1643	3.5736	8.7650
1001	To	2000	1519296	903	3.7987	4.8173
2001	To	3000	676548	263	1.6916	1.4030
3001	To	4000	536395	143	1.3412	.7629
4001	To	5000	479567	100	1.1991	.5335
5001	To	10000	1122008	151	2.8054	.8055
10001	To	50000	2361357	116	5.9040	.6188
50001	To	100000	745700	11	1.8645	.0589
And Above			29098943	09	72.7565	.0480
Total			3,99,95,000	18,745	100	100

DETAILS OF ANNUAL GENERAL MEETING/ EXTRA ORDINARY GENERAL MEETING

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

For the Year	Location	Day and Date	Time	No. of Special Resolutions passed
2016-2017	9-11, Maruti Industrial Area, Sec-18, Gurugram	Thursday, August 24, 2017	11.00 A.M.	01
2015-2016	9-11, Maruti Industrial Area, Sec-18, Gurugram	Wednesday, August 24, 2016	11.00 A.M.	03
2014-2015	9-11, Maruti Industrial Area, Sec-18, Gurugram	Wednesday, August 26, 2015	11.00 A.M.	01

No resolution has been passed by the Company’s shareholders through postal ballot during the Financial Year 2017-18 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 2017-18.

Corporate Benefits

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

Financial Year	Type	Declared Dividend per share	Due Dates for Transfer to IEPF
2010-11	Final	Rs. 2.50	15-Oct-2018
2011-12	Final	Rs. 3.00	13-Oct-2019
2012-13	Final	Rs. 3.00	13-Oct-2020
2013-14	Final	Rs. 3.50	02-Nov-2021
2014-15	Final	Rs. 4.00	30-Oct-2022
2015-16	Interim	Rs. 4.00	13-Apr-2023
2016-17	Final	Rs. 4.00	28-Oct-2024

Transfer of Unclaimed Shares to Investor Education and Protection Fund

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

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

During the financial year 2017-18, 64,497 (Sixty Four Thousand Four Hundred and Ninety Seven) equity shares has been transferred into IEPF Suspense Account

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

Details of 64,497 equity shares which have been transferred into IEPF Suspense Account are available on the website of the Company at www.munjalshowa.net and at the website of IEPF authority at www.iepf.gov.in.

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

Other General Information to the members of the Company

01) Nomination Facility:

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

02) Outstanding GDRs/ADRs/Warrants or any convertible instruments, if any

: Not Applicable

03) Plant Locations

: 9-11, Maruti Industrial Area, Sector-18,
Gurugram-122015, Haryana
:
26 E & F, Sector-3, IMT Manesar,
Gurugram-122050, Haryana

- 04) **Shareholder Correspondence may be addressed to :**
- Plot No. 1, Industrial Park-2, Phase-1,
Salempur Mehdoon, Haridwar- 249403
Uttarakhand
 - Mr. Saurabh Agrawal
(Company Secretary & Compliance Officer)
Munjal Showa Limited, Plot no. 9-11,
Maruti Industrial Area, Sector-18, Gurugram,
Haryana- 122015
Email: cs@munjalshowa.net
Shareholders holding shares in electronic mode
should address all their correspondence to their
respective Depository Participant.
RTA may be contacted for any query related to
Share Transfer and other matters.
- Queries relating to the Financial Statements of the
Company may be addressed to :**
- Mr. Pankaj Gupta
(Chief Financial Officer)
Munjal Showa Limited, Plot no. 9-11,
Maruti Industrial Area, Sector-18,
Gurugram. HR. 122015
Email: pgupta@munjalshowa.net
- 5) **Annual General Meeting**
- Day, Date and Time : Wednesday, September 26, 2018 at 11:00 AM
 - Venue : 9-11, Maruti Industrial Area, Sector 18,
Gurugram-122015 (HR)
- 6) **Financial Calendar**
- (a) **Financial Year 2017-2018** : April to March
 - (b) **Financial reporting for the quarter
ending June' 2018** : By August 14, 2018
 - (c) **Financial reporting for the quarter and half year
ending September' 2018** : By November 14, 2018
 - (d) **Financial reporting for the quarter and nine months :
ending December' 2018** : By February 14, 2019
 - (e) **Financial reporting for the year ending March' 2019** : End 30th May, 2019
 - (f) **Annual General Meeting for the year
ending March 31, 2019** : End September, 2019
- 7) **Face Value of the Equity Share** : Rs. 2/- per share
- 8) **Date of Book Closure** : Saturday, September 15, 2018 to
Wednesday, September 26, 2018
(both days inclusive)
- 9) **Dividend payment date** : The dividend on Equity Shares,
if declared at the AGM, will be payable on or
after September 26, 2018 to the members
- 10) **- Company Identification Number (CIN)** : L34101HR1985PLC020934
- Permanent Account Number (PAN)** : AAACM0070D
- 11) **Annual Listing Fee** : Paid for the FY. 2018-19
- 12) **Details of Public Funding Obtained in the
previous three years** : The Company has not obtained any public
funding in the previous three years.

XX. CHAIRMAN AND CEO

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

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

XXI. COMPLIANCE WITH THE REQUIREMENTS UNDER LISTING REGULATIONS

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

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

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

Place: Gurugram
Date: May 30, 2018

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

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

DECLARATION BY CHAIRMAN, MANAGING DIRECTOR

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

I, Yogesh Chander Munjal, Chairman and Managing Director of Munjal Showa Limited hereby declare that all the members of Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the financial year 2017-18.

For and on behalf of the Board

Place: Gurugram
Date: May 30, 2018

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

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

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

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

- a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2018 and that to the best of our knowledge and belief, we state that:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

- b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We hereby declare that all the members of the Board of Directors and Executive Committee have confirmed compliance with the Code of Conduct as adopted by the Company.
- d) We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting of the Company and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- e) We have indicated, based in our most recent evaluation, wherever applicable, to the Auditors and the Audit Committee;
 - i) significant changes, if any, in internal control over financial reporting during the year;
 - ii) significant changes, if any, in the accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over the financial reporting.

For and on behalf of the Board

Place: Gurugram
Date: May 30, 2018

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

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Development

India is a global leader in the automotive sector, backed by its domestic production capacity, market size, and exports. The sector contributes about 7.1 percent of the country's Gross Domestic Product (GDP), 49 percent to the national manufacturing GDP and employs, direct and indirect, over 29 million people

In terms of the automobile market size, the two wheeler segment dominates with an 81 percent market share in the Indian automobile market owing to its young population, a burgeoning middle class and a vast rural market.

India is the largest two-wheeler market in the world and the two-wheeler production in the country surged during the year 2017-18 by 16.12 percent to 23 million, despite the high base of 19.9 million units. The production of scooters crossed 7 million and motor cycle crossed 15 million.

India is also a prominent auto exporter and has strong export growth expectations for the near future. Overall automobile exports grew 15.81 per cent year-on-year between April-February 2017-18 and the auto component industry contributes about 4 percent to India's exports. The two-wheeler segment recorded highest ever exports of 2.8 million growing at 20.29 percent. Scooters and motor cycles individually touched exports peak at 314,000 and 2.4 million respectively. 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.

Market Size

Production of automobiles comprised of passenger vehicles (PV), commercial vehicles (CV), three wheelers (Three W) and two wheelers (Two W) grew at 14.41 per cent year-on-year between April-February 2017-18 to 26,402,671 vehicles. The auto industry is set to witness major changes in the form of electric vehicles (EVs), shared mobility, Bharat Stage-VI emission and safety norms. Electric cars in India are expected to get new green number plates and may also get free parking for three years along with toll waivers. India's electric vehicle (EV) sales increased to 25,000 units during FY 2016-17 and are poised to rise further on the back of cheaper energy, storage costs and the Government of India's vision to see six million electric and hybrid vehicles in India by 2020. As per NITI Aayog, 40 percent of personal vehicles and public transportation in the country should go completely electric by 2030.

Opportunities and Threats

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\$ 18.413 billion during the period April 2000 to December 2017, according to data released by Department of Industrial Policy and Promotion (DIPP).

Some of the recent/planned investments and developments in the automobile sector in India are as follows:

- The electric automaker in India, Mahindra and Mahindra Ltd, has partnered with Uber for deploying its electric sedan e-Verito and hatchback e2o Plus on Uber platforms in New Delhi and Hyderabad.
- Mahindra & Mahindra (M & M) is planning to make an additional investment of Rs 500 crore (US\$ 77.23 million) for expanding the capacity for electric vehicles in its plant in Chakan.

Government Initiatives

The Government of India encourages foreign investment in the automobile sector and allows 100 per cent FDI under the automatic route.

Some of the recent initiatives taken by the Government of India are -

- The Ministry of Heavy Industries, Government of India has shortlisted 11 cities in the country for introduction of electric vehicles (EVs) in their public transport systems under the FAME (Faster Adoption and Manufacturing of (Hybrid) and Electric Vehicles in India) scheme.
- Energy Efficiency Services Limited (EESL), under Ministry for Power and New and Renewable Energy, Government of India, is planning to procure 10,000 e-vehicles via demand aggregation and has already awarded contracts

to Tata Motors Ltd for 250 e-cars and to Mahindra and Mahindra for 150 e-cars.

- The government is planning to set up a committee to develop an institutional framework on large-scale adoption of electric vehicles in India as a viable clean energy mode, especially for shared mass transport, to help bring down pollution level in major cities.
- The Government of Karnataka is going to obtain electric vehicles under FLAME Scheme and set up charging infrastructure across Bengaluru, according to Mr. R. V. Deshpande, Minister for Large Industries of Karnataka.

Road Ahead

The automobile industry is supported by various factors such as availability of skilled labour at low cost, robust R&D centres and low cost steel production. The industry also provides great opportunities for investment and direct and indirect employment to skilled and unskilled labour.

The Indian automotive aftermarket is estimated to grow at around 10–15 percent to reach US \$ 16.5 billion by 2021 from around US \$ 7.0 billion in 2016. . It has the potential to generate up to US \$ 300 billion in annual revenue by 2026, create 65 million additional jobs and contributes over 12 percent of India's GDP.

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 government has been trying to revive the economy and has been very aggressive in terms of infrastructure spending. The expenditure on construction of roads, airports and expected high GDP growth is expected to benefit the auto sector in general. In fact, the lower interest regime also bodes for the sector as more than 80 percent of the vehicles in India are financed.

The Indian auto component industry is optimistic about clocking high growth this year as the automobile sector shows signs of recovery across segments. Leading research firm has revised upward revenue growth estimate for Indian auto component industry in the range of 13-15% for FY2018 in the backdrop of robust growth expectation in domestic PV, CV, tractor and 2W segment. Revenue growth will also be supported by steady increase in the commodity prices and consequent impact on the realization. This will be strongly supported by improved demand outlook in key end user segments as well as expected pickup in rural income and also due to growth in high volume two-wheeler (2W) and passenger-vehicle (PV) industry which together constitutes about two-third of overall ancillary industry size. Moreover, stellar growth in CV, as well as tractor segment, has further supported overall volume growth. We expect industry-wide credit trend to remain stable, supported by robust demand from the OEM segment in the near term, supported by healthy cash accruals, gearing as well as coverage indicators for the industry have improved considerably over the past two years, despite the fact that the industry has been on a consolidation mode over the years, taking steps towards deleveraging their balance sheet, given the surplus capacity. The revenue growth of auto ancillaries is expected to be at 11-13% for FY2019, given healthy growth expected across key automotive sub-segments as well as commodity price impact on realization. We maintain our 10-12% long term (5 year) CAGR expectation for Indian auto component industry. Over the medium to long term, growth in the auto component industry will be higher than the underlying automotive industry growth, given the increasing localisation by OEMs, higher component content per vehicle and rising exports from India.

Risks and Concerns

Auto industry has witnessed multiple tailwinds in the last two to three years like, multi-year low interest rates, subdued metal prices (major raw material), low oil prices (translating to lower petrol prices), however, we see many of these factors early signs of reversal. This would result pressure on both the volume and profitability.

As such, the Indian auto industry is poised to become the 4th largest automobile market globally overtaking UK and Germany after China, US and Japan and India is currently world second largest two-wheeler manufacturer. Stringent environment regulations and compliance with environment sustainability agenda have forced the government and

stakeholders to go beyond the conventional ICE platforms and offer electric powertrains by 2030, putting pressure on OEMs to develop Electric Powertrains for print by dovetailing cutting-edge urban planning with smart future roll out. As the technology evolves, demand for connected features is also bound to increase as this will be key to OEMs platform differentiation. Component manufacturers will be forced to explore technology and capability development across digital and hardware integration to remain relevant.

Over the years, global innovations in the Indian automotive industry brought in to meet customer aspirations have set a positive trend. The Government of India's Smart Cities Mission is a welcome step towards accelerating the pace of developments in the right direction. Given the smart aspirations of India's connected generation, the automobile industry will have to step up its game and play a leading role in providing smart mobility solutions that are critical for the seamless emergence of smart cities as envisaged by the Honorable Prime Minister. These smart solutions must not only create a better quality of life for Indians but also reduce environmental footprint by dovetailing cutting-edge urban planning with smart infrastructure.

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

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

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

The Company has a well-established risk management policy and procedures based on which risks are identified and assessed across its business units and operations. To manage and mitigate the risks, mitigation plans are embedded in the various initiatives that the management executed in 2017 and beyond. These plans are reviewed periodically by the Risk Management Committee set up by the Company. The Committee periodically reviews the concerned risks and 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, validation of IT Security receives focused attention from IT specialists and Statutory Auditors. Your Company has appointed reputed firm of Chartered Accountants for internal audit functions consisting of experienced and professionally qualified team. The Internal Auditor reports directly to the Board through Audit Committee. The internal auditor has covered the area of internal financial Controls, reconciliation of GST inputs, Checking of TDS compliances and GST compliances. The Audit Committee reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations.

Discussion on financial performance with respect to operational performance

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other Generally Accepted Accounting Principles. The financial statements have been prepared considering the above requirements of applicable laws.

The Company has achieved turnover (net of excise) Rs. 158,143 lakhs as against Rs. 145,966 lakhs during the previous year registering a growth of 8.34 per cent. The profit before tax was Rs. 10,540 lakhs as against Rs. 8,796 lakhs of previous year. The growth in profit before tax was 19.82 per cent and profit after tax was higher at 29.91 per cent at Rs. 7,621 lakh as against Rs. 5,866 lakhs in the previous year.

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

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

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

The Company's strength of employees stood at 3,302 as on 31st March, 2018.

Cautionary Statement

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

For and on behalf of the Board

Place: Gurugram
Date: May 30, 2018

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

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

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

1. This certificate is issued in accordance with the terms of our engagement letter dated September 7, 2017.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of Munjal Showa Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2018, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility

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

Auditor's Responsibility

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

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2018.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For DELOITTE HASKINS & SELLS LLPChartered Accountants
(Firm's Registration No. 117366W / W-100018)**Jaideep Bhargava**Partner
(Membership No. 090295)

GURGAON, May 30, 2018

**FORM No.MR-3
SECRETARIAL AUDIT REPORT**

For The Financial Year ended on 31st March, 2018

(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
Sector 18, Gurgaon-122015,
Haryana

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering financial year ended on 31st March, 2018 ("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, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable to the Company during the audit period)
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the Company during the audit period)
 - (d) The Securities and Exchange Board of India (Share Based employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during audit the period)
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and (Not applicable to the Company during the audit period)
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the audit period)

vi) On the basis of representation received from the Company for the Financial Year 2017-18, we hereby confirm that the Company is only an 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 with regard to Meeting of Board of Directors (SS-1) and Genral Meetings (SS-2) issued by The Institute of Company Secretaries of India.
2. The Listing Agreements entered into by the Company with the Stock Exchange(s) and The Securities and Exchange Board of India (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 except that two forms were filed with additional fees with the Ministry of Corporate Affairs.

We further report that,

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

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

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

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

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

**For SATYENDER KUMAR & ASSOCIATES
Company Secretaries**

Place: Gurugram
Date: 30.5.2018

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

**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 optimize energy wherever practicable by economizing on fuel and power

The following new initiatives were taken to conserve energy during the year 2017-18

1. Provided VFD's
2. Inverter Technology AC's Installed
3. Stopped Air Leakages.
4. Big Motors to small Motors
5. Clubbing of Operations
6. Providing Auto stop timers to stop machines during breaks

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

The Company uses Sate Power Board Electricity and Generators. Your Company has started the solar power plant for Gurugram and Manesar Plant. The Company is trying to reduce Energy 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)
SHAKTI-VFD 200 KW AIR COMPRESSOR	1,627,428/-

(B) TECHNOLOGY ABSORPTION

(I) THE EFFORTS MADE TOWARDS TECHNOLOGY ABSORPTION;

New product Technology absorption

Indigenization of CKD Parts

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

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

Future plan of action

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

(III) IMPORTED TECHNOLOGY

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

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

Expenditure on Research and Development

Capital	Rs. NIL
Recurring	Rs. 9,547,086.08/-
Total	Rs. 9,547,086.08/-

(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. 1,973,278/- and foreign exchange outgo during the year was Rs. 1,913,023,078 /-.

