

MUNJAL SHOWA LTD.

Regd. Office & Works : 9-11, Maruti Industrial Area, Gurgaon - 122 015 (Haryana) INDIA
E-mail : msladmin@munjalshowa.net Website : www.munjalshowa.net
Corporate Identity Number : L34101HR1985PLC020934, Pan No.: AAACM0070D
Ph. : 0124-4783000, 2341001 Fax : 0124-2341359

MSL/SECT/17/

August 24, 2017

The D.G.M. (Listing)
Corporate Relation Department
BSE Ltd
1st Floor, P.J. Towers
New Trading Ring, Dalal Street
Mumbai-400 001
Security Code: 520043

The Asst. Vice President
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block-G
Bandra-Kurla Complex
Bandra (E), Mumbai – 400 051
Security Code: MUNJALSHOW

Sub: Intimation of Proceedings of 32nd Annual General Meeting, Voting Result, Consolidated Scrutinizer's Report and Annual Report for the financial year 2016-17.

Dear Sir,

We Wish to inform you that the 32nd Annual General Meeting (AGM) of the Company was held on Thursday, the 24th day of August, 2017 at the Company's Registered Office located at 9-11, Maruti Industrial Area, Sector-18, Gurugram, Haryana at 11:00 A. M.

In this regard, please find attached herewith the following:

1. Proceedings of 32nd AGM in compliance with Regulations 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as **Annexure I.**
2. Voting result of the businesses transacted at the 32nd AGM in compliance with Regulations 44(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as **Annexure II.**
3. Consolidated Scrutinizer's Report in compliance with Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management & Administration) Rules, 2014 as **Annexure III.**
4. One copy of complete Annual Report for the financial year 2016-17 as required under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, duly approved and adopted by the members at its 32nd AGM as **Annexure IV.**

This is for your information and record.

Thanking You.

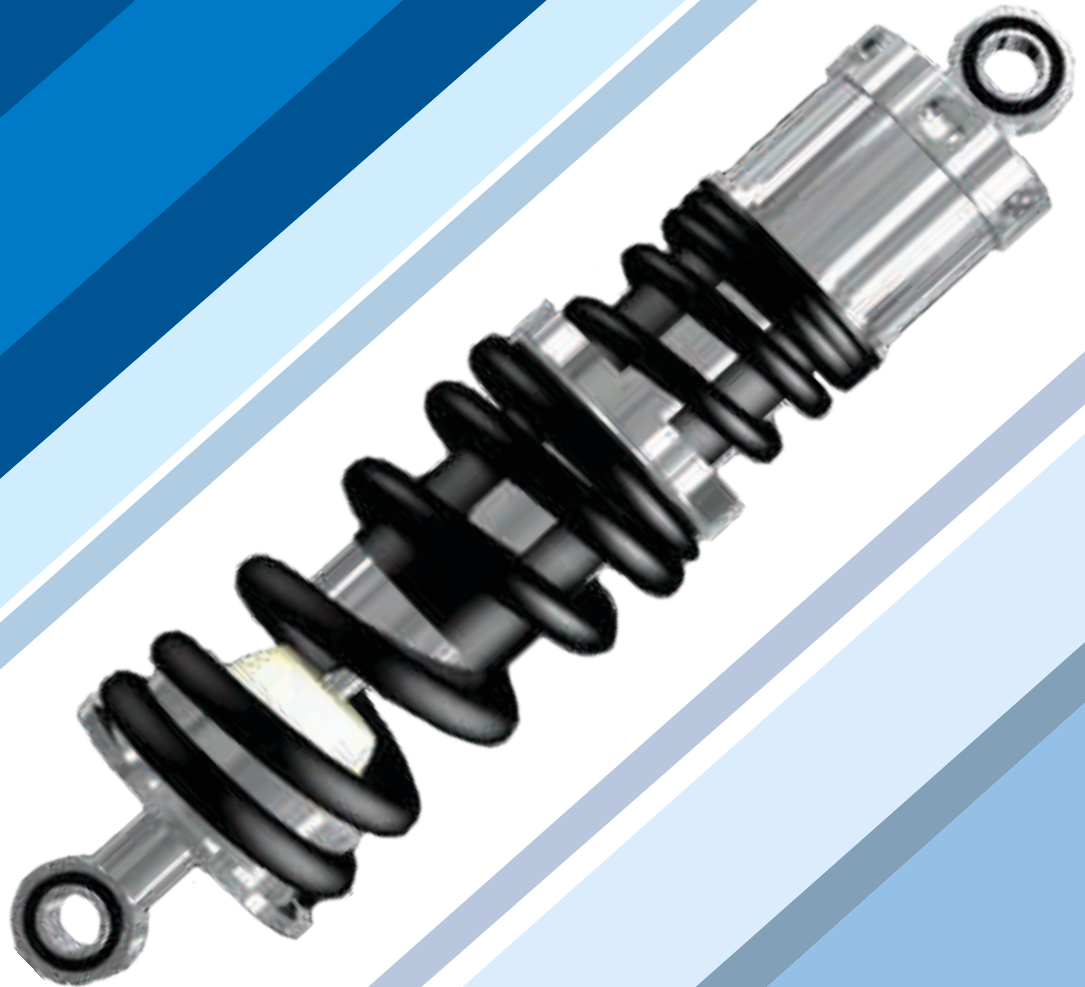
Yours Faithfully,
For MUNJAL SHOWA LIMITED