For and on behalf of the Board

Place: Gurugram
Date: May 30, 2018

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

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

ANNEXURE 'D' TO BOARD'S REPORT

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2018

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1	CIN	L34101HR1985PLC020934
2	Registration Date	May 16, 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 & contact details	9-11, Maruti Industrial Area, Sector 18, Gurugram, Haryana 122015 Phone : +91-124-4783000, 4783100, Fax : 91-124-2341359
6	Whether listed company (Yes / No)	Yes
7	Name, Address & contact details of the Registrar & 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 E-mail : 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 / services	NIC Code of the Product/service	% to total turnover of the company
1	Shock absorbers	29301	94.02
2	Struts	29301	4.41

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SN	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	NIL				

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt.or State Govt.									
c) Bodies Corporates	15,600,000		15,600,000	39.00%	15,600,000		15,600,000	39.00%	Nil
d) Bank/FI									
e) Any other (Relative of director)	4,000		4,000	0.01%	4,000	-	4,000	0.01%	Nil
SUB TOTAL:(A) (1)	15,604,000		15,604,000	39.01%	15,604,000		15,604,000	39.01%	Nil
(2) Foreign									
a) NRI- Individuals									
b) Other Individuals									
c) Bodies Corp.	10,400,000		10,400,000	26.00%	10,400,000		10,400,000	26.00%	Nil
d) Banks/FI									
e) Any other...									
SUB TOTAL (A) (2)	10,400,000		10,400,000	26.00%	10,400,000		10,400,000	26.00%	Nil
Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	26,004,000		26,004,000	65.01%	26,004,000		26,004,000	65.01%	Nil
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	14,507	3,500	18,007	0.05%	287,873	1,000	288,873	0.72%	0.67%

b) Banks/FI	13,633	7,000	20,633	0.05%	7,150	5,500	12,650	0.03%	-0.02%
c) Central Govt									
d) State Govt.(s)									
e) Venture Capital Fund									
f) Insurance Companies									
g) FIIS	1,102,017	-	1,102,017	2.76%	306,484	-	306,484	0.77%	-1.99%
h) Foreign Venture Capital Funds									
i) Others (specify)									
SUB TOTAL (B)(1):	1,130,157	10,500	1,140,657	2.86%	601,507	6,500	608,007	1.52%	-1.34%
(2) Non Institutions									
a) Bodies corporates									
i) Indian	3,250,291	7,500	3,257,791	8.15%	3,251,416	5,000	3,256,416	8.14%	-0.01%
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.2 lakhs	8,077,064	657,444	8,734,508	21.84%	8,634,440	573,373	9,207,813	23.02%	1.18%
ii) Individuals shareholders holding nominal share capital in excess of Rs. 2 lakhs	584,510	-	584,510	1.46%	537,510	-	537,510	1.34%	-0.12%
c) Others (specify)									
NBFCs registered with RBI	14,625	-	14,625	0.04%	5,725	-	5,725	0.01%	-0.03%
Non Resident Indians	251,409	5,000	256,409	0.64%					
Overseas Corporate Bodies									
Foreign Nationals					300,832	5,000	305,832	0.76%	0.76%
Clearing Members									
Trusts	2,500	-	2,500	0.01%	5,200	-	5,200	0.01%	0.00%

INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY MINISTRY OF CORPORATE AFFAIRS	-	-	-	64,497	-	64,497	0.16%	0.16%
SUB TOTAL (B)(2):	12,180,399	669,944	12,850,343	32.14%	583,373	13,382,993	33.46%	1.32%
Total Public Shareholding								
(B) = (B)(1) + (B)(2)	13,310,556	680,444	13,991,000	34.99%	589,873	13,991,000	34.99%	Nil
C. Shares held by Custodian for GDRs & ADRs								
Grand Total (A + B + C)	39,314,556	680,444	39,995,000	100.00%	589,873	39,995,000	100.00%	Nil

(ii) Shareholding of Promoter								
SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during 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	
1	DAYANAND MUNJAL INVESTMENTS PRIVATE LIMITED	1,56,00,000	39.00%	-	1,56,00,000	39.00%	-	0.00%
2	SHOWA CORPORATION	1,04,00,000	26.00%	-	1,04,00,000	26.00%	-	0.00%
3	NIDHI KAPOOR (RELATIVE OF DIRECTOR)	4,000	0.01%	-	4,000	0.01%	-	0.00%
4	TOTAL		65.01%			65.01%		0.00%

(iii) Change in Promoters' Shareholding (please specify, if there is no change)					
SN	Particulars	Date	Reason	Shareholding at the beginning of the year	Cumulative Shareholding during the year
				No. of shares	No. of shares
				% of total shares	% of total shares
	At the beginning of the year			2,60,04,000	2,60,04,000
				65.01%	65.01%

Changes during the year				0.00%		0.00%
At the end of the year			2,60,04,000	65.01%	2,60,04,000	65.01%

There is no change in Promoters' Shareholding during the Financial Year 2017-2018

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

S.No	Shareholders Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-17 to 31-03-18)	
		No of Shares at the Beginning (01-04-17) /end of the Year (31-03-18)	% of total shares of the Company				Shares	% of total shares of the Company
1	ENAM SECURITIES PVT LTD	2151433	5.38	01.04.2017				
2	BNP PARIBAS DIVIDEND YIELD FUND	2151433	5.38	31.03.2018	NIL	NIL		
		0	0	01.04.2017				
				21.07.2017	115594	Purchase	115594	0.29
				28.07.2017	54598	Purchase	170192	0.43
				27.10.2017	19808	Purchase	190000	0.48
				17.11.2017	10000	Purchase	200000	0.5
				29.12.2017	25000	Purchase	225000	0.56
				12.01.2018	19000	Purchase	244000	0.61
				02.02.2018	6000	Purchase	250000	0.63
				16.03.2018	10000	Purchase	260000	0.65
		260000	0.65	31.03.2018				
3	SURESH SHETTY	156500	0.39	01.04.2017				
		156500	0.39	31.03.2018	NIL	NIL		
4	OPTIMUM STOCK TRADING CO. PVT LTD	150000	0.38	01.04.2017				
		150000	0.38	31.03.2018	NIL	NIL		

5	MOHAN GUPTA	200000	0.5	01.04.2017					
				16.02.2018	-20000	Sale	180000		0.45
				23.02.2018	-30000	Sale	150000		0.38
		150000	0.38	31.03.2018					
6	RAJENDRA J SABOO	0	0	01.04.2017					
				16.03.2018	130500	Purchase	130500		0.33
		130500	0.33	31.03.2018					
7	SHILPA ATUL SHAH	100510	0.25	01.04.2017					
		100510	0.25	31.03.2018	NIL	NIL			
8	PRAVINCHANDRA SAKARLAL DAVE	12785	0.03	01.04.2017					
				07.04.2017	2160	Purchase	14945		0.04
				14.04.2017	-9945	Sale	5000		0.01
				30.06.2017	5000	Purchase	10000		0.03
				07.07.2017	10000	Purchase	20000		0.05
				14.07.2017	5720	Purchase	25720		0.06
				21.07.2017	1500	Purchase	27220		0.07
				28.07.2017	1100	Purchase	28320		0.07
				11.08.2017	-3320	Sale	25000		0.06
				18.08.2017	-10000	Sale	15000		0.04
				25.08.2017	10000	Purchase	25000		0.06
				08.09.2007	1000	Purchase	26000		0.07
				15.09.2017	-12000	Sale	14000		0.04

					06.10.2017	1500	Purchase	15500	0.04
					13.10.2017	8165	Purchase	23665	0.06
					20.10.2017	3165	Purchase	26830	0.07
					27.10.2017	1750	Purchase	28580	0.07
					03.11.2017	-5375	Sale	23205	0.06
					10.11.2017	6350	Purchase	29555	0.07
					08.12.2017	7100	Purchase	36655	0.09
					15.12.2017	310	Purchase	36965	0.09
					05.01.2018	-6000	Sale	30965	0.08
					12.01.2018	24418	Purchase	55383	0.14
					19.01.2018	10000	Purchase	65383	0.16
					25.01.2018	14306	Purchase	79689	0.2
					02.02.2018	60	Purchase	79749	0.2
					02.03.2018	10965	Purchase	90714	0.23
					09.03.2018	6755	Purchase	97469	0.24
					16.03.2018	400	Purchase	97869	0.24
9		97869	0.24		31.03.2018				
		51900	0.13		01.04.2017				
					17.11.2017	35923	Purchase	87823	0.22
		87823	0.22		31.03.2018				
10		82500	0.21		01.04.2017				
		82500	0.21		31.03.2018	NIL	NIL		
11		379537	0.95		01.04.2017				
					23.06.2017	-65200	Sale	314337	0.79
					29.09.2017	-17000	Sale	297337	0.74
					03.11.2017	-15900	Sale	281437	0.7
					10.11.2017	-75000	Sale	206437	0.52
					17.11.2017	-15163	Sale	191274	0.48

					24.11.2017	-32201	Sale	159073	0.4
					01.12.2017	-72777	Sale	86296	0.22
					08.12.2017	-86296	Sale	0	0
		0	0	0	31.03.2018				
12	PINEBRIDGE GLOBAL FUNDS - PINEBRIDGE ASIA EX JAPAN SMALL CAP	234973	0.59		01.04.2017				
					07.07.2017	-76169	Sale	158804	0.4
					14.07.2017	-103145	Sale	55659	0.14
					21.07.2017	-55659	Sale	0	0
		0	0	0	31.03.2018				
13	PINEBRIDGE GLOBAL DYNAMIC ASSET ALLOCATION FUND LLC	160000	0.4		01.04.2017				
					05.05.2017	-102379	Sale	57621	0.14
					12.05.2017	-57621	Sale	0	0
		0	0	0	31.03.2018				
14	PINEBRIDGE INDIA EQUITY FUND	159000	0.4		01.04.2017				
					23.06.2017	-31032	Sale	127968	0.32
					30.06.2017	-40485	Sale	87483	0.22
					11.08.2017	-87483	Sale	0	0
		0	0	0	31.03.2018				
15	RAJENDRA J SABOO	127500	0.32		01.04.2017				
					09.02.2018	3000	Purchase	130500	0.33
					16.03.2018	-130500	Sale		
		0	0	0	31.03.2018				

(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 shares	% of total shares	No. of shares	% of total shares
1	Pankaj Gupta (CFO)						
	At the beginning of the year			5	0.00%	5	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			5	0.00%	5	0.00%
2	Surinder Kumar Mehta (Director)						
	At the beginning of the year			2,000	0.01%	2,000	0.01%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			2,000	0.01%	2,000	0.01%

VI. INDEBTEDNESS

The Company had no indebtedness (except Cash Credit Limit) with respect to Secured or Unsecured Loans or Deposits during the financial year 2017-18. 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	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil
Change in Indebtedness during the financial year	Nil	Nil	Nil	Nil
Additions	Nil	Nil	Nil	Nil
Reduction	Nil	Nil	Nil	Nil

Net Change		Nil	Nil	Nil	Nil
Indebtedness at the end of the financial year		Nil	Nil	Nil	Nil
i) Principal Amount		Nil	Nil	Nil	Nil
ii) Interest due but not paid		Nil	Nil	Nil	Nil
iii) Interest accrued but not due		Nil	Nil	Nil	Nil
Total (i+ii+iii)		Nil	Nil	Nil	Nil

VII. 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	Shigeki Kobayashi	
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	23,850,000 16,225,260	18,550,000 2,376,324	42,400,000 18,601,584
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission - as % of profit - Others, specify...	10,676,991	10,676,991	21,353,982
5.	Others, please specify	Nil	Nil	Nil
	Total (A)	50,752,251	31,603,315	82,355,566
	Ceiling as per the Act		Rs. 1,06,769,910/-	

B. Remuneration to other directors:

S. no.	Particulars of Remuneration	Name of Director								Total Amount
		Ashok Kumar Munjal	Teruyoshi Sato	Charu Munjal	Vinod Kumar Agrawal	Surinder Kumar Mehta	Nand Lal Dhameja	Pankaj Munjal	Devi Singh	
	1. Independent Directors • Fee for attending board/committee meetings • Commission • Others, please specify	- - - -	- - - -	- - - -	4,40,000 - - -	2,00,000 - - -	520,000 - - -	80,000 - - -	440,000 - - -	16,80,000 - - -
	Total (1)	-	-	-	4,40,000	2,00,000	520,000	80,000	440,000	16,80,000
	2. Other Non-Executive Directors • Fee for attending board/committee meetings • Commission • Others, please specify	120,000 - - -	- - - -	80,000 - - -	- - - -	- - - -	- - - -	- - - -	- - - -	2,00,000 - - -
	Total (2)	120,000	-	80,000	-	-	-	-	-	2,00,000
	Total (B) = (1 + 2)	120,000	-	80,000	4,40,000	2,00,000	520,000	80,000	440,000	18,80,000
	Total Managerial Remuneration	-	-	-	-	-	-	-	-	-

Note: Overall Ceiling as per the Act Rs. 1,06,769,910/-

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

S. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
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	NA - -	459799 3537 -	3521900 32400 -	3981699 35937 -

2.	Stock Option		NA	NIL	NIL	NIL
3.	Sweat Equity		NA	NIL	NIL	NIL
4.	Commission - as % of profit - others, specify		NA	NIL	NIL	NIL
5.	Others, please specify		NA	NIL	NIL	NIL
	Total		NA	463336	3554300	4017636

VIII. 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: Gurugram
Date: May 30, 2018

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

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

ANNEXURE 'D-1' TO BOARD'S REPORT

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

THE RATIO OF THE REMUNERATION OF EACH DIRECTOR TO THE MEDIAN REMUNERATION OF THE EMPLOYEES OF THE COMPANY FOR THE FINANCIAL YEAR 2017-2018

S.NO.	NAME	Designation	RATIO
1.	Yogesh Chander Munjal	Managing Director	114
2.	Shigeki Kobayashi	Joint Managing Director	69
3.			

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

THE PERCENTAGE INCREASE IN REMUNERATION OF EACH DIRECTOR, CHIEF FINANCIAL OFFICER, CHIEF EXECUTIVE OFFICER, COMPANY SECRETARY OR MANAGER, IF ANY, IN THE FINANCIAL YEAR 2017-2018

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	18.71
2.	Mr. Shigeki Kobayashi	Joint Managing Director	23.91
3.	Mr. Pankaj Gupta	Chief Financial Officer	35.18
4.	Mr. Saurabh Agrawal	Company Secretary	7.13

THE PERCENTAGE INCREASE IN THE MEDIAN REMUNERATION OF EMPLOYEES IN THE FINANCIAL YEAR 2017-18: 15.93

THE NUMBER OF PERMANENT EMPLOYEES ON THE ROLLS OF COMPANY

There were 1342 employees on the rolls of the Company as on March 31, 2018 as compared to 1465 employees as on March 31, 2017.

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 8.48% and the percentile increase in the managerial remuneration for the year was 19.73%. The Company except Managing Director and Joint Managing Director gives general increase to all its permanent employees after every three years

as per the practice followed by the Company after making wage agreements with its permanent workers for three years. The last increase was effective from July 2016. Apart from this the Company gives 3 to 5 percent every year on the basis of the individual employee's performance.

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

For and on behalf of the Board

Place: Gurugram
Date: May 30, 2018

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

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

ANNEXURE-E TO BOARD'S REPORT

Statement of particulars of employees pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended March 31, 2018

A. Details of top ten employee except Managing Directors:

Sl. No	Name	Designation	Gross Remuneration (Rs.)	Nature of employment	Experience (Years)	Nature of duties	Date of Commencement of Employment	Age (Years)	last employment held before joining the Company, designation	Percentage/ Nos. of Equity Share	Whether any such employee is a relative of any director or manager of the company
1	Hidekazu Shimazaki	Technical Advisor	Rs. 6,456,870	Contractual	-	Graduate in Mechanical Engineering	10/01/2014	38	Showa Corporation, Japan	NIL	NO
2	RAJIV SHARMA	V.P	Rs. 4,289,716	Permanent Employee	34	B.Tech (Mech)	01.05.2015	57	Tennaco Automotive	NIL	NO
3	ASHUTOSH SRIVASTAVA	V.P	Rs. 3,856,894	Permanent Employee	28	B.tech (Mech)	14.11.2005	54	M/s Saroj Pvt Ltd	NIL	NO

4	SANJAY KUMAR SHARMA	A.V.P.	Rs. 3,202,450	Permanent Employee	BE	27	Sr. Mgt- Haridwar Plant Head	10/10/2008	53	Thia Summit	NIL	NO
5	ARUN SHARMA	G.M	Rs. 2,905,914	Permanent Employee	B.S.C (Mech)	20	Sr. Mgt- Production Head	25.11.1988	59	M/s Punjab Tractors Ltd	NIL	No
6	RAKESH KUMAR VASHIST	V.P	Rs. 3,103,449	Permanent Employee	B.S.C (Chem)	37	Sr. Mgt- Paint Shop Head	03.10.1997	57	Birla Yamaha Ltd, Dehradun	NIL	NO
7	MANOJ KUMAR SAXENA	V.P	Rs. 2,873,080	Permanent Employee	Diploma (Mech)	36	Sr. Mgt- Quality Head	19.12.1986	56.5	Diamond Spring	NIL	NO
8	PANKAJ GUPTA	V.P & C.FO.	Rs. 3,723,920	Permanent Employee	CA, CS & CMA	28	Sr. Mgt. Head Finance and Accounts	27.09.1994	52	Omega Brigh Shows Pvt Ltd	5	NO
9	K. CHAKRAVORTY	A.V.P	Rs. 2,746,205	Permanent Employee	PG (DIP) & BCOM (HONS)	38	Commercial	16.5.1990	57	Bharat Gears Ltd	NIL	No
10	HIDENOBU YAMADA	Technical Advisor	Rs. 12,292,146	Contractual	Graduate in Automobile Electric	11	Technical	13-10-2016	36	Showa Corporation, Japan	NIL	NO

Note: 1. Gross remuneration shown above is subject to tax and comprises salary including arrears, allowances, rent, medical reimbursements, leave travel benefits, leave encashment, provident fund, superannuation fund & gratuity.