Saurabh

(SAURABH AGRAWAL)
Company Secretary
A-36163



**MUNJAL
SHOWA**



32nd Annual Report 2016-17

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BOARD OF DIRECTORS

Mr. Yogesh Chander Munjal (Chairman & Managing Director)*
 Mr. Shigeki Kobayashi (Joint Managing Director)**
 Mr. Matsui Masanao (upto May 19, 2017)
 Mr. Teruyoshi Sato (w.e.f. May 19, 2017)
 Mr. Isao Ito#
 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. Isao Ito#
 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

Note:

Resigned w.e.f. September 30, 2016
 * Appointed as Chairman w.e.f. Oct. 26, 2016.
 ** Appointed as Director & JMD and introduced as member of Committees w.e.f. Oct. 26, 2016.
 *** Introduced as Member w.e.f. Oct. 26, 2016.

CSR COMMITTEE

Mr. Yogesh Chander Munjal-Chairman
 Mr. Vinod Kumar Agrawal-Member
 Mr. Shigeki Kobayashi-Member**
 Mr. Isao Ito#

RISK MANAGEMENT COMMITTEE (Non-Mandatory)

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

CHIEF FINANCIAL OFFICER

Mr. Pankaj Gupta

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Saurabh Agrawal

STATUTORY & TAX AUDITORS

M/s S R Batliboi & Co. LLP, Chartered Accountants,
 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'17	March'16	March'15	March'14	March'13
Share Capital	799.92	799.92	799.92	799.92	799.92
Reserve & Surplus	50147.29	44492.09	40272.34	34812.93	29480.57
Total Shareholder's Funds	50947.21	45292.01	41072.26	35612.85	30280.49
Unsecured Loans	0.00	0	0.00	0.00	0.00
Secured Loan	0.00	0	0.00	0.00	2110.87
Total Term Liability	0.00	0	0.00	0.00	2110.87
Current Liabilities & Provisions	16146.86	15661.41	20202.78	21814.06	20802.28
Total Assets / Liabilities	67094.07	60953.42	61275.04	57426.91	53193.64
Net Sales	145965.89	150183.71	164296.67	159797.31	158142.66
(% Growth year on year)	-0.03	-8.59%	2.82%	1.05%	1.58%
Profit Before Interest Depn. & Tax (PBDIT)	11071.87	11727.48	13542.34	11129.86	10272.47
Profit Before Interest Depn. & Tax (PBDIT)-%	7.59	7.81	8.24	6.97	6.50
Interest	5.40	12.19	44.54	270.32	716.57
Depreciation	2906.22	2929.84	2867.09	2840.99	2764.2
Profit Before Tax (PBT)	8160.26	8785.45	10630.71	8018.55	6791.7
Profit After Tax (PAT)	5655.19	6115.23	7562.89	6970.09	6068.06
Earnings per Share (EPS) (Rs.)	14.14	15.29	18.91	17.43	15.17
Book Value per Share (Rs.)	127.38	113.24	102.69	89.03	75.71
Dividend payout %	# 200%	200%	200%	175.00%	150.00%
Dividend per share	# 4	4.00	4.00	3.50	3.00

Recommended by Board of Directors

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 32ND ANNUAL GENERAL MEETING OF THE MEMBERS OF MUNJAL SHOWA LIMITED WILL BE HELD ON THURSDAY, THE 24TH DAY OF AUGUST 2017 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, 2017 including Audited Balance Sheet as at March 31, 2017 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, 2017 and the Statement of Profit and Loss, the Cash Flow Statement for the year ended on that date and the reports of the Board of Directors (“the Board”) and Auditors thereon be and are hereby received, considered and adopted.”