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

Sl. No	Name	Designation	Gross Remuneration (Rs.)	Nature of employment	Experi-ence (Years)	Nature of duties	Date of Commencement of Employment	Age (Years)	last employment held before joining the Company, designation	Percentage/ Nos. of Equity Share	Whether any such employee is a relative of any director or manager of the company

Employed throughout the period and in receipt of remuneration not less than Rs. 1.02 Cr. per annum												
1	Yogesh Chander Munjal	Managing Director	Rs. 53,332,251/-	Contractual	B. Arch.	54	Overall management of the affairs of the Company	01.09.1986	78	Chief Executive-Rockman Cycle Inds. Ltd.	NIL	NO
2	Shigeki Kobayashi	Joint Managing Director	Rs. 32,323,315/-	Contractual	Graduate	36	Overall management of the affairs of the Company	26.10.2016	58	Showa India Private Limited	NIL	NO

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

NOTES

- Information has been furnished on the basis of employees employed throughout the financial year, who were in receipt of remuneration for that year which, in the aggregate, was not less than Rs. 1.02 Cr per annum (Rs. 8.50 Lakhs per month) and for employees who worked for a part of the Financial Year, who were in receipt of remuneration for any part of the year. 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: Gurugram
Date: May 30, 2018

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

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

ANNEXURE 'F' TO 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.

Highlights of the CSR Policy are mentioned in Annexure 1, which forms a part of the CSR annual report. The CSR Policy of the Company is available on the Company's website (<http://www.munjalshowa.net/wp-content/uploads/2015/05/Corporate-Social-Responsibility-Policy1.pdf>).

2. Composition of the CSR Committee:

Mr. Yogesh Chander Munjal- Chairman

Mr. Vinod Kumar Agrawal- Member

Mr. Shigeki Kobayashi-Member

3. Average net profit of the Company for last three financial years: Rs. 9229.5 Lakh

4. Prescribed CSR Expenditure (two percent of average net profits as mentioned in item 3 above):

The Company is required to spend towards CSR: Rs. 184.59 Lakh

5. Details of CSR spend for the financial year 2017-18:

a. Total amount spent for the financial year 2017-18: **Rs. 112.67 Lakh**

b. Amount unspent: **Rs. 71.92 Lakh**

c. Manner in which the amount spent during the financial year 2017-18 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	Projects or programs (1) local area or other (2) specify the state and district where the projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads:	Cumulative expenditure upto to the reporting period.	Amount Spent: Direct or through Implementing agency
1	Sarhaul village, people were provided with tankers of distilled drinking water	i. Preventive Health care	Gurugram				Direct Rs. 10,747
2	Sponsored the purchase of wheel-chairs for needy people and the same was done by reimbursing the expense of the purchase of wheel-chairs incurred by the Nipman Foundation.	i. Preventive Health care	Delhi NCR				Through Trust Rs. 500,000

3	Free medicines to needy and poor patients as prescribed by certified doctors.	i. Preventive Health care	Delhi NCR				Direct Rs. 9,500/-
4	Free medicines to needy and poor patients as prescribed by certified doctors through Dayanand Medical College And others	i. Preventive Health care	Ludhiana				Direct Rs. 98,421
5	Skill enhancement & Imparted industrial training and paid the requisite remuneration to the Trainees.	ii. employment enhancing vocation skills	Gurugram				Through Trust Rs. 810,000
6	The company has provided sponsorship to bright students	ii. Promoting Education	Delhi NCR				Direct Rs. 306,500
7	Provided Books to needy students	ii. Promoting Education	Gurugram				Direct Rs. 198,492
8	RO Water system and water cooler in Arya Shishu Shala for providing better quality of drinking water to children	i. Preventive Health care	Delhi NCR				Direct Rs. 127,400
9	Provided scholarships to meritorious student of B.C.M. Senior Secondary School	ii. Promoting Education	Ludhiana				Direct Rs. 325,000
10	Provided scholarships to meritorious	ii. Promoting Education	Sonipat				Direct Rs. 11,500
11	The Company has reimbursement the fee of poor and bright students	i. Preventive Health care	Gurugram				Direct Rs. 158,600
12	Running and mantt. expenses of a pathology for poor and needy patients	i. Preventive Health care	Ludhiana				Direct Rs. 150,686
13	Provided fees and other charges to BPL Students through Raman Kant Munjal Foundation	ii. Promoting Education	Delhi NCR				Through Trust Rs. 78,020

14	Plantation and greenery through Jai Vayu Sanrakshan Samiti	(iv) Ensuring Environment Sustainability	Delhi NCR				Through Trust Rs. 150,000
15	Provided a School Bus through Raman Kant Munjal Foundation to Raman Munjal Vidhya Mandir	ii. Promoting Education	Delhi NCR				Direct Rs. 1,887,697
16	Sponsored a Golf Game organized by Haryana Police	vii. Promoting Sports	Delhi NCR				Direct Rs. 500,000
17	Promoting sports activities by sponsorship to Haryana Body Building Federation	vii. Promoting Sports					Direct Rs. 250,000
18	Provided Blackboard, Sitting Desk, Table & Chairs for school administration other furniture in school through Maharshi Dayanand Saraswati Smarak Trust	ii. Promoting Education	Delhi NCR				Through Trust Rs. 1,275,000
19	Carried out some repair & mantt. in School Vaidk Kanya Ucchha Vidhyalay	ii. Promoting Education	Delhi NCR				Direct Rs. 355,608
20	Auditorium hall for skill development and other educational activities through Arya Samaj Kailash- GK 1 Delhi	ii. Promoting Education	Delhi NCR				Through Trust Rs. 500,000
21	Construction of classrooms at Sr. Secondary School situated at Sarhaul Village	ii. Promoting Education	Gurugram				Direct Rs. 2,002,423
22	Making and setting up an Library in Sewa Sadhna Kendra at Panipat through Madhav Jan Sewa Nayas	ii. Promoting Education	Panipat				Through Trust Rs. 1,000,000
23	Provided an ambulance to be used for needy and poor patient through Shri Maharshi Dayanand Saraswati Smarak Trust, Tankara	i. Preventive Health care	Morbi Gujraat				Direct Rs. 361,658

24	Construction and R&M of Room for OPD Services in Vaidk Sadhan Ashram Tapovan	i. Preventive Health care	Dehradoon				Direct Rs. 200,000
TOTAL					11,267,252		

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:

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

The Company has incurred the CSR expenditure of Rs. 112.67 lakhs during the current financial year being about 61.04 % of Rs. 184.59 Lakh, to be spent during the year. The shortfall of Rs. 71.92 Lakh, being 38.96% of the required expenditure on CSR was due to non-identification of appropriate projects / activities / programmes in line with the CSR policy of the Company. The CSR activities of the Company are approved by the Board and few new initiatives have been proposed that may be considered in future. For the subsequent years, the Company endeavours to spend the budgeted CSR expenditure in accordance with the statutory requirements.

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

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

We also hereby confirmed that all the CSR expenditure spend during the financial year 2017-18 was in accordance with SCHEDULE VII of the Companies Act, 2013

For and on behalf of the Board

Place: Gurugram
Date: May 30, 2018

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

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

Annexure 1

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: Gurugram
Date: May 30, 2018

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

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

Annexure H

FORM NO. AOC.2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis
 - (a) Name(s) of the related party and nature of relationship: **Mr. Saurabh Agrawal (Company Secretary, KMP)**
 - (b) Nature of contracts/arrangements/transactions: **Interest free Loan**
 - (c) Duration of the contracts/arrangements/transactions: **40 months**
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any: **Interest free loan of Rs. 40000. Repayment terms is 40 months into 40 EMIs**
 - (e) Justification for entering into such contracts or arrangements or transactions: **It is a general facility available to all the permanent employees of the Company.**
 - (f) Date(s) of approval by the Board: **27/10/2017**
 - (g) Amount paid as advances, if any: **Nil**
 - (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: **Not Applicable**
2. Details of material contracts or arrangement or transactions at arm's length basis: **NA**
 - (a) Name(s) of the related party and nature of relationship
 - (b) Nature of contracts/arrangements/transactions
 - (c) Duration of the contracts/arrangements/transactions
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
 - (e) Date(s) of approval by the Board, if any:
 - (f) Amount paid as advances, if any:

For and on behalf of the Board

Place: Gurugram
Date: May 30, 2018

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

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

INDEPENDENT AUDITOR'S REPORT**To The Members of MUNJAL SHOWA LIMITED****Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of **Munjal Showa Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS 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 Ind AS financial statements based on our audit.

In conducting 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 and the Order issued under section 143(11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 the 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 Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matters

The comparative financial information of the Company for the year ended 31st March, 2017 and the transition date opening balance sheet as at 1st April, 2016 included in these Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31st March, 2017 and 31st March, 2016 dated 19th May, 2017 and 20th May, 2016 respectively expressed an unmodified opinion on those financial statements, and have been restated to comply with Ind AS. Adjustments made to the previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS have been audited by us.

Our opinion on the Ind AS financial statements is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Company as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements- Refer note 31(b) of the Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses- Refer note 37 of the Ind AS financial statements;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company- Refer note 38 of the Ind AS financial statements .
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Jaideep Bhargava

Partner

(Membership No. 090295)

Gurugram, 30th May, 2018

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

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

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

We have audited the internal financial controls over financial reporting of **MUNJAL SHOWA LIMITED** (“the Company”) as of 31st March, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS 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 Ind AS 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 Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Jaideep Bhargava

Partner

(Membership No. 090295)

GURUGRAM, 30th May, 2018

ANNEXURE "B" TO THE AUDITORS' REPORT

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

(i) In respect of its Property, plant and equipment:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the Property, plant and equipment.
- (b) All the Property, plant and equipment were physically verified by the management in the year ended March 31, 2016 in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed and conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings included under the head "Property, plant and equipment", are held in the name of the Company as at the balance sheet date except the following:

Particulars of the land	Amount (Carrying amount as at 31 st March, 2018) (in Rs. Lakhs)	Remarks
Freehold land located at Manesar admeasuring 59,273sft	2,377.36	Pending registration in the name of Company

- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals other than for inventories lying with third parties at the end of the year for which confirmations have been obtained in most of the cases and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has neither accepted any deposit during the year nor has any unclaimed deposits within the meaning of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident fund, Employees' State Insurance, Income-tax, Goods & Services Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Goods & Services Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31st March, 2018 for a period of more than six months from the date they became payable.
- (b) There are no disputed dues in respect of Goods & Services Tax, Sales Tax, Customs Duty, Excise Duty, and Value Added Tax as at 31st March, 2018 which have not been deposited on account of dispute. The following are the particulars of Income-tax & Service Tax dues which have not been deposited / deposited under protest as on 31st March, 2018 by the Company on account of disputes:

Name of Statute	Nature of Dues	Amount* (Rs. in lakhs)	Amount paid under protest (Rs. lakhs)	Period to which the Amount Relates	Forum where Dispute is Pending
Income-tax Act, 1961	Income-tax	1,251.76	625.88	AY 2009-10	Income Tax Appellate Tribunal
		1,385.91	435.36	AY 2010-11	Income Tax Appellate Tribunal
		2,060.47	668.45	AY 2011-12	Income Tax Appellate Tribunal
		57.88	18.81	AY 2013-14	Income Tax Appellate Tribunal
Finance Act, 1994	Service Tax	134.07	-	FY 2007-08 & FY 2008-09	Customs, Excise, Service Tax Appellate Tribunal

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

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans/ borrowings to banks. The Company has not taken any loans or borrowings from financial institutions and government and has not issued any debentures during the year.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

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

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Jaideep Bhargava

Partner
(Membership No. 090295)

Gurugram, 30th May, 2018

Balance Sheet as at March 31, 2018

(Rs. in lacs)

Particulars	Notes	As at March, 31 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
Non-current assets				
(a) Property, plant and equipment	3	15,654.50	17,656.87	19,551.80
(b) Capital work-in-progress	3a	75.06	288.48	261.45
(c) Intangible assets	4	70.35	138.19	196.92
(d) Financial assets				
(i) Investments	5a	486.38	997.10	-
(ii) Loans	5b	251.50	110.73	147.76
(iii) Other financial assets	5c	275.33	275.82	278.42
(e) Deferred tax assets (net)	15	20.96	-	-
(f) Income tax assets (net)	6	4,617.01	4,687.93	4,405.24
(g) Other non-current assets	7	100.55	67.83	166.09
Total Non- Current Assets		21,551.64	24,222.95	25,007.68
Current assets				
(a) Inventories	8	6,315.79	6,188.33	6,313.40
(b) Financial assets				
(i) Investments	5a	23,918.38	16,097.02	8,516.92
(ii) Trade Receivables	9	24,487.60	19,418.02	19,910.67
(iii) Cash and cash equivalents	10	1,912.00	559.96	147.77
(iv) Bank balances other than (iii) above	11	69.21	61.23	94.80
(v) Loans	5b	159.62	175.14	136.74
(vi) Other financial assets	5c	4.87	4.86	6.47
(c) Other current assets	7	911.06	849.25	1,146.70
Total Current Assets		57,778.53	43,353.81	36,273.47
Total Assets		79,330.17	67,576.76	61,281.15
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity share capital	12	799.93	799.93	799.93
(b) Other equity	13	56,162.32	50,466.90	44,690.59
Total equity		56,962.25	51,266.83	45,490.52
LIABILITIES				
Non-current liabilities				
(a) Provisions	14	293.18	359.60	327.58
(b) Deferred tax liabilities (net)	15	-	369.53	773.06
(c) Other non-current liabilities	17	9.79	11.79	13.79
Total Non-Current liabilities		302.97	740.92	1,114.43
Current liabilities				
(a) Financial Liabilities				
(i) Trade Payables	16a	18,503.91	13,537.77	13,297.20
(ii) Other financial liabilities	16b	243.75	320.92	302.11
(b) Other current liabilities	17	1,589.51	392.97	434.02
(c) Provisions	14	1,727.78	1,317.35	642.87
Total Current liabilities		22,064.95	15,569.01	14,676.20
Total Equity and Liabilities		79,330.17	67,576.76	61,281.15
See accompanying notes to the financial statements	1 to 41			

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board of Directors

Jaideep Bhargava
Partner

Yogesh Chander Munjal
Chairman & Managing Director
DIN 00003491

Pankaj Gupta
Chief Financial Officer

Vinod Kumar Agrawal
Director
DIN 00004463

Saurabh Agrawal
Company Secretary
Membership No. A36163

Place : Gurugram
Date : May 30, 2018

Place : Gurugram
Date : May 30, 2018

Statement of Profit and Loss for the year ended March 31, 2018

		(Rs. in lacs)	
Particulars	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
I INCOME			
Revenue from operations (gross)	18	161,545.28	159,051.34
Other income	19	2,068.17	1,758.92
Total Income (I)		163,613.45	160,810.26
II EXPENSES			
Cost of raw materials and components consumed	20	116,608.23	106,775.72
Changes in inventories of finished goods, work-in progress and scrap	21	(300.88)	421.68
Excise duty on sale of goods		3,402.68	13,085.57
Employee benefits expenses	22	12,506.10	11,454.39
Finance costs	23	14.93	5.40
Depreciation and amortization expenses	24	2,824.46	2,906.20
Other expenses	25	18,017.70	17,365.75
Total expenses (II)		153,073.22	152,014.71
III Profit before tax (I-II)		10,540.23	8,795.55
IV Tax expense:			
Current tax	26	3,110.23	3,108.91
Deferred tax (benefit)/ charge	26	(321.42)	(384.69)
Total tax expenses (IV)		2,788.81	2,724.22
V Profit for the year (III-IV)		7,751.42	6,071.33
VI Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
Re-measurement gains (losses) on defined benefit plans		(199.59)	(313.86)
Income tax benefit	26	69.07	108.63
Items that will be reclassified to profit or loss:		-	-
Net other comprehensive income for the year, net of tax (VI)		(130.52)	(205.23)
VII Total Comprehensive Income for the year (net of tax) (V+VI)		7,620.90	5,866.10
VIII Earnings per equity share (of Rs. 2 each) in Rs.	27		
(1) Basic		19.38	15.18
(2) Diluted		19.38	15.18
See accompanying notes to the financial statements	1 to 41		

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Place : Gurugram
Date : May 30, 2018

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Date : May 30, 2018

Cash Flow Statement for the year ended March 31, 2018

		(Rs. in lacs)	
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017	
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit after tax	7,751.42	6,071.33	
Adjustments for:			
Add: Depreciation and amortisation	2,824.46	2,906.20	
Tax expense	2,788.81	2,724.22	
Loss on property, plant and equipment sold/discarded	-	12.97	
Finance cost	14.93	5.40	
	<u>5,628.20</u>	<u>5,648.79</u>	
Less: Interest income	42.38	545.16	
Dividend income	36.71	-	
Profit on sale of investments	843.18	798.04	
Gain on investments carried at fair value through profit or loss	703.24	147.03	
Profit on sale of property, plant and equipment	23.02	-	
Re-measurement loss on defined benefit plans	199.59	313.86	
Deferred income from government grant	2.00	2.00	
	<u>1,850.12</u>	<u>1,806.09</u>	
Operating profit before working capital changes	11,529.50	9,914.03	
Changes in working capital:			
Adjustment for (increase)/decrease in operating assets:			
Inventories	(127.46)	125.07	
Trade receivables	(5,069.58)	492.65	
Loans-Current	15.52	(38.40)	
Loans-Non-Current	(140.77)	37.03	
Other financial assets-current	0.06	1.45	
Other financial assets-non-current	0.49	2.60	
Other current assets	(61.81)	297.45	
Other non-current assets	1.56	(2.78)	
	<u>(5,381.99)</u>	<u>915.07</u>	
Adjustment for increase/(decrease) in operating liabilities:			
Trade payables	4,966.14	240.57	
Other financial liabilities-Current	8.18	5.86	
Other current liabilities	1,196.54	(41.05)	
Short-term provisions	410.43	674.48	
Long-term provisions	(66.42)	32.02	
	<u>6,514.87</u>	<u>911.88</u>	
Cash generated from operations	12,662.38	11,740.98	
Less: Direct taxes paid	3,039.31	3,391.60	
Net cash from operating activities	9,623.07	8,349.38	
B. CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant & equipment and intangible assets including capital advances	(670.52)	(847.10)	
Proceeds from sale of property, plant & equipment	25.10	2.13	
Purchase of investment	(71,516.28)	(110,353.99)	
Sale of investment	65,752.06	102,721.86	
Dividend income	36.71	-	
Interest received	42.31	545.31	
Net cash (used) in investing activities	(6,330.62)	(7,931.79)	
C. CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid	(14.93)	(5.40)	
Dividends paid	(1,599.80)	-	
Tax on dividend	(325.68)	-	
Net cash (used) in financing activities	(1,940.41)	(5.40)	
D. INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	1,352.04	412.19	
Cash and cash equivalents at the beginning of the year	559.96	147.77	
Cash and cash equivalents at the end of the year	1,912.00	559.96	
See accompanying notes to the financial statements	1 to 41		

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
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For and on behalf of the Board of Directors

Jaideep Bhargava
Partner

Yogesh Chander Munjal
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Saurabh Agrawal
Company Secretary
Membership No. A36163

Place : Gurugram
Date : May 30, 2018

Place : Gurugram
Date : May 30, 2018

Statement of changes in equity for the year ended March 31, 2018

A. Equity share capital

(Rs. in lacs)

Particulars	Nos. (in lacs)	Amount
Balance as at April 1, 2016	399.95	799.93
Issued during the year	-	-
Closing balance as at March 31, 2017	399.95	799.93
Issued during the year	-	-
Closing balance as at March 31, 2018	399.95	799.93

B. Other equity

(Rs. in lacs)

Particulars	Retained earnings	General reserve	Total
As at April 1, 2016	18,782.74	25,907.85	44,690.59
Add: Profit for the Year	6,071.33	-	6,071.33
Add/(less): Other comprehensive income for the year (net of tax)	(205.23)	-	(205.23)
Adjustment to deferred tax liability as at March 31, 2017	(89.79)	-	(89.79)
Total Comprehensive income for the year	5,776.31	-	5,776.31
As at March 31, 2017	24,559.05	25,907.85	50,466.90
Add: Profit for the Year	7,751.42	-	7,751.42
Add/(less): Other comprehensive income for the year (net of tax)	(130.52)	-	(130.52)
Add/(less): Transfer to general reserves	(2,000.00)	2,000.00	-
Total Comprehensive income for the year	5,620.90	2,000.00	7,620.90
Less: Payment of dividends	1,599.80	-	1,599.80
Less: Tax on dividend	325.68	-	325.68
As at March 31, 2018	28,254.47	27,907.85	56,162.32

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board of Directors

Jaideep Bhargava
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DIN 00003491

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Saurabh Agrawal
Company Secretary
Membership No. A36163

Place : Gurugram
Date : May 30, 2018

Place : Gurugram
Date : May 30, 2018

Notes forming part of the financial statements for the year ended March 31, 2018**1. CORPORATE INFORMATION**

Munjal Showa Limited ('the Company') is a public company domiciled in India and has a registered office in Gurugram, India. The Company is incorporated under the provisions of the erstwhile Companies Act, 1956. The shares of the Company are listed on two stock exchanges in India i.e. National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). It was established in 1985 as a result of technical and financial collaboration between Hero Group and Showa Corporation, Japan.

The Company operates as an ancillary and manufactures auto components for the two-wheeler and four-wheeler industry, primary products being front forks, shock absorbers, struts, gas springs and window balancers for sale in domestic market. The Company has three manufacturing locations, two in the state of Haryana and one in the state of Uttarakhand. These units are located at Gurugram, Manesar and Haridwar.

The financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorised for issue on May 30, 2018.

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

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

Upto the year ended March 31, 2017, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2016. Refer Note 40 for the details of first-time adoption exemptions availed by the Company.

b) Accounting convention

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

c) Operating cycle

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

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

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

Transactions and Balances

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

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

Notes forming part of the financial statements for the year ended March 31, 2018**iii) Fair value measurement**

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

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

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

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

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

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

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

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

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

iv) Cash and cash equivalents

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

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

v) Cash flow statement

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

vi) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates and other similar allowances.

The Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

Notes forming part of the financial statements for the year ended March 31, 2018

However, sales tax/ value added tax (VAT) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue

Sale of goods

Revenue from the sale of goods is recognised when the goods are dispatched and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably

Dividend and interest income

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

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

vii) Inventories

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

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

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

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

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

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

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

Notes forming part of the financial statements for the year ended March 31, 2018
Subsequent Costs

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

Depreciation

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

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

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

S. No.	Assets	Useful lives estimated by the management (years)
(i)	Factory Buildings	30
(ii)	Plant and Equipment	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 independent assessment by technical experts, professionals, the useful lives of the following classes of assets:

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

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

ix) Intangible assets
Recognition and Measurement

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

Amortisation and Useful lives

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

Notes forming part of the financial statements for the year ended March 31, 2018

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

Amounts paid towards acquisition of designs and drawings is amortised on straight line basis over the period of expected future sales from the related product, which the management has determined to be 24 months based on past trends. Amortisation shall begin when the asset is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in a manner intended by management.

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

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

Research and development costs

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

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

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

x) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

xi) Leases

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

For arrangement entered into prior to April 1, 2016, the Company has determined whether the arrangement contains lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

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

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

xii) Provisions

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

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

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

Warranties

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

xiii) Contingent liabilities

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

xiv) Contingent assets

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

xv) Financial instruments

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

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

a.) Financial assets

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

Classification of financial assets

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

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

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

- the asset is held within a business model whose objective is achieved both by collecting contractual cash

flows and selling financial assets; and

- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

All other financial assets are subsequently measured at fair value.

Effective interest method

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

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

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

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

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

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

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

Impairment of financial assets

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

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

De-recognition of financial assets

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

b.) Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

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

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

De-recognition of financial liabilities

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

c.) Derivative financial instruments

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

Embedded derivatives

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

xvi) Equity share capital

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

xvii) Impairment of non-financial assets

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

The recoverable amount of an asset or cash-generating unit ('CGU') is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets ('CGU').

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

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

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

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

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

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

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards provident fund and superannuation fund which are defined contribution plans. The Company has no obligation, other than the contribution payable to the funds. The Company recognises contribution payable to the fund scheme in the Statement of Profit and Loss, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the prepayment will lead to, for example, a reduction in future payment or a cash refund.

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

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

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

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

Compensated absences

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

Compensated absence, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it

Notes forming part of the financial statements for the year ended March 31, 2018

expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats compensated absences expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss.

The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

xix) Taxes

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

Current tax

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

Deferred tax

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

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

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

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

Current and deferred tax for the year

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

xx) Government grants

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

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

xxi) Earnings per share

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

Notes forming part of the financial statements for the year ended March 31, 2018

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

xxii) Applicability of new Ind AS

- a.) Ministry of Corporate affairs has notified Ind AS 115 'Revenue from Contracts with customers', which is effective from April 1, 2018. The new standard outlines a single comprehensive control-based model for revenue recognition and supersedes current revenue recognition guidance based on risks or rewards. The Company is evaluating the requirements of Ind AS 115 and its effect of the financial statements.
- b.) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018.

xxiii) First-time adoption - mandatory exceptions, optional exemptions

The Company has prepared the opening balance sheet as per Ind AS as at April 1, 2016 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to an optional exemption availed by the Company as detailed below:

- a) **Deemed cost for property, plant & equipment and intangible assets:** The Company has elected to continue with the carrying value of all of its property, plant & equipment and intangible assets recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Notes to the financial statements for the year ended March 31, 2018

3. Property, Plant and Equipment

(Rs. in Lacs)

	Freehold land	Buildings	Plant and machinery	Furniture & fixtures	Office equipment	Computers	Vehicles	Total
Deemed Cost								
As at 1.04.2016	5,197.38	5,173.27	8,870.88	35.90	39.33	51.59	183.45	19,551.80
Additions	-	-	770.27	9.17	7.40	10.96	34.41	832.21
Disposals	-	-	124.89	-	0.93	1.20	25.11	152.13
As at 31.03.2017	5,197.38	5,173.27	9,516.26	45.07	45.80	61.35	192.75	20,231.88
Additions	-	-	564.08	6.57	27.15	7.61	75.69	681.10
Disposals	-	-	10.17	-	11.11	3.24	92.46	116.98
As at 31.03.2018	5,197.38	5,173.27	10,070.17	51.64	61.84	65.72	175.98	20,796.00
Accumulated Depreciation								
As at 1.04.2016	-	-	-	-	-	-	-	-
Depreciation expense	-	279.73	2,327.33	8.48	19.60	16.68	60.23	2,712.05
Adjustments	-	-	121.58	-	0.87	1.20	13.39	137.04
As at 31.03.2017	-	279.73	2,205.75	8.48	18.73	15.48	46.84	2,575.01
Depreciation expense	-	229.85	2,344.98	8.73	16.92	19.01	61.89	2,681.38
Adjustments	-	-	10.17	-	10.77	3.24	90.71	114.89
As at 31.03.2018	-	509.58	4,540.56	17.21	24.88	31.25	18.02	5,141.50
Carrying amount								
As at 1.04.2016	5,197.38	5,173.27	8,870.88	35.90	39.33	51.59	183.45	19,551.80
As at 31.03.2017	5,197.38	4,893.54	7,310.51	36.59	27.07	45.87	145.91	17,656.87
As at 31.03.2018	5,197.38	4,663.69	5,529.60	34.43	36.96	34.47	157.96	15,654.50

3a. Capital work in progress

Capital work in progress

(Rs. in lacs)

As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
75.06	288.48	261.45

Notes to the financial statements for the year ended March 31, 2018

4. Intangible assets

	Computer Software	Designs and drawings	Total
Deemed cost			
As at 1.04.2016			196.92
Additions	23.40	173.52	
Disposals	3.16	132.26	
As at 31.03.2017	26.56	305.78	332.34
Additions	2.76	72.48	75.24
Disposals	-	-	-
As at 31.03.2018	29.32	378.26	407.58
Accumulated amortisation			
As at 1.04.2016	-	-	-
Amortisation expense	7.84	186.31	194.15
As at 31.03.2017	7.84	186.31	194.15
Amortisation expense	7.63	135.45	
Disposals	-	-	-
As at 31.03.2018	15.47	321.76	337.23
Carrying amount			
As at 1.04.2016	23.40	173.52	196.92
As at 31.03.2017	18.72	119.47	138.19
As at 31.03.2018	13.85	56.50	70.35

5. Financial Assets

	March 31, 2018	March 31, 2017	April 1, 2016	Non-current	Current
5.(a) Investments					
Category-wise investments					
Investment in debentures	-	997.10	-	-	-
Investment in mutual funds	-	-	-	23,409.41	16,097.02
Investment in alternate investment funds	486.38	-	-	508.97	-
	<u>486.38</u>	<u>997.10</u>	<u>-</u>	<u>23,918.38</u>	<u>16,097.02</u>
					<u>8,516.92</u>

Notes to the financial statements for the year ended March 31, 2018

Investment carried at fair value through profit or loss (FVTPL)									
Investment in debentures									
Quoted									
Face value of Rs. 1,000,000 each									
JM Financial Products Limited - Non-convertible Market Linked Debentures	-	100	-	-	997.10	-	-	-	-
Investment in debentures	-		-	-	997.10	-	-	-	-
Investment in mutual funds									
Unquoted									
Units of the face value of Rs. 10 each									
Sundaram Ultra Short-Term Fund Regular Growth	17,304,454.28	17,304,454.28	17,304,454.28	-	-	-	4,102.26	3,852.47	3,580.26
Sundaram Smart Nifty 100 Equal Weight Fund Direct Growth	2,500,000.00	2,500,000.00	-	-	-	-	295.26	272.35	-
Sundaram Smile Fund Direct plan Growth	-	321,416.50	-	-	-	-	-	287.87	-
Sundaram Select Debt Short Term Asset - direct plan growth	16,449,859.71	16,449,859.71	-	-	-	-	5,124.99	4,788.08	-
Sundaram Money Fund Direct plan Growth	1,043,614.19	-	-	-	-	-	382.33	-	-
Taurus Dynamic Income Fund	-	9,823,197.73	10,381,700.52	-	-	-	-	1,350.90	1,535.74
ICICI Prudential Balance Fund- Growth	-	-	546,627.31	-	-	-	-	-	489.18
Canara Robeco Savings Plus Fund	-	3,937,534.95	8,525,112.85	-	-	-	-	1,003.80	2,011.00
DHFL Pramerica medium term income fund Direct plan-Growth	-	-	-	-	-	-	-	2,005.13	-
		14,173,239.51	-	-	-	-	-	-	-
DHFL Pramerica Short Maturity Fund - Direct Plan - Growth	6,507,655.27	-	-	-	-	-	2,163.88	-	-
DHFL Pramerica Arbitrage Fund Direct Plan - Monthly Dividend	14,166,579.05	-	-	-	-	-	1,514.34	-	-
Reliance Medium Term Fund	-	5,869,718.95	-	-	-	-	1,338.84	2,036.19	-
Reliance Arbitrage Advantage Fund - Direct Growth	17,834,145.14	-	-	-	-	-	3,262.99	-	-
Reliance Short Term fund-Direct Growth	3,974,587.10	-	-	-	-	-	-	-	-
Edelweiss Arbitrage Fund - Monthly Dividend Direct Plan	12,129,787.80	-	-	-	-	-	1,516.61	-	-
Units of the face value of Rs. 1000 each									
Taurus Ultra Short Term Bond Fund	-	-	49,161.85	-	-	-	-	-	900.74
HDFC Cash Management Fund - Saving Plan-Growth	69,608.74	14,802.96	-	-	-	-	2,505.55	500.23	-
Mahindra Liquid Fund- Regular Growth	107,201.26	-	-	-	-	-	1,202.36	-	-

	-	-	-	-	23,409.41	16,097.02	8,516.92
Investment in mutual funds							
Investment in alternate investment funds							
Unquoted							
Units of the face value of Rs. 100 each							
Alchemy Leaders of tomorrow Class A2 - Series 1	-	486.38	-	-	-	-	-
Aventus Absolute Return Fund - Class A3	-	-	-	-	508.97	-	-
Investment in alternatne investment funds							
Total		486.38	997.10	-	508.97	-	-
		486.38	997.10	-	23,918.38	16,097.02	8,516.92
							(Rs. in lacs)
Aggregate book value of quoted investments							
Aggregate market value of quoted investments	-	997.10	-	-	-	-	-
Aggregate carrying value of unquoted investments	-	997.10	-	-	-	-	-
	486.38	-	-	-	23,918.38	16,097.02	8,516.92
							(Rs. in lacs)
Category-wise investment as per Ind AS 109 classification							
Financial assets carried at fair value through profit or loss (FVTPL)							
Unquoted							
Investment in mutual funds	-	-	-	-	23,409.41	16,097.02	8,516.92
Investment in alternate investment funds	486.38	-	-	-	508.97	-	-
	486.38	-	-	-	23,918.38	16,097.02	8,516.92
							(Rs. in lacs)
Quoted							
Investment in debentures	-	997.10	-	-	-	-	-
Total	486.38	997.10	-	-	23,918.38	16,097.02	8,516.92
							(Rs. in lacs)
5.(b) Loans							

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Note: These financial assets are carried at amortised cost.

Notes to the financial statements for the year ended March 31, 2018
6. Income tax assets (net)

	(Rs. in lacs)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Income tax assets			
Advance income tax	7,829.01	7,759.93	7,288.24
Less: Provision for tax	3,212.00	3,072.00	2,883.00
Net	4,617.01	4,687.93	4,405.24

7. Other assets

	(Rs. in lacs)					
	As at March 31, 2018	Non-current As at March 31, 2017	As at April 1, 2016	As at March 31, 2018	Current As at March 31, 2017	As at April 1, 2016
Unsecured, considered good (unless otherwise stated)						
Capital advances	87.52	53.24	154.29	-	-	-
Prepaid expenses	13.03	14.59	11.80	298.36	294.18	255.35
Balance with statutory/government authorities	-	-	-	539.54	296.27	579.94
Advances to vendors -considered good	-	-	-	64.18	257.15	239.43
-considered doubtful	-	-	-	247.03	242.14	242.14
Less: Provision for doubtful advances	-	-	-	(247.03)	(242.14)	(242.14)
Others	-	-	-	8.98	1.65	71.98
Total	100.55	67.83	166.09	911.06	849.25	1,146.70

8. Inventories (lower of cost and net realisable value)

	(Rs. in lacs)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Raw materials and components	2,824.89	2,386.73	2,192.58
Raw materials and components - in transit	1,345.20	1,977.99	1,898.70
Work in progress	707.48	686.11	845.47
Finished goods	907.41	636.99	897.63
Stores and spares	492.24	470.82	442.32
Stores and spares - in transit	27.92	28.13	33.46
Scrap	10.65	1.56	3.24
Total	6,315.79	6,188.33	6,313.40

The cost of inventories recognised as an expense during the year was Rs. 146,976.23 lacs (for 2016-17: Rs. 133,868.67 lacs) .