2. To declare a dividend on equity shares for the financial year ending 2016-17.

“RESOLVED THAT a final dividend of Rs. 4/- per equity share on 39,995,000 equity shares of Rs. 2/- each fully paid up for the financial year 2016-17 be and is hereby approved and declared.”

3. To appoint a director in place of Mr. Ashok Kumar Munjal (DIN 00003843), 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 thereof, for the time being in force), Ashok Kumar Munjal (DIN 00003843), who retires by rotation and being eligible offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company liable to retire by rotation.”

4. To appoint Statutory Auditors and to fix their remuneration.

“RESOLVED THAT pursuant to the provisions of Sections 139, 141, 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 thereof, for the time being in force), and pursuant to the recommendations of the Audit Committee, Deloitte Haskins & Sells LLP, Chartered Accountants, Gurugram (Firm Registration No. 117366W/W-100018), who being eligible for appointment have offered themselves for their appointment, be and is hereby appointed as statutory auditors of the Company, in place of retiring auditors M/s S R Batliboi & Company LLP, Chartered Accountants, Gurugram (Firm Registration No. 301003E/E300005), to hold office from the conclusion of this Annual General Meeting (AGM) until the conclusion of the 37thAGM of the Company, subject to the ratification of their appointment by members at every annual general meeting, as applicable, at such remuneration plus service tax, out-of-pocket, travelling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

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

SPECIAL BUSINESS:

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

5. **Appointment of Mr. Shigeki Kobayashi (DIN 07626553) 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 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Shigeki Kobayashi (DIN 07626553), who was appointed as an Additional Director (designated as Joint Managing Director) by the Board of Directors of the Company in its meeting held on October 26, 2016 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.”

6. Appointment of Mr. Shigeki Kobayashi (DIN 07626553) as the Joint Managing Director of the Company

“**RESOLVED THAT** pursuant to the recommendation of the Nomination and Remuneration Committee, and approval of the Board and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule- V of the Companies Act, 2013 and Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the appointment of Mr. Shigeki Kobayashi, as the Joint Managing Director of the Company for a period of five years with effect from October 26, 2016 to October 25, 2021, as well as the payment of salary, commission and perquisites (hereinafter referred to as “remuneration”), upon the terms and conditions as detailed in the explanatory statement attached hereto, which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment and / or agreement in such a manner as may be agreed to between the Board of Directors and Mr. Shigeki Kobayashi.”

“**RESOLVED FURTHER THAT** Mr. Shigeki Kobayashi shall be liable to retire by rotation in pursuance of Section 152 and any other provisions of the Companies Act, 2013.”

“**RESOLVED FURTHER THAT** the remuneration payable to Mr. Shigeki Kobayashi, shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 read with Schedule-V of the Companies Act, 2013 or such other 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.”

7. Appointment of Mr. Teruyoshi Sato (DIN 07825074) 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 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Teruyoshi Sato (DIN 07825074), who was appointed as an Additional Director by the Board of Directors of the Company in its meeting held on May 19, 2017 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 Resolution a Special 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 First Annual General Meeting held on August 24, 2016, 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, and subject to the approval of the Central

Government, if required, the Basic Salary payable to Mr. Yogesh Chander Munjal, Managing Director of the Company be increased to Rs. 17,50,000/- per month from the existing Rs. 16,00,000/- per month and special pay shall remain same at Rs. 3,00,000/- per month with effect from September 01, 2017 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.”