Inventories of Rs 288.22 lacs (as at March 31, 2017 Rs 129.35 lacs, as at April 1, 2016 Rs. 83.56 lacs) are expected to be recovered after more than twelve months.

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

The cost of inventory recognised as an expense includes Rs. 150.25 (for 2016-17: Rs.8.75 lacs) in respect of write-downs of inventory to net realisable value.

Notes to the financial statements for the year ended March 31, 2018
9. Trade receivables

	(Rs. in lacs)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good	24,487.60	19,418.02	19,910.67
Unsecured, considered doubtful	6.47	6.00	14.59
	24,494.07	19,424.02	19,925.26
Less :Impairment of trade receivables	(6.47)	(6.00)	(14.59)
Total	24,487.60	19,418.02	19,910.67
	(Rs. in lacs)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Age of receivables			
Within credit period	18,198.59	14,282.82	15,001.19
Up to 6 months past due	6,288.64	5,081.58	4,909.48
More than 6 months past due	0.37	53.62	-
Total	24,487.60	19,418.02	19,910.67

Trade receivables are non-interest bearing and are generally on terms of 25 to 60 days.

The Company has used a practical expedient by computing the expected loss allowance for trade receivables based on historical credit loss experience and adjustment for forward looking information.

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

10. Cash and Cash Equivalents

	(Rs. in lacs)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Cash on hand	8.20	7.88	7.38
Balances with banks:			
In current accounts	49.82	124.25	83.08
In cash credit accounts*	1,853.98	411.04	57.31
Cheques on hand	-	16.79	-
Total	1,912.00	559.96	147.77

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

11. Other bank balances

	(Rs. in lacs)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
In dividend current accounts (earmarked accounts)	69.21	61.23	94.80
	69.21	61.23	94.80

Notes to the financial statements for the year ended March 31, 2018

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

	(Rs. in lacs)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Cash on hand	8.20	7.88	7.38
Balances with banks:			
In current accounts	49.82	124.25	83.08
In cash credit accounts	1,853.98	411.04	57.31
Cheques on hand	-	16.79	-
Total	1,912.00	559.96	147.77

12. Equity Share Capital

	(Rs. in lacs)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Authorised share capital 750 lacs (March 31, 2017: 750 lacs and April 1, 2016: 750 lacs) equity shares of Rs. 2 each	1,500.00	1,500.00	1,500.00
Issued share capital 399.98 lacs (March 31, 2017: 399.98 lacs and April 1, 2016: 399.98 lacs) equity shares of Rs. 2 each	799.95	799.95	799.95
	799.95	799.95	799.95
Subscribed and fully paid-up share capital 399.95 lacs (March 31, 2017: 399.95 lacs and April 1, 2016: 399.95 lacs) equity shares of Rs. 2 each	799.90	799.90	799.90
	799.90	799.90	799.90
Shares forfeited (amount originally paid up)	0.03	0.03	0.03
Total paid-up share capital	799.93	799.93	799.93

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

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Nos.(in lacs)	Rs. in lacs	Nos.(in lacs)	Rs. in lacs	Nos.(in lacs)	Rs. in lacs
Opening Balance	399.95	799.93	399.95	799.93	399.95	799.93
Closing Balance	399.95	799.93	399.95	799.93	399.95	799.93

B. Terms/Rights attached to equity shares

1. The Company has only one class of equity shares having a par value of Rs. 2 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

2. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes to the financial statements for the year ended March 31, 2018
C. Details of shareholders holdings more than 5% shares

Name of Shareholder	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Nos. (in lacs)	% holding in the class	Nos. (in lacs)	% holding in the class	Nos. (in lacs)	% holding in the class
Equity shares of Rs. 2 each fully paid						
(i) Dayanand Munjal Investments Private Limited	156.00	39.00%	156.00	39.00%	156.00	39.00%
(ii) Showa Corporation, Japan	104.00	26.00%	104.00	26.00%	104.00	26.00%
(iii) Enam Securities Private Limited	21.51	5.38%	21.51	5.38%	21.51	5.38%

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

13. Other equity

(Rs. in lacs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Retained earnings	28,254.47	24,559.05	18,782.74
General reserve	27,907.85	25,907.85	25,907.85
Total	56,162.32	50,466.90	44,690.59

(Rs. in lacs)

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
A. General reserve		
Opening balance	25,907.85	25,907.8
Add: Transfer from retained earnings	2,000.00	-
Balance at end of year	27,907.85	25,907.85

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

B. Retained earnings

(Rs. in lacs)

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Opening balance	24,559.05	18,782.74
Add: Profit for the year	7,751.42	6,071.33
Other Comprehensive income arising from remeasurement of defined benefit obligation net of income tax	(130.52)	(205.23)

Notes to the financial statements for the year ended March 31, 2018

Adjustment to deferred tax liability as at March 31, 2017	-	(89.79)
Less: Final dividend year 2016-17 (amount per share Rs. 4)	1,599.80	-
Less: Tax on dividend	325.68	-
Less: Transfer to general reserve	2,000.00	-
Balance at end of year	28,254.47	24,559.05

Dividends

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

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Proposed dividend on Equity Shares:		
The board proposed dividend on equity shares after the balance sheet date:		
Proposed dividend on equity shares for the year ended March 31, 2018 of Rs 4.5 per share (March 31, 2017: Rs. 4 per share)	1,799.78	1,599.80
DDT on proposed dividend	366.39	325.68
Total	2,166.17	1,925.48

14. Provisions

(Rs. in lacs)

	Non-Current			Current		
	<u>As at March 31, 2018</u>	<u>As at March 31, 2017</u>	<u>As at April 1, 2016</u>	<u>As at March 31, 2018</u>	<u>As at March 31, 2017</u>	<u>As at April 1, 2016</u>
Provision for employee benefits						
Provision for gratuity	-	-	-	604.24	433.80	9.89
Provision for leave benefits	-	-	-	859.43	594.28	399.31
Total (A)	-	-	-	1,463.67	1,028.08	409.20
Other provisions						
Provision for warranties	293.18	359.60	327.58	189.11	214.27	158.67
Provision for contingency	-	-	-	75.00	75.00	75.00
Total (B)	293.18	359.60	327.58	264.11	289.27	233.67
Total (A+ B)	293.18	359.60	327.58	1,727.78	1,317.35	642.87

Movement in provision for warranty

(Rs. in lacs)

	<u>As at March 31, 2018</u>	<u>As at March 31, 2017</u>	<u>As at April 1, 2016</u>
At the beginning of the year	573.87	486.25	370.64
Additions during the year	42.03	263.37	329.30
Utilized during the year	133.61	175.75	213.69
At the end of the year	482.29	573.87	486.25
Current portion	189.11	214.27	158.67
Non-current portion	293.18	359.60	327.58

Notes to the financial statements for the year ended March 31, 2018

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

Provision for contingency

The Company had received a show-cause notice from Haryana State Pollution Control Board ('HSPCB') in 2009-10 towards contamination of ground water caused due to higher concentration of chromium used by the Company as compared to the minimum expected level. Pursuant to the show cause notice, the management had submitted a time bound remediation plan as per which specified milestones were to be achieved at the end of each quarter till December 2010. A bank guarantee of Rs. 500 lacs had also been submitted to HSPCB. The management had initiated adequate steps suggested by the experts and had completed the plan within the overall time frame. Against the appeal filed by the Company with Appellate Authority, HSPCB, the case had been decided by the appellate authority on November 4, 2011 and as per the order of the appellate authority, bank guarantee of Rs. 375 lacs had been released and bank guarantee of Rs. 125 lacs had been forfeited by HSPCB. The Company had filed a writ petition against the order of the appellate authority before the Hon'ble High Court of Punjab and Haryana, which gave the decision for transfer of the case to National Green Tribunal, New Delhi. National Green Tribunal has disposed off our Appeal vide Judgment dated 03.11.2016 stating that we see no reason to interfere with the order dated 09.08.2010 passed by the HSPCB, partially encashing the bank guarantee furnished by the appellant industry to the extent of Rs.125 lacs and directed the Chairman of the HSPCB to personally conduct an inquiry into the matter, fix responsibility and take action in accordance with law. Provision of Rs. 75 lacs (March 31, 2017: Rs. 75 lacs, April 1, 2016; Rs. 75 lacs), 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.

Movement in provision for contingency

	(Rs. in lacs)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
At the beginning of the year	75.00	75.00	75.00
Additions during the year	-	-	-
Utilized during the year	-	-	-
At the end of the year	75.00	75.00	75.00
Current portion	75.00	75.00	75.00
Non-current portion	-	-	-

15. Deferred tax (assets)/liabilities (net)

	(Rs. in lacs)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Deferred tax liabilities on			
Property, plant and equipments & intangible assets	363.44	688.43	930.45
Financials assets carried at fair value through profit & loss	285.63	223.96	113.43
Sub-total(A)	649.07	912.39	1,043.88
Less: Deferred tax assets on			
Accrued expenses deductible on payment	555.24	373.45	177.85
Provision for doubtful debts and advances	88.59	87.57	92.97
Others	26.20	81.84	-
Sub-total(B)	670.03	542.86	270.82
Total (A-B)	(20.96)	369.53	773.06

Notes to the financial statements for the year ended March 31, 2018
Movement of Deferred tax (assets)/ liabilities
(Rs. in lacs)

For the year ended March 31, 2018				
	Opening Balance	Recognised in profit and Loss	Recognised in Other comprehensive income	Closing Balance
Deferred tax liabilities on				
Property, plant and equipments & intangible assets	688.43	324.99	-	363.44
Financials assets carried at fair value through profit & loss	223.96	(61.67)	-	285.63
Less: Deferred tax assets on				
Accrued expenses deductible on payment	373.45	181.79	-	555.24
Provision for doubtful debts and advances	87.57	1.02	-	88.59
Remeasurement of Defined Benefit Obligations	-	(69.07)	69.07	-
Others	81.84	(55.64)	-	26.20
Deferred tax liabilities (net)	369.53	321.42	69.07	(20.96)

(Rs. in lacs)

For the year ended March 31, 2017					
	Opening Balance	Adjustment to deferred tax liability	Recognised in profit and Loss	Recognised in Other comprehensive income	Closing Balance
Deferred tax liabilities on					
Property, plant and equipment & intangible assets	930.45	(89.79)	331.81	-	688.43
Financials assets carried at fair value through profit & loss	113.43	-	(110.53)	-	223.96
Less: Deferred tax assets on					
Accrued expenses deductible on payment	177.85	-	195.60	-	373.45
Provision for doubtful debts and advances	92.97	-	(5.40)	-	87.57
Remeasurement of Defined Benefit Obligations	-	-	(108.63)	108.63	-
Others	-	-	81.84	-	81.84
Deferred tax liabilities (net)	773.06	(89.79)	384.69	108.63	369.53

Notes to the financial statements for the year ended March 31, 2018
16. Financial liabilities
16 (a) Trade Payables
(Rs. in lacs)

	As At March 31, 2018	As at March 31, 2017	As at April 1, 2016
Trade payables (including acceptances)			
Total outstanding dues of micro enterprises and small enterprises	3,459.29	2,962.72	2,760.97
Total outstanding dues of creditors other than micro enterprises and small enterprises	15,044.62	10,575.05	10,536.23
TOTAL	18,503.91	13,537.77	13,297.20

(i) Due to Micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Company. This has been relied upon by the auditors.

16 (b) Other financial liabilities
(Rs. in lacs)

	As At March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current			
Other financial liabilities at amortised cost			
Security deposit from customers/ others*	65.50	52.00	45.14
Interest accrued but not due on cash credit account	-	-	0.15
Unpaid dividend	69.21	61.23	94.80
Interest on land cost enhancement payable	-	-	0.48
Capital Creditors	93.35	186.68	140.15
Others	15.69	21.01	21.39
Total	243.75	320.92	302.11

*Security deposits are repayable on demand.

17. Other liabilities
(Rs. in lacs)

	Non-current			Current		
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Statutory remittances						
Service tax payable	-	-	-	-	10.74	13.32
Swachh Bharat cess payable	-	-	-	-	1.06	1.42
Krishi Kalyan Cess payable	-	-	-	-	1.06	-
Sales tax/ VAT payable	-	-	-	-	171.17	174.03
Tax deducted at source and tax collected at source payable	-	-	-	99.60	91.55	157.19
Provident fund and Employee State Insurance payable	-	-	-	129.61	108.66	77.22
GST Payable	-	-	-	1,355.56	-	-
Cess payable	-	-	-	-	1.21	3.94
Works contract tax payable	-	-	-	-	0.98	1.86
Deferred Government grant	9.79	11.79	13.79	2.00	2.00	2.00
Other	-	-	-	2.74	4.54	3.04
Total	9.79	11.79	13.79	1,589.51	392.97	434.02

Deferred Government Grant
(Rs. in lacs)

	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
At the beginning of the year	13.79	15.79	30.00
Deferred during the year	-	-	-
Released to the Statement of Profit and Loss	2.00	2.00	14.21
At the end of the year	11.79	13.79	15.79
Current portion	2.00	2.00	2.00
Non-current portion	9.79	11.79	13.79

During the year ended March 31, 2016, the Company had received grant amounting to Rs. 30 lacs for setting up industrial units in Uttarakhand under the Central Capital Investment Subsidy Scheme, 2003. The Company has assessed the grant in the nature of fixed capital investment for setting up a unit in the state of Uttarakhand and has accounted the same as deferred income as per Para 24 of Ind AS 20 "Accounting for Government grants and Disclosure of Government Assistance". The grant set up as deferred income is recognised in the Statement of Profit and Loss on a systematic basis over the useful life of the property, plant & equipment.

18. Revenue From Operations (Gross)

**For the year ended
March 31, 2018**

**For the year ended
March 31, 2017**

157,317.12

1,734.22

—

159.051.34

For the year ended
March 31, 2018

**For the year ended
March 31, 2017**

0.04

491.06

6.26

47.80

798.04

147.03

—

152.01

—

109.20

—

2.00

5.48

—

1,758.92

Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants. The grant set up as deferred income is recognised in the Statement of Profit and Loss on a systematic basis over the useful life of the property, plant & equipment.

Notes to the financial statements for the year ended March 31, 2018
Note 20. Cost of materials and components consumed

		(Rs. in lacs)
	For the year ended March 31, 2018	For the year ended March 31, 2017
Inventory at the beginning of the year	4,364.72	4,091.28
Add : Purchases during the year	116,413.60	107,049.16
	120,778.32	111,140.44
Less : Inventory at the end of the year	4,170.09	4,364.72
Cost of materials and components consumed	116,608.23	106,775.72

Note 21. Changes in inventory of finished goods, work-in progress and scrap

		(Rs. in lacs)
	For the year ended March 31, 2018	For the year ended March 31, 2017
Inventories at the beginning of the year		
Work-in-progress	686.11	845.47
Finished goods	636.99	897.63
Scrap	1.56	3.24
	1,324.66	1,746.34
Inventories at the end of the year		
Work-in-progress	707.48	686.11
Finished goods	907.41	636.99
Scrap	10.65	1.56
	1,625.54	1,324.66
Change in inventory	(300.88)	421.68

22. Employee benefits expenses

		(Rs. in lacs)
	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, wages and bonus	10,640.06	9,961.45
Contribution to provident and other funds (refer note 29)	591.32	539.54
Gratuity expense (refer note 29)	203.02	131.32
Staff welfare expenses	1,071.70	822.08
	12,506.10	11,454.39

Disclosure in compliance with Ind AS-19 "Employee Benefits" has been given in Note 29.