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

9. 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, and subject to the approval of the Central Government, if required, the Basic Salary payable to Mr. Shigeki Kobayashi, Joint Managing Director of the Company be increased to Rs. 13,50,000/- per month from the existing Rs. 12,00,000/- per month and special pay shall be Rs. 3,00,000/- per month from the existing Rs. 2,00,000/- per month with effect from September 01, 2017 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.”

Place: Gurugram
Dated: May 19, 2017

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 is annexed herewith as Annexure 1.
- 04) In terms of Section 152 of the Companies Act, 2013, Mr. Ashok Kumar Munjal (DIN 00003843), Director, retire by rotation at the Meeting and being eligible, offer himself for re-appointment. The Board of Directors of the Company recommends his re-appointment. Brief resume of Mr. Ashok Kumar Munjal is given in Annexure A and also in Board's Report.
- 05) The Explanatory Statement setting out the material facts concerning Special Business at Item Nos. 5 to 9 of the accompanying notice as required by Section 102 of the Companies Act, 2013, is annexed here to.
- 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, August 12, 2017 to Thursday, August 24, 2017 (both days inclusive).
- 08) Members are requested to note that under Section 124 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, are also required to be transferred to the IEPF.

The Company had, accordingly, transferred the unpaid and unclaimed dividend amount pertaining to dividend for financial year 2008-09 to the IEPF within the stipulated time period.

The Company has uploaded the information in respect of unpaid and unclaimed dividends for financial year 2008-09 onwards on the website of the IEPF Authority viz. www.iepf.gov.in and under 'Investors' section on the website of the Company viz. www.munjalshowa.net.

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

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 Annual General Meeting. In order to enable us to register your attendance at the venue of the Annual General Meeting, members are requested to please bring their folio number/ demat account number/DP ID-Client ID to enable us to provide a duly filled attendance slip for your signature and participation at the meeting.

14) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

15) To support the 'Green Initiative' the Members who have not registered their e-mail addresses are requested to register their email id.

16) A Route Map along with prominent landmark for easy location to reach the venue of Annual General

Meeting is annexed to the notice.

- 17) 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 Annual General Meeting ("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 Annual General Meeting 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.
- 19) A route map showing directions to reach the venue of the 32nd AGM is given at the end of this Notice as per the requirement of the Secretarial Standards-2 on "General Meetings".

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 32nd Annual General Meeting (AGM). The business shall be transacted through e-voting services rendered by Central Depository Services (India) Limited (CDSL).

The facility for voting, either through ballot/polling paper shall also be made available at the venue of the 32nd 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. 22nd Day of July 2017 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 32nd AGM and the Annual Report for FY 2016-17 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 Scrutiniser shall after conclusion of voting at the AGM first count the votes cast at the meeting 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 and shall within 2 days of conclusion of the AGM, make a consolidated Scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised who shall countersign the same and declare the result of voting forthwith.

The resolutions will be deemed to be passed on the Annual General Meeting date subject to receipt of the requisite number of votes in favour of the resolutions. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.munjialshowa.net and on website of CDSL e-Voting www.evotingindia.com within two days of the passing of the Resolutions at the Annual General Meeting of the Company and will also be communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

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

- i. The voting period begins on Monday, August 21, 2017 at 9.00 a.m. and ends on Wednesday, August 23, 2017 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. Thursday, August 17, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after 5.00 p.m. on August 23, 2017.
- ii. Members holding shares in physical or in demat form as on Thursday, August 17, 2017 shall only be eligible for e-voting.
- iii. The shareholders should log on to the e-voting website www.evotingindia.com.
- iv. Click on Shareholders.
- v. Now Enter your User ID;
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- vi. Next enter the Image Verification as displayed and Click on Login.
- vii. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- viii. If you are a first time user follow the steps given below:

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

- ix. After entering these details appropriately, click on “SUBMIT” tab.
- x. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- xi. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii. Click on the EVSN for the Munjal Showa Limited.
- xiii. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiv. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xv. After selecting the Resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xvi. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xvii. You can also take out print of the voting done by you by clicking on “Click here to print” option on the voting page.
- xviii. If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xix. Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xx. Note for Non-Individual Shareholders & Custodians:
 - a. Non-Individual shareholders (i.e. other than Individuals, HUF and NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporate and Custodians respectively.
 - b. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - c. After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - d. The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - e. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xxi. 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: 16th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400001.

Email id: helpdesk.evoting@cdslindia.com

Toll free number: 18002005533
Place: Gurugram
Dated: May 19, 2017

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 BUSINESS PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013****Item No. 5 & 6**

The Board of Directors of the Company in its meeting held on October 26, 2016 has appointed Mr. Shigeki Kobayashi as an Additional Director of the Company w.e.f. October 26, 2016. A notice under Section 160 of the Companies Act, 2013 along with the requisite deposit has been received from a member proposing the candidature of Mr. Shigeki Kobayashi as a Director of the Company.

In terms of the Corporate Governance Guidelines of the Company and pursuant to the recommendation of the Board, Nomination and Remuneration Committee, the Board of Directors of the Company, also passed a resolution on October 26, 2016 approving appointment of Mr. Shigeki Kobayashi, as the Joint Managing Director of the Company for a period of five years with effect from October 26, 2016 to October 25, 2021. This is subject to the approval of the shareholders at this Annual General Meeting.

Mr. Shigeki Kobayashi, aged 52 years, completed his graduation from Hamamatsu Technical High School, Shizuoka Prefecture, Japan. He started his career with Showa Corporation Japan in April 1982. In April 1989, he moved to Showa Indonesia Ltd as Technical Advisor. He served various positions in Showa Indonesia Ltd before joining Munjal Showa Limited as technical advisor. He has approx 34 years experience in technical field.

Keeping in view that Mr. Shigeki Kobayashi has rich and varied experience in the Industry, it would be in the interest of the Company to consider the employment of Mr. Shigeki Kobayashi as the Joint Managing Director of the Company.

The details of remuneration payable to Mr. Shigeki Kobayashi and the terms and conditions of the appointment are given below:

1. **Basic Salary:** Rs. 12,00,000/- (Rupees Twelve Lakhs only) per month.
2. **Special Pay:** Special pay will be Rs. 2,00,000/- (Rupees Two Lakhs only) per month.
3. **Commission:** He shall also be paid commission in addition to Basic Salary & Special Pay, perquisites and any other allowances, benefits, or amenities subject to the condition that the amount of commission shall not exceed 1% of the net profits of the Company in a particular financial year as computed in the manner referred to in Section 198 and any other applicable provisions of the Companies Act, 2013.
4. **Perquisites and Allowances:** In addition to the above Basic Salary, Special Pay and Commission, he shall be entitled to the following perquisites and allowances:
 - a) **Residential Accommodation:** Rent free furnished residential accommodation with free use of all the facilities and amenities including deploy of security guards shall be provided by the Company;

- b) **Medical Reimbursement:** Reimbursement of actual medical expenses incurred by him and his family in India; in addition, he will also be entitled to be covered under group mediclaim policy as per the rules of the Company;
- c) **Children's Education Allowance:** In case of children studying in India, actual expenses incurred, shall be admissible;
- d) **Leave Travel Concession:** Once in a year incurred in accordance with the Rules specified by the Company;
- e) **Club Fees:** Actual fees of clubs will be reimbursed;
- f) **Gas, Electricity & Water:** Actual Expenses on Gas, Electricity and Water will be paid by the Company;
- g) **Personal Accident Insurance:** Actual premium to be paid by the Company;
- h) **Car:** Facility of car(s) with driver;
- i) **Telephone:** Free telephone facility at Residence including internet and mobile phone facility;
- j) **Provision for servants at residence:** The Company shall provide the service of servants not exceeding two at the residence of appointee.
- k) **Leave:** One month's leave with full salary for every 11 months of service subject to the condition that the leave accumulated but not availed will not be en-cashed;
- l) **Reimbursement of shifting expenses:** Reimbursement of expenses incurred for joining duty and returning to home country after completion of tenure: Actual expenses incurred on travel and packing, forwarding, loading/unloading as well as freight, insurance, custom duty, clearing expenses, local transportation and installation expenses in connection with the moving of personal effects for self and family for joining duty in India. On completion of the tenure, all the expenses referred to herein above for travel and forwarding the personal effects to Japan shall also be allowable to the appointee on his finally leaving the employment of Company. If however, they join another branch of the same/ related multinational Company, the branch to which they are transferred shall bear these expenses;
- m) **Reimbursement of other expenses:** Reimbursement of entertainment, traveling, hotel and other expenses actually and properly incurred for the business of the Company;
- n) **Contribution to Provident Funds:** As per Employee Provident Fund & Miscellaneous Provisions Act 1952, 12% of the basic salary shall be deducted from his salary and the same shall be deposited in the fund and the same amount of contribution shall be deposited from company's account; and

5. Minimum Remuneration

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

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

Explanation: For the aforesaid purposes "Family" means the spouse and the dependent children.