Notes to the financial statements for the year ended March 31, 2018
23. Finance Costs

	For the year ended March 31, 2018	(Rs. in lacs) For the year ended March 31, 2017
Interest expense	14.93	5.40
	14.93	5.40

24. Depreciation and amortization expense

	For the year ended March 31, 2018	(Rs. in lacs) For the year ended March 31, 2017
Depreciation of property, plant and equipment (Note 3)	2,681.38	2,712.05
Amortisation of intangible assets (Note 4)	143.08	194.15
	2,824.46	2,906.20

25. Other expenses

	For the year ended March 31, 2018	(Rs. in lacs) For the year ended March 31, 2017
Consumption of stores and spares	3,738.17	3,754.32
Job work expenses	2,227.88	2,103.52
Differential excise duty on opening and closing inventories	(65.23)	(18.51)
Power and fuel	4,755.00	4,278.59
Freight and forwarding charges	435.89	387.84
Rent (refer note 30)	25.86	23.55
Hire charges	6.15	6.00
Rates and taxes	17.22	185.83
Insurance	274.01	254.68
Repairs and maintenance:		
Plant and machinery	1,082.93	975.82
Buildings	91.13	174.59
Others	253.44	220.07
Advertising and sales promotion	15.18	12.13
Royalty	3,958.41	3,583.72
Technician fee	25.27	2.97
Warranty expense	42.03	263.37
Legal and professional fees	145.21	120.84
Travelling and conveyance	428.06	373.27
Communication costs	41.60	56.32
Printing and stationery	38.75	48.01
Directors' sitting fees	18.80	22.00
Payment to statutory auditors	35.31	43.81
Donations and contributions to charitable institutions	6.62	8.14
Provision for doubtful debts	0.48	-
Bank charges	16.54	17.18
Loss on disposal of property, plant and equipment (net)	-	12.97
Corporate social responsibility (CSR) expenditure	112.67	185.04
Miscellaneous expenses	290.32	269.68
TOTAL	18,017.70	17,365.75

Notes to the financial statements for the year ended March 31, 2018
Payment to auditor

	For the year ended March 31, 2018	For the year ended March 31, 2017
As statutory auditors:		
Audit fee (Including fees for Internal Control Over Financial Reporting)	21.50	29.00
Limited review of unaudited financial results	8.00	9.00
Other services (certification etc.)	1.50	1.00
Tax audit fee	3.00	3.00
Out of pocket expenses	1.31	1.81
Total	35.31	43.81

Details of CSR expenditure

	For the year ended March 31, 2018	For the year ended March 31, 2017
Gross amount required to be spent by the Company during the year	184.59	184.84
Amount spent		
i) Construction/acquisition of any asset	-	-
ii) On any other purpose (Renovation and repair of a school in village Sarhaul, Gurugram, Contribution of bus and ambulance)	112.67	185.04

26. Income taxes
(a) Income tax expense recognised in Statement of Profit and Loss

	For the year ended March 31, 2018	(Rs. in lacs) For the year ended March 31, 2017
Current income tax:		
In respect of current year	3,110.23	3,108.91
Deferred tax:		
In respect of current year	(321.42)	(384.69)
Income tax expense reported in the Statement of Profit or Loss	2,788.81	2,724.22

(b) Income tax on Other Comprehensive Income

	For the year ended March 31, 2018	(Rs. in lacs) For the year ended March 31, 2017
Deferred tax benefit		
Arising on income and expenses recognised in other comprehensive income:		
Remeasurement of defined benefit obligation	69.07	108.63
Total income tax benefit/(expense) recognised in other comprehensive income	69.07	108.63

Notes to the financial statements for the year ended March 31, 2018

(c) The income tax expense for the year can be reconciled to the accounting profit as follows:

	(Rs. in lacs)	(Rs. in lacs)
	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit before income tax	10,540.23	8,795.55
Income tax expense calculated at 34.608% (2016-17: 34.608%)	3,647.76	3,043.96
Effect of deduction under section 80IC of the Income tax Act, 1961	(562.94)	(406.32)
Effect of expenses that are not deductible in determining taxable profit	38.99	64.04
Effect of income that is exempt/ taxed on lower rate	(260.08)	-
Adjustments recognised in the current year in relation to current tax of prior years	-	36.92
Others	(74.92)	(14.38)
	2,788.81	2,724.22
Income tax expense reported in the Statement of Profit and Loss	2,788.81	2,724.22
	-	-

27. Earnings Per Share (EPS)

	(Rs. in lacs)	(Rs. in lacs)
	For the year ended March 31, 2018	For the year ended March 31, 2017
Basic earnings per share (in Rs.)	19.38	15.18
Diluted earnings per share (in Rs.)	19.38	15.18

The earnings and weighted average number of equity shares used in the calculation of basic/diluted earnings per share are as follows:

Profit for the year, per Statement of Profit and Loss	7,751.42	6,071.33
Weighted average number of equity shares	399.95	399.95

28. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company accounting policies, which are described in note 2, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies:

(a) Impairment of non-financial assets

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

The recoverable amount of an asset or cash-generating unit ('CGU') is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ('CGU').

Notes to the financial statements for the year ended March 31, 2018

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

(b) Useful life of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2018 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

(c) Provision and contingent liabilities
(i) Provision for contingent liabilities

On an ongoing basis, the Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable. Gain contingencies are, however disclosed in the financial statements.

(ii) Estimation of defined benefits and compensated absences

The present value of the gratuity and compensated absence obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity and leave encashment obligations are given in Note 29.

(iii) Provision for warranty

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

29. Employee benefits
Defined Contribution Plans - General Description

The Company makes contribution towards employees' provident fund, superannuation fund & employees state insurance. Under the schemes, the Company is required to contribute a specified percentage of payroll cost, as specified in the rules of the schemes to these defined contribution schemes. The Company has recognised Rs. 591.32 lacs (2016-17: Rs. 539.54 lacs) as an expense towards contribution to these plans.

	For the year ended March 31, 2018	(Rs. in lacs) For the year ended March 31, 2017
Employer's contribution to provident fund	447.18	427.35
Employer's contribution to superannuation fund	79.99	63.89
Employer's contribution to ESIC	64.15	48.30
Total	591.32	539.54

Notes to the financial statements for the year ended March 31, 2018
Defined Benefit Plans - General Description
Gratuity:

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employees who have completed five years of service are entitled to specific benefit. The level of benefit provided depends on the member's length of service, salary and retirement age. The employee is entitled to a benefit equivalent to 15 days salary last drawn for each completed year of service with part thereof in excess of six months. The same is payable on termination of service or retirement or death whichever is earlier.

This is a funded benefit plan for qualifying employees. The Company makes contributions to LIC policy to cover the liability of the Company. The scheme provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service.

These plans typically expose the Company to actuarial risks such as: investment risk, inherent interest rate risk, longevity risk and salary risk.

Investment Risk	The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Currently for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.
Interest Rate Risk	The defined benefit obligation calculation uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
Longevity Risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	Higher than expected increase in salary will increase the defined benefit obligation.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at March 31, 2018 by Mr. K. K. Wadhwa (Membership no. 00209), Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method.

The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the respective plans:

Particulars	(Rs. in lacs)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
	Gratuity (Funded)	Gratuity (Funded)
Change in benefit obligation		
Present value of obligation as at the beginning of the year	1,797.22	1,291.29
Add: Current service cost	170.31	130.53
Add: Interest cost	135.51	103.30
Remeasurement on the net defined benefit liability		
Add: Actuarial (gain) / loss arising from changes in financial assumptions	220.35	59.65
Add: Actuarial (gain) / loss arising from experience adjustments	(12.03)	250.64
Less: Benefits paid	(55.04)	(38.19)

Notes to the financial statements for the year ended March 31, 2018

Present value of obligation as at the end of the year	2,256.32	1,797.22
Change in plan assets		
Fair value of plan assets at the beginning of the year	1,363.42	1,281.40
Add: Interest income	102.80	102.51
Add: Return on plan assets (excluding amounts included in net interest income)	8.73	(3.57)
	232.16	21.27
Add: Contribution by the Company	(55.04)	(38.19)
Less: Benefits paid		
Plan assets at the end of the year	1,652.07	1,363.42
Liability/ (Asset) recognized in the financial statements	604.25	433.80

Amount recognised in Statement of Profit and Loss:

	(Rs. in lacs)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Service Cost		
Current service cost	170.31	130.53
Net interest expense	32.71	0.79
Amount recognised in Statement of Profit and Loss	203.02	131.32

Amount recognised in Other Comprehensive Income:

	(Rs. in lacs)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amounts included in net interest expense)	(8.73)	3.57
Actuarial (gains)/ losses arising from changes in financial assumptions	220.35	59.65
Actuarial (gains)/ losses arising from experience adjustments	(12.03)	250.64
Amount recognised in Other Comprehensive Income	199.59	313.86

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

	As at March 31, 2018	As at March 31, 2017
Gratuity		
Investment Details	Funded	Funded
Investment with Insurer (LIC)	100%	100%

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

	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Discount rate (%)	7.71	7.54	8.00
Future salary increases (%)	8.50	7.00	7.00
Retirement Age (Years)	58	58	58
Withdrawal rate			
Up to 30 years	3%	3%	3%
From 31 to 44 years	2%	2%	2%
Above 44 years	1%	1%	1%
Mortality rate	Indian Assured Lives Mortality Ult. (2006-08)	Indian Assured Lives Mortality Ult. (2006-08)	Indian Assured Lives Mortality Ult. (2006-08)

Notes to the financial statements for the year ended March 31, 2018

The Company makes annual contribution to Life Insurance Corporation (LIC). As LIC does not disclose the composition of its portfolio investments, break-down of plan investments by investment type is not available to disclose.

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the year, while holding all other assumptions constant.

- If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by Rs. 87.87 lacs (increase by Rs. 95.02 lacs) [as at March 31, 2017: decrease by Rs. 64.94 lacs (increase by Rs. 69.95 lacs)] [as at April 1, 2016: decrease by Rs. 45.10 lacs (increase by Rs. 48.52 lacs)].

- If the expected salary growth increases (decreases) by 50 basis points, the defined benefit obligation would increase by Rs. 93.85 lacs (decrease by Rs. 87.65 lacs) [as at March 31, 2017: increase by Rs. 69.98 lacs (decrease by Rs. 65.55 lacs)] [as at April 1, 2016: increase by Rs. 48.76 lacs (decrease by Rs.45.71 lacs)]

Sensitivities due to change in mortality rate and change in withdrawal rate are not material and hence impact of such change is not calculated.

Sensitivity Analysis

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of reporting year, which is same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet.

Maturity profile of defined benefit obligation

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Average duration of the defined benefit obligation (in years)	16.10 years	16.54 years	16.58 years

The Company expects to make a contribution of Rs. 221.52 lacs (as at March 31, 2017 Rs 165.80 lacs, as at April 1, 2016 Rs. 92.45 lacs) to the defined benefit plans during the next financial year.

30. Disclosure in respect of operating leases
Operating lease : Company as lessee

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

	(Rs. in lacs)
	For the year ended March 31, 2018
	For the year ended March 31, 2017
Lease payments recognised as expense during the year	25.86
	23.55

31. Contingent liabilities, commitments and assets (to the extent not provided for)
a. Capital and other commitments

At March 31 2018, the estimated amount of contracts remaining to be executed on capital account was Rs. 200.19 lacs (March 31, 2017: Rs. 59.47 lacs, April 1, 2016: Rs. 257.79 lacs)

The Company has other commitments, for purchase/sales orders which are issued after considering requirements per operating cycle for purchase /sale of goods and services, employee's benefits including union agreement in normal course of business. The Company does not have any long term commitments or material non-cancellable contractual commitments/contracts, which might have material impact on the financial statements.

Notes to the financial statements for the year ended March 31, 2018
b. Contingent Liabilities

	(Rs. in lacs)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a) Demands raised by Income tax authorities, being disputed by the Company	1,083.29	7,926.79	9,054.19
b) Demands issued by Excise authorities, being disputed by the Company	134.07	3,002.07	3,031.56
c) Demand raised by Employees State Insurance Recovery Officer, being disputed by the Company	43.65	43.65	43.65

c. Contingent assets

	(Rs. in lacs)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Subsidy related to Manesar plant*	670.00	-	-

* The Company has filed subsidy claim amounting to Rs. 670 lacs equivalent to 20% of the land cost (including enhanced price) related to plant at Manesar with Haryana State Industrial and Infrastructure Development Corporation Limited (HSIIDCL) on April 25, 2005 in accordance with the Notification No.2/I/22-IIB-II-99 issued by Industries Department of the State of Haryana, which was rejected by HSIIDCL on May 20, 2008 on certain grounds. The Company, thereafter, challenged the rejection by filing writ petition before High Court of Punjab & Haryana. on July 25, 2014 During the current year, the Company received a favorable order dated August 10, 2017 from High Court directing HSIIDCL to pass fresh orders by November 30, 2017 and pay the subsidy claim within eight weeks. No order is received from HSIIDCL confirming the subsidy claim. till date The Company is considering filing a writ petition to get HSIIDCL to comply with the High Court order

32. Related party disclosures under IND AS 24
(i) Names of related parties and related party relationship
(a) Key management personnel and their relatives

- Mr. Yogesh Chander Munjal – Chairman cum Managing Director
- Mr. Matsui Masanao- Non executive director
- Mr. Ashok Kumar Munjal- Non executive director
- Mr. Pankaj Munjal- Independent director
- Ms. Charu Munjal- Non executive director
- Mr. Vinod Kumar Agrawal- Independent director
- Mr. Nand Lal Dhameja- Independent director
- Mrs. Devi Singh- Independent director
- Mr. Surinder Kumar Mehta- Independent director
- Mrs. Nidhi Kapoor - Daughter of Mr. Yogesh Chander Munjal
- Mr. Isao Ito - Joint Managing Director- Upto September 30, 2016
- Mr. Shigeki Kobayashi - Joint Managing Director w.e.f. October 26, 2016

(b) Enterprise with significant influence over the Company

- Showa Corporation, Japan

(c) Enterprises owned or controlled by key management personnel and their relatives

- Dayanand Munjal Investments Private Limited
- Majestic Auto Limited
- Shivam Autotech Limited

(d) Additional related parties as per Companies Act 2013, with whom transactions have taken during the year
Key managerial personnel

- Mr. Pankaj Gupta- Chief Financial Officer
- Mr. Saurabh Agrawal- Company Secretary

Enterprises in which Director is a member/partner

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

Notes to the financial statements for the year ended March 31, 2018

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

	Enterprises with significant influence over the Company		Key management personnel & their relatives		Enterprises owned or controlled by key management personnel and their relatives		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Transactions during the year:								
Sale of goods								
Shivam Autotech Limited	-	-	-	-	0.08	0.55	0.08	0.55
Showa Corporation, Japan	5.85	4.86	-	-	-	-	5.85	4.86
	5.85	4.86	-	-	0.08	0.55	5.93	5.41
Purchase of goods								
Majestic Auto Limited	-	-	-	-	51.93	64.00	51.93	64.00
Shivam Autotech Limited	-	-	-	-	1,642.52	1,275.85	1,642.52	1,275.85
Showa Corporation, Japan	3,300.28	3,353.58	-	-	-	-	3,300.28	3,353.58
Sunbeam Auto Private Limited	-	-	-	-	13,016.79	9,567.84	13,016.79	9,567.84
Munjal Castings	-	-	-	-	367.20	274.67	367.20	274.67
	3,300.28	3,353.58	-	-	15,078.44	11,182.36	18,378.72	14,535.94
Royalty paid/payable								
Showa Corporation, Japan	3,958.41	3,583.72	-	-	-	-	3,958.41	3,583.72
	3,958.41	3,583.72	-	-	-	-	3,958.41	3,583.72
Purchase of intangible assets								
Design and drawing fees								
Showa Corporation, Japan	72.48	132.26	-	-	-	-	72.48	132.26
	72.48	132.26	-	-	-	-	72.48	132.26
Technician fee paid/payable								
Showa Corporation, Japan	25.27	2.97	-	-	-	-	25.27	2.97
	25.27	2.97	-	-	-	-	25.27	2.97
Travelling and conveyance expense paid/payable								
Showa Corporation, Japan	17.41	6.84	-	-	-	-	17.41	6.84
	17.41	6.84	-	-	-	-	17.41	6.84
Legal and professional fees paid/payable								
Showa Corporation, Japan	1.09	1.23	-	-	-	-	1.09	1.23
	1.09	1.23	-	-	-	-	1.09	1.23
Other Exp / Staff Welfare expense paid/payable								
Showa Corporation, Japan	34.55	-	-	-	-	-	34.55	-

Notes to the financial statements for the year ended March 31, 2018

	Enterprises with significant influence over the Company		Key management personnel & their relatives		Enterprises owned or controlled by key management personnel and their relatives		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Dividend proposed/ paid	34.55	-	-	-	-	-	34.55	-
Showa Corporation, Japan	416.00	-	-	-	-	-	416.00	-
Dayanand Munjal Investment Pvt. Ltd.	624.00	-	-	-	-	-	624.00	-
Nidhi Kapoor	0.16	-	-	-	-	-	0.16	-
	1,040.16	-	-	-	-	-	1,040.16	-
Employee Benefits for Key Management Personnel (Salary, Commission and contributions to Provident fund and Superannuation fund)								
Mr. Yogesh Chander Munjal	-	-	533.32	449.26	-	-	533.32	449.26
Mr. Isao Ito	-	-	-	135.54	-	-	-	135.54
Mr. Shigeki Kobayashi	-	-	323.23	130.43	-	-	323.23	130.43
Mr. Pankaj Gupta	-	-	37.24	27.55	-	-	37.24	27.55
Mr. Saurabh Agrawal	-	-	5.23	4.88	-	-	5.23	4.88
Mr. Saurabh Agrawal (Loan A/c)	-	-	0.40	-	-	-	0.40	-
Sitting fees to Non Executive and Independent directors								
Mr. Ashok Kumar Munjal	-	-	1.20	3.60	-	-	1.20	3.60
Mr. Pankaj Munjal	-	-	0.80	0.80	-	-	0.80	0.80
Ms. Charu Munjal	-	-	0.80	1.60	-	-	0.80	1.60
Mr. Vinod Kumar Agrawal	-	-	4.40	4.80	-	-	4.40	4.80
Mr. Nand Lal Dhameja	-	-	5.20	5.60	-	-	5.20	5.60
Mr. Devi Singh	-	-	4.00	3.20	-	-	4.00	3.20
Mr. Surinder Kumar Mehta	-	-	2.40	2.40	-	-	2.40	2.40
	-	-	918.22	769.66	-	-	918.22	769.66

Notes to the financial statements for the year ended March 31, 2018

	Enterprises with significant influence over the Company		Key management personnel & their relatives		Enterprises owned or controlled by key management personnel and their relatives		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
(iii) Balances as at the year end								
Trade payables								
Majestic Auto Limited	-	-	-	-	2.86	6.85	2.86	6.85
Shivam Autotech Ltd	-	-	-	-	276.08	177.70	276.08	177.70
Showa Corporation, Japan	2,090.00	1,717.82	-	-	-	-	2,090.00	1,717.82
Sunbeam Auto Private Limited	-	-	-	-	1,531.61	820.09	1,531.61	820.09
Munjial Castings	-	-	-	-	64.26	29.34	64.26	29.34
Mr. Yogesh Chander Munjal	-	-	115.62	56.51	-	-	115.62	56.51
Mr. Isao Ito	-	-	-	45.05	-	-	-	45.05
Mr. Shigeki Kobayashi	-	-	112.16	42.46	-	-	112.16	42.46
Mr. Pankaj Gupta	-	-	0.93	0.97	-	-	0.93	0.97
Mr. Saurabh Agrawal	-	-	0.34	0.29	-	-	0.34	0.29
	2,090.00	1,717.82	229.05	145.28	1,874.81	1,033.98	4,193.86	2,897.08
Trade receivables								
Shivam Autotech Limited	-	-	-	-	0.55	-	0.55	-
Showa Corporation, Japan	-	0.70	-	-	-	-	-	0.70
Mr. Surinder Kumar Mehta	-	-	0.35	-	-	-	0.35	-
	-	0.70	0.35	-	0.55	-	0.90	0.70
Advances recoverable in cash or kind or for value to be received								
Sunbeam Auto Private Limited	-	-	-	-	22.22	22.71	22.22	22.71
	-	-	-	-	22.22	22.71	22.22	22.71

Notes:-

- (i) The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.
- (ii) No amount has been written off or written back in the year in respect of debts due from/to above related parties.