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.

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

Except Mr. Shigeki Kobayashi, and his relative 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. Presently, Mr. Shigeki Kobayashi does not hold any equity shares in the Company.

He is presently not holding the directorship of any Company.

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

Item No. 7

The Board of Directors of the Company in its meeting held on May 19, 2017 has appointed Mr. Teruyoshi Sato as an Additional Director of the Company w.e.f. May 19, 2017. A notice under Section 160 of the Companies Act, 2013 along with the requisite deposit has been received from a member proposing the candidature of Mr. Teruyoshi Sato as a Director of the Company.

Mr. Teruyoshi Sato, aged 57 years, having 34 years of vast experience in technical field, completed his Bachelor of Engineering from Tokai University, Japan. He started his career with Showa Corporation, Japan in 1983. He managed Business Planning office, Motorcycle and Hydraulic Components operation department till 2012 and then he was promoted as president, Showa Regional Center (Thailand) Co. Ltd. In April 2015, he was appointed as President of PT Showa Indonesia Manufacturing. Now he has been serving to Showa Corporation, Japan as the General Manager of Business and Production Planning Division, Motorcycle and Hydraulic Components Operations since April 2017.

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

He is presently not holding the directorship of any Company.

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

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

Item No. 8

Mr. Yogesh Chander Munjal, aged 77 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. 16, 00, 000/- p.m. and special pay as Rs. 3,00,000/- p.m. with effect from September 01, 2016 in the Thirty

First Annual General Meeting held on August 24, 2016. 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 19, 2017, revised the basic salary of Managing Director to Rs.17,50,000/- per month from the existing Rs. 16,00,000/- per month and special pay shall remain same at Rs. 3,00,000/- per month with effect from September 01, 2017 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.

Except Mr. Yogesh Chander Munjal and Mrs. Charu Munjal or their relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in this resolution set out at item no. 8 except to the extent of their shareholding in the Company. Mr. Yogesh Chander Munjal does not hold any equity shares in the Company.

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

Item No. 9

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 19, 2017, revised the basic salary of Joint Managing Director to Rs.13,50,000/- per month from the existing Rs. 12,00,000/- per month and special pay shall be Rs. 3,00,000/- per month from the existing Rs. 2,00,000/- per month with effect from September 01, 2017 for the remaining period of his tenure. All other terms and conditions of his appointment including allowances, perquisites and benefits will remain same.

Except Mr. 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. 9 of the notice. Mr. Shigeki Kobayashi does not hold any equity shares in the Company.

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

Place: Gurugram
Dated: May 19, 2017

By order of the Board of Directors,
for **MUNJAL SHOWALIMITED**

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. Ashok Kumar Munjal	Mr. Shigeki Kobayashi	Mr. Teruyoshi Sato	My. Yogesh Chander Munjal
DIN	00003843	07626553	07825074	0003491
Date of Birth & age	14/02/1951 66 Years	03/04/1964 52 Years	16/02/1960 57 Years	13/02/1940 77 Years
Date of Appointment	02/01/1989	26/10/2016	19/05/2017	16/05/1985
Qualification	Commerce and Law Graduate from Punjab University	Graduation from Hamamatsu Technical High School, Shizuoka Prefecture, Japan.	Bachelor of Engineering from Tokai University, Japan	B. Arch.
Relationship with Directors	None	None	None	None
Experience and Expertise	33 years of experience in the field of engineering industry, investment, finance and auto component	34 years' experience in technical field	34 years' experience in technical field	53 years of experience in the field of engineering industry, investment, finance and auto component
Number of Meetings of the Board attended during the year	Details mentioned in the Corporate Governance report.	Details mentioned in the Corporate Governance report.	Details mentioned in the Corporate Governance report.	Details mentioned in the Corporate Governance report.
Directorships held in other companies	A AND N AUTOCAST PRIVATE LIMITED SKH EDUCATION PRIVATE LIMITED MARUTI INSURANCE BROKING PRIVATE LIMITED SUNGLOW INDUSTRIES PRIVATE LIMITED H & H INDUSTRIES PRIVATE LIMITED LEDPRA INFRACON PRIVATE LIMITED RADHA KISHAN BUILDWELL PRIVATE LIMITED PRIVILEGE ESTATES PRIVATE LIMITED H AND H REAL ESTATE PRIVATE LIMITED KRISHNA ISHIZAKI AUTO LIMITED ORIENT CRAFT LIMITED CHANDERNAGAR CHEMICALS AND MINERALS PRIVATE LIMITED SUNBEAM AUTO PRIVATE LIMITED	None Except Munjal Showa Limited	NIL	HERO CYCLES LIMITED DAYANAND MUNJAL INVESTMENTS PVT LTD MUNJAL SHOWA LIMITED

Board Membership of Listed Companies as on March 31, 2017	MUNJAL SHOWA LIMITED	MUNJAL SHOWA LIMITED	NIL	Chairman of MUNJAL SHOWA LIMITED
Chairman/Member of the Committee of the Board of directors as on March 31, 2017	Member of Audit Committee & Stakeholders Relationship Committee in Munjal Showa Limited. He is also a member of Audit Committee of Orient Craft Limited	Member in Stakeholders Relationship Committee & CSR Committee of Munjal Showa Limited	None	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
Number of Shares held in the Company as on March 31, 2017	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
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 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 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 Remuneration last drawn: Nil	As per Nomination and Remuneration Policy of the Company as displayed on the Company's website 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 32nd Annual Report together with the Audited Statement of Accounts for the financial year ended March 31, 2017.

FINANCIAL RESULTS AND APPROPRIATIONS

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

	(Rs. In lakhs)	
	Year Ended <u>31.03.17</u>	Year Ended 31.03.16
Sales and other Income	147,575.77	150,713.70
Profit before Interest, Depreciation & Tax	11,071.86	11,727.49
Financial Cost	5.39	12.19
Depreciation	2,906.21	2,929.84
Profit before Tax	8,160.26	8,785.45
Provision for Taxation	2,505.07	2,670.22
Profit after Tax	5,655.19	6,115.23
Net Profit brought forward	18,554.25	16,364.50
Profit available for appropriation	24,209.44	22,479.73
Dividend (Recommended)	1,599.80	1,599.80
Dividend Tax (Net)	325.68	325.68
Transfer to General Reserve	2,000.00	2,000.00
Surplus Available	20,283.96	18,554.25

OPERATIONS & STATE OF THE COMPANY'S AFFAIRS

The Company has achieved a sales turnover, including other income, of Rs. 147575.77 lakhs vis-à-vis Rs. 150713.70 lakhs in the previous year. The profit before tax in the current year was at Rs. 8160.26 lakhs as compared to Rs. 8785.45 lakhs in the previous year.

CREDIT RATING

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

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. 2000 lakhs to General Reserve before recommending the final dividend. The balance amount of Rs. 20,283.96 lakhs (Previous year Rs. 18,554.25 lakhs) will be retained as surplus in the statement of Profit and Loss.

DIVIDEND

Your directors are pleased to recommend a dividend of 200 per cent (i.e. Rs. 4/- Per equity share of Rs. 2/- each fully paid up) for the financial year ended March 31, 2017 amounting to Rs. 1599.80 lakhs Dividend will be tax free in the hands of shareholders, as the Company will bear the dividend distribution tax of Rs. 325.68 lakhs. The dividend, if approved, at the Annual General Meeting shall be payable to the shareholders registered in the books of the Company and the beneficial owners whose names are furnished by the depositories, determined with reference to the book closure from August 12, 2017 to August 24, 2017 (both days inclusive).

SHARE CAPITAL & DEBENTURES

The authorized share capital of the Company is Rs. 15,00,00,000 (Fifteen crores rupees only) divided into 75,000,000 equity shares of Rs. 2 each. The paid up Share Capital as on March 31, 2017 was Rs. 7,99,92,500 (Seven crore ninety nine lakhs ninety two thousand five hundred rupees 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, 2017.