Notes to the financial statements for the year ended March 31, 2018
33. Segment information

The Company primarily operates in the auto components segment. The Company operates as an ancillary and manufactures auto components for the two-wheeler and four-wheeler industry, primary products being shock absorbers, struts and window balancers.

The board of directors of the Company, which has been identified as being the chief operating decision maker (CODM), evaluates the Company's performance, allocates resources based on the analysis of the various performance indicators of the Company as a single unit. Therefore, there is no reportable segment for the Company as per the requirement of IND AS 108 "Operating Segments".

Geographical Locations: The Geographical segments have been considered for disclosure as the secondary segment, under which the domestic segment includes sales to customers located in India and overseas segment includes sales to customer located outside India.

(Rs. in lacs)			
Revenue from Operations	Domestic	Overseas	Total
2017-18	161,484.66	60.62	161,545.28
2016-17	158,992.55	58.79	159,051.34

- a) Domestic segment includes sales to customers located in India.
- b) Overseas segment includes sales to customers located outside India.
- c) There are no non-current assets located outside India.
- d) The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Revenue from operations have been allocated to segments on the basis of their relationship to the operating activities of the segment.

Information about major customers

Included in revenue from operations (net of taxes) arising from domestic sales are revenues which arose from following customers which were 10% or more of the Company's revenue:

(Rs. in lacs)		
Name of customer	March 31, 2018	March 31, 2017
Customer 1	121,104.17	111,361.31
Customer 2	22,550.96	20,804.64

No other single customers contributed 10% or more to the company's revenue for both 2017-2018 and 2016-2017.

34. Financial instruments
34.1 Capital Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through efficient allocation of capital towards expansion of business, optimisation of working capital requirements and deployment of surplus funds into various investment options. The Company does not have debts and meets its capital requirement through equity.

The Company is not subject to any externally imposed capital requirements

The management of the Company reviews the capital structure of the Company on regular basis. As part of this review, the Board considers cost of capital and the risks associated with the movement in the working capital.

Notes to the financial statements for the year ended March 31, 2018

The following table summarizes the capital of the Company:

	(Rs. in lacs)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Share capital	799.93	799.93	799.93
Equity reserves	56,162.32	50,466.90	44,690.59
Total Equity	56,962.25	51,266.83	45,490.52

Categories of financial instruments

	(Rs. in lacs)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Financial assets			
Financial assets at fair value through profit or loss			
Non-current			
Investments	486.38	997.10	-
Current			
Investments	23,918.38	16,097.02	8,516.92
Financial assets at amortised cost			
Non-current			
Loans	251.50	110.73	147.76
Other financial assets	275.33	275.82	278.42
Current			
Loans	159.62	175.14	136.74
Trade receivables	24,487.60	19,418.02	19,910.67
Cash and bank balances	1,981.21	621.19	242.57
Other financial assets	4.87	4.86	6.47
Total	51,564.89	37,699.88	29,239.55
Financial liabilities at amortised cost			
Current			
Trade payables	18,503.91	13,537.77	13,297.20
Other financial liabilities	243.75	320.92	302.11
Total	18,747.66	13,858.69	13,599.31

34.2 Fair value measurements

The Company uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques:

The following is the basis of categorising the financial instruments measured at fair value into Level 1 to Level 3:
 Level 1: This level includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of quoted debentures and open-ended mutual funds
 Level 2: This level includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
 Level 3: This level includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Notes to the financial statements for the year ended March 31, 2018
Fair value of the Company's financial assets that are measured at fair value on a recurring basis:

There are certain Company's financial assets which are measured at fair value at the end of each reporting period. Following table gives information about how the fair values of these financial assets are determined:

(Rs. in lacs)			
Fair value as at April 1, 2016			
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss			
Current			
Investments in mutual funds	8,516.92	-	-
(Rs. in lacs)			
Fair value as at March 31, 2017			
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss			
Non-current			
Investments in debentures	997.10	-	-
Current			
Investments in mutual funds	16,097.02	-	-
(Rs. in lacs)			
Fair value as at March 31, 2018			
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss			
Non-current			
Investments in alternate investment funds	-	486.38	-
Current			
Investments in mutual funds	23,409.41	-	-
Investments in alternate investment funds	-	508.97	-

The fair value of the financial assets and financial liabilities are included at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between the market participants. The following methods and assumptions were used to estimate the fair values:

- Investments traded in active markets are determined by reference to quotes from the financial institutions; for example: Net asset value (NAV) for investments in open-ended mutual funds declared by mutual fund house, quoted price of equity shares in the stock exchange etc.
- The fair value of debenture is based on direct market observable inputs.
- Trade receivables, cash & cash equivalents, other bank balances, loans, other current financial assets, trade payables and other current financial liabilities: Approximate their carrying amounts largely due to short-term maturities of these instruments.
- Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Company could have realized or paid in sale transactions as of respective dates. As such, the fair value of the financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

34.3 Financial risk management objectives

The Company's senior management monitors and manages the financial risks relating to the operations of the Company. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using diversification of investments, credit limit to exposures, etc., to hedge risk exposures. The use of financial instruments is governed by the Company's policies on foreign exchange risk and the investment. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Notes to the financial statements for the year ended March 31, 2018

Market risk

"Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates risk/ liquidity which impact returns on investments. The Company enters into derivative financial instruments to manage its exposure to foreign currency risk including import payables. Future specific market movements cannot be normally predicted with reasonable accuracy. Market risk exposures are measured using sensitivity analysis.

Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies and consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. The counter party for these contracts is generally a bank, however there are no outstanding forward exchange contracts at year end. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

(Amount in lacs)

Foreign currency exposure	March 31, 2018	March 31, 2017	April 1, 2016
Trade Receivables			
In USD	0.29	0.11	0.06
In JPY	-	1.10	0.82
Trade Payables			
In USD	11.60	4.71	12.19
In JPY	630.85	506.69	609.86
In EURO	0.35	0.36	0.46
In THB	84.25	70.96	98.78

Foreign currency sensitivity

The following table details the Company's sensitivity to a 5% increase and decrease in the Rs. against the relevant foreign currencies. (+)/(-)5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Rs. strengthens (+)/(-)5% against the relevant currency. For a 5% weakening of the Rs. against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be positive or negative.

(Rs. in lacs)

Currency	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	5% increase	5% decrease	5% increase	5% decrease	5% increase	5% decrease
Receivable						
In USD	0.96	(0.96)	0.30	(0.30)	0.19	(0.19)
In JPY	-	-	0.03	(0.03)	0.03	(0.03)
Payable						
In USD	(37.81)	37.81	(15.27)	15.27	(40.19)	40.19
In JPY	(19.38)	19.38	(14.69)	14.69	(17.71)	17.71
In EURO	(1.40)	1.40	(1.25)	1.25	(1.76)	1.76

Notes to the financial statements for the year ended March 31, 2018

In THB	(8.46)	8.46	(6.68)	6.68	(9.31)	9.31
Impact on profit or loss as at the end of the reporting period	(66.09)	66.09	(37.55)	37.55	(68.75)	68.75
Impact on total equity as at the end of the reporting period	(43.22)	43.22	(24.56)	24.56	(44.96)	44.96

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year/ in future years.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure and wherever appropriate, the credit ratings of its counterparties are continuously monitored and spread amongst various counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management of the Company. Financial instruments that are subject to concentrations of credit risk, principally consist of balance with banks, investments in debt instruments/ bonds, trade receivables, loans and advances and derivative financial instruments. None of the financial instruments of the Company result in material concentrations of credit risks.

Balances with banks were not past due or impaired as at the year end. In other financial assets that are not past dues and not impaired, there were no indication of default in repayment as at the year end.

The age analysis of trade receivables as of the balance sheet date have been considered from the due date and disclosed in the note no. 9 above.

The Company has used a practical expedient by computing the expected loss allowance for financial assets based on historical credit loss experience and adjustments for forward looking information.

Movement in the expected credit loss allowance of financial assets

(Rs. in lacs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Balance at beginning of the year	6.00	14.59
Add: Provided during the year	0.47	-
Less: Reversals of provision	-	8.59
Less: Amounts written off	-	-
Balance at the end of the year	6.47	6.00

Other price risks including interest rate risk

The Company has deployed its surplus funds into various financial instruments including units of mutual funds, debentures, etc. The Company is exposed to NAV (net asset value) price risks arising from investments in these funds. The value of these investments is impacted by movements in interest rates, liquidity and credit quality of underlying securities.

NAV price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to NAV price risks at the end of the reporting period. If NAV prices had been 1% higher/lower:

- profit for the year ended March 31, 2018 would increase/decrease by Rs. 244.05 lacs (for the year ended March 31, 2017: increase/decrease by Rs. 170.94 lacs).

Liquidity risk

Liquidity risk represents the inability of the Company to meet its financial obligations within stipulated time. To mitigate this risk, the Company maintains sufficient liquidity by way of readily convertible instruments and working capital limits from banks.

Notes to the financial statements for the year ended March 31, 2018
Maturity profile of financial liabilities:

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date.

(Rs. in lacs)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Less than 1 year	Total	Less than 1 year	Total	Less than 1 year	Total
Current						
(i) Trade payables	18,503.91	18,503.91	13,537.77	13,537.77	13,297.20	13,297.20
(ii) Other financial liabilities	243.75	243.75	320.92	320.92	302.11	302.11

The surplus funds with the Company and operational cash flows will be sufficient to dispose the financial liabilities with in the maturity period.

35. Information pursuant to clause 3 (vii) (b) of the Companies (Auditor's Report) Order, 2016 in respect of disputed dues, not deposited as at March 31, 2018, pending with various authorities:

(Rs. in lacs)

Name of Statute	Nature of Dues	Amount* (Rs. in lacs)	Amount paid under protest (Rs. lacs)	Period to which the Amount Relates	Forum where Dispute is Pending
Income-tax Act, 1961	Income-tax	1,251.76	625.88	AY 2009-10	Income Tax Appellate Tribunal
		1,385.91	435.36	AY 2010-11	Income Tax Appellate Tribunal
		2,060.47	668.45	AY 2011-12	Income Tax Appellate Tribunal
		57.88	18.81	AY 2013-14	Income Tax Appellate Tribunal
Finance Act, 1994	Service Tax	134.07	-	FY 2007-08 & FY 2008-09	Customs, Excise, Service Tax Appellate Tribunal

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

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

(Rs. in lacs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year			
Principal amount due to micro and small enterprises	3,455.52	2,962.72	2,760.97
Interest due on above	3.77	-	-
	3,459.29	2,962.72	2,760.97
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	-	-	-

Notes to the financial statements for the year ended March 31, 2018

The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	3.77	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act 2006	-	-	-

37. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

38. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund. Unpaid dividend (refer note 16 (b)) does not include any amount outstanding as at March 31, 2018 which are required to be credited to Investor Education and Protection Fund.

39. The financial statements were approved for issue by the board of directors on May 30, 2018.

40. First-time adoption of Ind AS

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2016 (the transition date) by recognising all assets and liabilities whose recognition is required by Indian AS, not recognising items of assets or liabilities which are not permitted by Indian AS, by classifying items from previous GAAP as required under Ind AS in measurement of recognised assets and liabilities.

However, this principle is subject to optional exemptions availed by the Company as detailed below

Deemed cost-Previous GAAP carrying amount: (Property, Plant and Equipment and Intangible)

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Properties.

Accordingly, the company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

41.1 Effect of Ind AS Adoption on the balance sheet as at April 1, 2016
(Rs. in lacs)

	Note 41.7	Amount as per IGAAP #	Ind AS adjustments	Amount as per Ind AS
Non-current assets		19,551.80		19,551.80
(a) Property, Plant and Equipment				
(b) Capital work-in-progress		261.45		261.45
(c) Intangible assets		196.92		196.92
(d) Financial Assets				
(i) Loans		147.76		147.76
(ii) Other financial assets		278.42		278.42
(e) Income tax assets (net)		4,405.24		4,405.24
(f) Other non-current assets		166.09		166.09
Total Non- Current Assets		25007.68	-	25007.68

Notes to the financial statements for the year ended March 31, 2018

Current assets				
(a) Inventories		6,313.40		6,313.40
(b) Financial Assets				
(i) Investments	(a)	8,189.18	327.74	8,516.92
(ii) Trade Receivables		19,910.67		19,910.67
(iii) Cash and cash equivalents		147.77		147.77
(iv) Bank balances other than (iii) above		94.80		94.80
(v) Loans		136.74		136.74
(vi) Other financial assets		6.47		6.47
(c) Other current assets		1,146.70		1,146.70
Total Current Assets		35,945.73	327.74	36,273.47
Total Assets		60,953.41	327.74	61,281.15
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital		799.93	-	799.93
(b) Other Equity	(a) & (d)	44,492.07	198.52	44,690.59
Total equity		45,292.00	198.52	45,490.52
LIABILITIES				
Non-current liabilities				
(a) Long-term provisions		327.58	-	327.58
(b) Deferred tax liability (net)	(a)	659.63	113.43	773.06
(c) Other non-current liabilities	(d)	-	13.79	13.79
Total Non-Current liabilities		987.21	127.22	1,114.43
Current liabilities				
(a) Financial Liabilities				
(i) Trade Payables		13,297.20	-	13,297.20
(ii) Other financial liabilities		302.11	-	302.11
(b) Other current liabilities	(d)	432.02	2.00	434.02
(c) Short term provisions		642.87	-	642.87
Total Current liabilities		14,674.20	2.00	14,676.20
Total Equity and Liabilities		60,953.40	327.74	61,281.15

Previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note

Notes to the financial statements for the year ended March 31, 2018
41.2 Effect of Ind AS Adoption on the balance sheet as at March 31, 2017
(Rs. in lacs)

	Note 41.7	Amount as per IGAAP #	Adjustment to deferred tax liability	Ind AS adjustments	Amount as per Ind AS
Non-current assets					
(a) Property, Plant and Equipment		17,656.87			17,656.87
(b) Capital work-in-progress		288.48			288.48
(c) Intangible assets		138.19			138.19
(d) Financial Assets					
(i) Investments	(a)	1,007.99		(10.89)	997.10
(ii) Loans		110.73			110.73
(iii) Other financial assets		275.82			275.82
(e) Income tax assets (net)		4,687.93			4,687.93
(f) Other non-current assets		67.83			67.83
Total Non- Current Assets		24,233.84		(10.89)	24,222.95
Current assets					
(a) Inventories		6,188.33			6,188.33
(b) Financial Assets					
(i) Investments	(a)	15,438.99		658.03	16,097.02
(ii) Trade Receivables		19,418.02			19,418.02
(iii) Cash and cash equivalents		559.96			559.96
(iv) Bank balances other than (iii) above		61.23			61.23
(v) Loans		175.14			175.14
(vi) Other financial assets		4.86			4.86
(c) Other current assets		849.25			849.25
Total Current Assets		42,695.78		658.03	43,353.81
Total Assets		66,929.62		647.14	67,576.76
EQUITY AND LIABILITIES					
Equity					
(a) Equity Share capital		799.93			799.93
(b) Other Equity	(a) & (d)	50,147.30	(89.79)	409.39	50,466.90
Total equity		50,947.23	(89.79)	409.39	51,266.83

Notes to the financial statements for the year ended March 31, 2018

LIABILITIES					
Non-current liabilities					
(a) Long term provisions		359.60	-	-	359.60
(b) Deferred tax liability (net)	(a)	55.78	89.79	223.96	369.53
(c) Other non-current liabilities	(d)	-	-	11.79	11.79
Total Non-Current liabilities		415.38	89.79	235.75	740.92
Current liabilities					
(a) Financial Liabilities					
(i) Trade Payables		13,537.77			13,537.77
(ii) Other financial liabilities		320.92			320.92
(b) Other current liabilities	(d)	390.97		2.00	392.97
(c) Provisions		1,317.35			1,317.35
Total Current liabilities		15,567.01		2.00	15,569.01
Total Equity and Liabilities		66,929.62	-	647.14	67,576.76

Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note

41.3 Reconciliation of total equity as at March 31, 2017 and April 1, 2016

	Note 41.7	As at March 31, 2017	As at April 1, 2016
Equity as reported under previous GAAP		50,947.23	45,291.99
Add: Impact of measuring investments at Fair Value through Profit or Loss (FVTPL) (net of tax)	(a)	423.18	214.32
Add: Deferment of government grant	(d)	(13.79)	(15.79)
Add: Adjustment to deferred tax liability as at March 31, 2017		(89.79)	-
Total equity as reported under Ind AS		51,266.83	45,490.52

Notes to the financial statements for the year ended March 31, 2018
41.4 Reconciliation of profit or loss for the year ended March 31, 2017

	Note 41.7	Amount as per IGAAP	Ind AS adjustments	Amount as per Ind AS
I INCOME				
Revenue From Operations (gross)	(b) & (e)	145,965.89	13,085.45	159,051.34
Other Income	(a) & (d)	1,437.52	321.40	1,758.92
Total Income (I)		147,403.41	13,406.85	160,810.26
II EXPENSES				
Cost of raw material and components consumed		106,775.72		106,775.72
Changes in inventory of finished goods, work-in progress and scrap		421.68		421.68
Excise duty	(b)		13,085.57	13,085.57
Employee benefit expense	(c)	11,768.25	(313.86)	11,454.39
Finance costs		5.40		5.40
Depreciation and amortization expense		2,906.20		2,906.20
Other expenses	(e)	17,365.87	(0.12)	17,365.75
Total expenses (II)		139,243.12	12,771.59	152,014.71
III Profit before tax (I-II)		8,160.28	635.26	8,795.55
IV Tax expense:				
Current tax		3,108.91		3,108.91
Deferred tax (credit)/ charge	(a) & (c)	(603.87)	219.17	(384.69)
Total tax expenses (IV)		2,505.05	219.17	2,724.22
V Profit for the period (III- IV)		5,655.24	416.09	6,071.33
VI Other Comprehensive Income				
Items that will not be reclassified to profit or loss:				
Re-measurement gains (losses) on defined benefit plans	(c)		(313.86)	(313.86)
Income tax benefit	(c)	-	108.63	108.63
Items that will be reclassified to profit or loss:		-	-	-
Net other comprehensive income for the year, net of tax (VI)		-	(205.23)	(205.23)
VII Total Comprehensive Income for the year (V+VI)		5,655.24	210.86	5,866.10

Notes to the financial statements for the year ended March 31, 2018
41.5 Reconciliation of total comprehensive income for the year ended March 31, 2017

	Note 41.7	For the year ended March 31, 2017
Profit after tax as reported under previous GAAP		5,655.24
Impact of measuring investments at Fair Value through Profit or Loss (FVTPL)	(a)	319.40
Reclassification of actuarial (gain)/loss in respect of defined benefit plan to "Other Comprehensive Income"	(c)	313.86
Income released from deferred government grant	(d)	2.00
Tax adjustments	(a) & (c)	(219.17)
Profit after tax as reported under Ind-AS		6,071.33
Other comprehensive Income/(expense)(net of tax)	(c)	(205.23)
Total comprehensive income as reported under Ind-AS		5,866.10

Note :- Under Previous GAAP, total comprehensive income was not reported. Therefore, the above reconciliation starts with profit under previous GAAP.

41.6 Cash flow Statements

There were no significant reconciliation items between cash flows prepared under Indian GAAP and those prepared under Ind AS.

41.7 Notes to the reconciliations
(Rs. in lacs)

Impact under Ind AS on account of :-	Impact	As at April 1, 2016	As at March 31, 2017	For the year ended March 31, 2017
(a) Impact of measuring investments at Fair Value through Profit or Loss (FVTPL)				
On Balance sheet				
Investments - Non-current	Decrease	-	10.89	
Investments - current	Increase	327.74	658.03	
On equity	Increase	214.31	423.18	
Deferred tax liability	Increase	113.43	223.96	
On Statement of profit and loss				
Net gain on financial instruments at fair value through profit or loss	Increase			319.40
Profit before tax	Increase			319.40
Tax expense	Increase			110.54
Profit after tax	Increase			208.86

Notes to the financial statements for the year ended March 31, 2018

(b) Excise duty on sale of products to be presented separately on the face of statement of profit and loss as opposed to netting it off from revenue from operations under IGAAP			
On statement of profit and loss			
Revenue from operations	Increase		13,085.57
Excise duty on sale of products	Increase		13,085.57
Profit before tax			-
Profit after tax			-
On equity		-	-
(c) Actuarial gains and losses to be recognised in other comprehensive income instead of statement of profit and loss			
On statement of profit and loss			
Employee benefit expense	Decrease		313.86
Profit before tax	Increase		313.86
Tax expenses	Increase		108.63
Profit after tax	Increase		205.23
On Other comprehensive income			
Remeasurement of the net defined liability/asset (Net of tax)	Decrease		205.23
(d) Income released from deferred government grant			
On Balance sheet			
Other liabilities - Non-current	Increase	13.79	11.79
Other liabilities - current	Increase	2.00	2.00
On equity	Decrease	15.79	13.79
On Statement of profit and loss			
Other income	Increase		2.00

Notes to the financial statements for the year ended March 31, 2018

Profit before tax	Increase			2.00
Tax expense	Increase			-
Profit after tax	Increase			2.00
 (e) Trade discounts, rebates, etc. are to be netted off from revenue as opposed to classification in other expenses under IGAAP				
 On Statement of profit and loss				
Revenue from operations	Decrease	-	-	(0.12)
Other expenses	Decrease	-	-	(0.12)

Note: Previous year figures as per previous GAAP have been regrouped/ re-classified wherever necessary to correspond with the current year classifications/ disclosures.

For and on behalf of the Board of Directors

Yogesh Chander Munjal
Chairman & Managing Director
DIN- 00003491

Vinod Kumar Agrawal
Chairman-Audit Committee
DIN- 00004463

Pankaj Gupta
Chief Financial Officer

Saurabh Agrawal
Company Secretary
Membership No. A36163

Place : Gurugram
Date : May 30, 2018

Munjal Showa Limited

Registered Office: 9-11, Maruti Industrial Area, Sector-18, Gurugram -122015, CIN: L34101HR1985PLC020934
Web: www.munjalshowa.net, Email: cs@munjalshowa.net, Tel: +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 33rd Annual General Meeting of the Munjal Showa Limited held on Wednesday the 26th Day of September 2018 at 9-11, Maruti Industrial Area, Sector-18, Gurugram-122 015, Haryana at 11.00 A.M.

Signature of the member/ Proxy

Notes:

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

Munjal Showa Limited

Registered Office: 9-11, Maruti Industrial Area, Sector-18, Gurugram -122015, CIN: L34101HR1985PLC020934
Web: www.munjalshowa.net, Email: cs@munjalshowa.net, Tel: +91-124-4783000/4783100

**Form No. MGT-11
PROXY FORM**

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

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

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

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

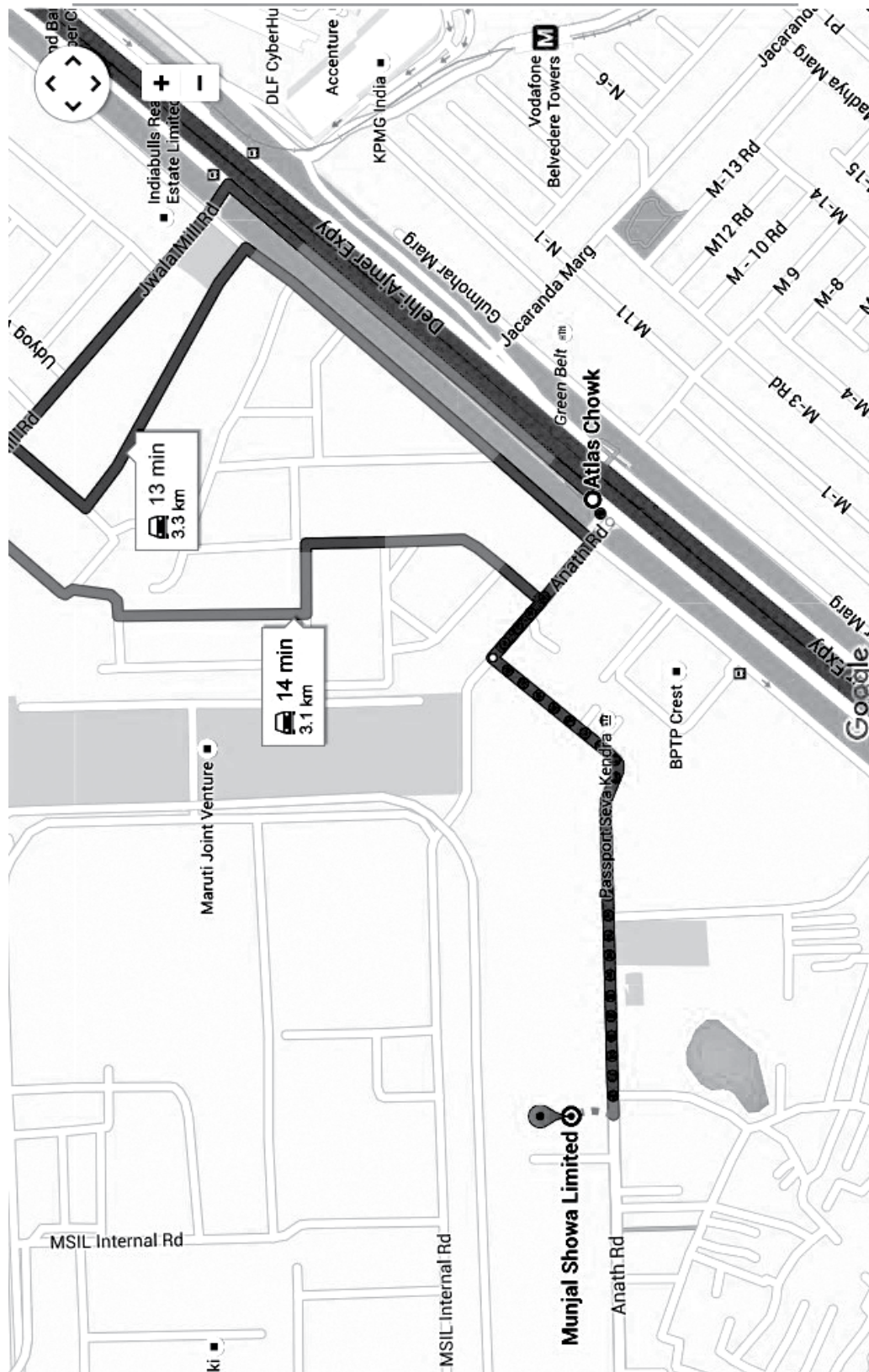
Name: _____ E-mail ID _____

Address: _____ Signature: , or failing him/her

Name: _____ E-mail ID _____

Address: _____ Signature: , or failing him/her

‘Route map for the 33rd AGM’



as my/our proxy to attend and vote, in case of a poll, for me/us and on my/our behalf at the 33rd Annual General Meeting of the Company, to be held on Wednesday the 26th Day of September 2018 at 11:00 A.M at the Registered Office of the Company and at any adjournment thereof in respect of such resolutions and in such manner as are indicated below:

Res No.	Description	For	Against
Ordinary Business			
1	To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended March 31, 2018 including Audited Balance Sheet as at March 31, 2018 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. (Ordinary Resolution)		
2	To declare a dividend on equity shares for the financial year ending 2017-18. (Ordinary Resolution)		
3	To appoint a director in place of Mrs. Charu Munjal (DIN 03094545), who retires by rotation and being eligible offers herself for re-appointment. (Ordinary Resolution)		
4	To appoint a director in place of Mr. Yogesh Chander Munjal (DIN 00003491), who retires by rotation and being eligible offers himself for re-appointment. (Ordinary Resolution)		
5	To ratified the appointment of Statutory Auditors and to fix their remuneration. (Ordinary Resolution)		
Special Business			
6	Appointment of Mr. Yasuhiro Yamamoto (DIN 08127304) as a Director of the Company (Ordinary Resolution)		
7	Variation in the Terms of Appointment of Mr. Shigeki Kobayashi (DIN 07626553), Joint Managing Director of the Company (Special Resolution)		
8	Variation in the Terms of Appointment of Mr. Yogesh Chander Munjal (DIN 00003491), Managing Director of the Company (Special Resolution)		
9	Re-appointment of Mr. Vinod Kumar Agrawal (DIN 00004463) as an Independent Director of the Company (Special Resolution)		
10	Re-appointment of Mr. Surinder Kumar Mehta (DIN 00002888) as an Independent Director of the Company (Special Resolution)		
11	Re-appointment of Mr. Nand Lal Dhameja (DIN 02351762) as an Independent Director of the Company (Special Resolution)		
12	Re-appointment of Dr. Devi Singh (DIN 00015681) as an Independent Director of the Company (Special Resolution)		

Signed this _____ day of _____, 2018.
Signature _____

**Affix
Revenue
Stamp**

Notes:

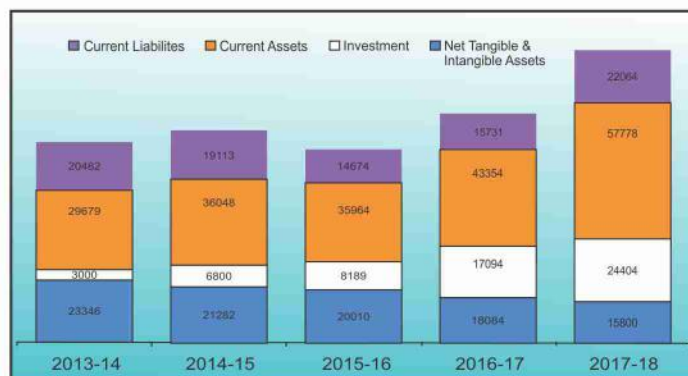
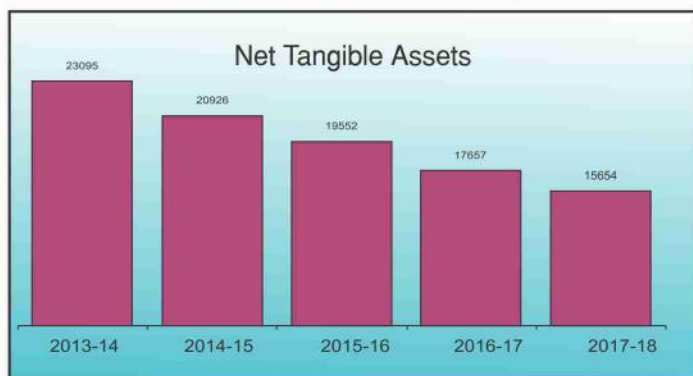
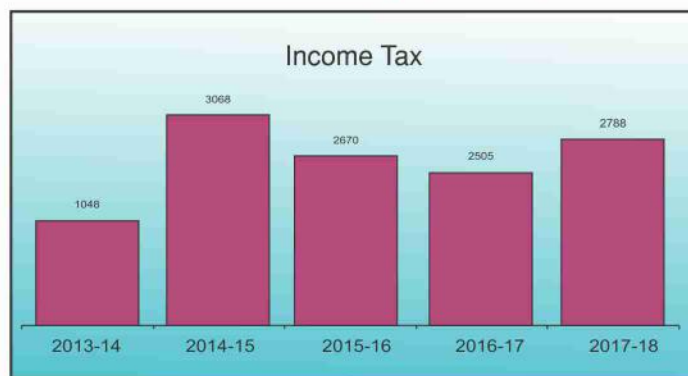
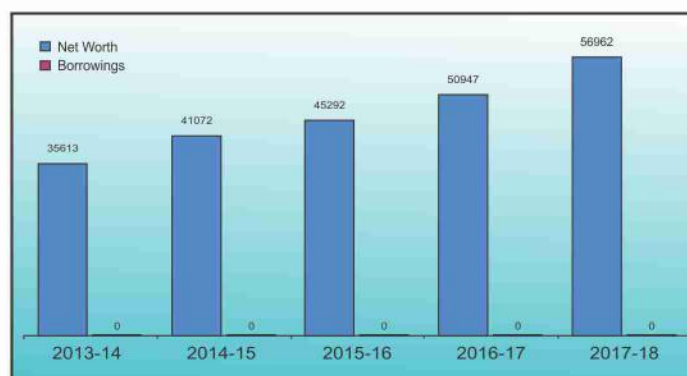
- Please put a 'X' in the Box in the appropriate column against the respective resolutions. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- A Proxy need not be Member of the Company.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

This image shows a full page of blank, lined paper. It features approximately 30 evenly spaced horizontal blue lines across its entire surface, typical of standard notebook paper. The lines are uniform in color and thickness, providing a guide for handwriting. There are no margins, text, or other markings present on the page.

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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, Gurugaon-122015 (Harayana)

Phone : +91 124 4783000, Fax +91 124 2341359

E-mail : msladmin@munjalshowa.net

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

CIN : L34101HR1985PLC020934