FINANCE

Cash and cash equivalent as at March 31, 2017 was Rs. 621.19 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 10 and 12 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 and the loan amount was fully repaid to Company by Mr. Saurabh Agrawal as on March 31, 2017.

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. 5.22 Lakhs for FY 2008-09 to the Investor Education and Protection Fund (IEPF) of the Central Government of India.

AUDITORS

M/s S.R. Batliboi & Co. LLP, Chartered Accountants, Gurugram, the Auditors of the Company, appointed at 29th Annual General Meeting for a period of 3 years, up to the date of the 32nd Annual General Meeting of the Company are now liable to retire. So, M/s S.R. Batliboi & Co. LLP will retire at the ensuing General Meeting of the Company.

Thus, on the recommendations of the Audit Committee, and after due deliberation and consideration, the Board recommends the appointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants, Gurugram, (Firm Registration no. 117366W/W-100018) as the Statutory Auditors of the Company in place of retiring auditors for five years, who will hold the office upto the conclusion of the 37th Annual General Meeting subject to the ratification of appointment by shareholders at every annual general meeting.

The Report given by the Auditors, M/s S.R. Batliboi & Co. LLP, Chartered Accountants, Gurugram, on the financial statements of the Company for the financial year 2016-17, 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.

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, 2017, is annexed hereto and forms part of this Report. **Annexure-E**

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

Board's Report

The Company was required to spend Rs.184.83 lakhs under Corporate Social Responsibility activities (CSR). The Company has spent 185.03 lakhs on CSR Activities during the financial year 2016-2017.

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 various types of Losses & converts them into Profit.

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. 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 700 machines In-House with Lean TPM Concept inclusive of many CNC Machines.

ISO/TS 16949 ACCREDITATION

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

LISTING

The shares of your Company are listed at The National Stock Exchange of India Limited and BSE Limited, and pursuant to clause C (9) (d) of Schedule V SEBI (LODR) Regulations, 2015, the Annual Listing fees for the year 2017-18 has been paid to them well before the due date i.e. April 30, 2017. Annual Custody/Issuer fee for the year 2017-18 has 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 3058 at the end of the year as compared to 3451 of the previous year. The Company encourages long-term commitment to the Company by rewarding its people for the opportunities they create and the value generated for customers and shareholders. The Company conducts several employee engagement and training programmes to upgrade the skills of the workforce and generate specialist in quality, maintenance and manufacturing.

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

BUSINESS RISK MANAGEMENT

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

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

The Board has identified following risks:-

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

regulatory compliance, localization of components, insurance, TS 16949 certification, TPM certification, regular development of alternate vendors where only single source, capturing customer complaints and response to them, have effective risk mitigating plans.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

The website link is given below:

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

RECOMMENDATION OF THE AUDIT COMMITTEE

During the year, 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 2016-17.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the period 2016-17, Mrs. Charu Munjal was the director liable to retire by rotation. And Mrs. Charu Munjal being eligible had offered herself for re-appointment before the shareholder at 31st Annual General Meeting of the Company. Shareholder confirmed her appointed at the 31st Annual General Meeting of the Company.

During the period 2016-17, Mr. Pankaj Munjal was appointed as Independent Director of the Company at the 31st Annual General Meeting of the Company.

Mr. Yogesh Chander Munjal was re-appointed as Managing Director of the Company for a further period of five years with effect from September 01, 2016 to August 31, 2021 at the 31st Annual General Meeting of the Company.

The Board of Directors in its meeting held on May 19, 2017, after recommendation of Nomination and Remuneration Committee, recommended to the shareholders variation in the Terms of Appointment of Mr. Yogesh Chander Munjal w.e.f. September 1, 2017.

Mr. Ashok Kumar Munjal (DIN 00003843) non-executive director of the Company is liable to retire by rotation at the ensuing Annual General Meeting. Mr. Ashok Kumar Munjal being eligible has offered himself for re-appointment.

Mr. Ashok Kumar Munjal aged about 66 years old, serves as the Managing Director of Sunbeam Auto Private Limited. Mr. Munjal has 33 years of experience in the field of engineering industry, investment, finance and auto component. He is holding the position of directorship in fourteenth Companies including Munjal Showa Limited. Mr. Munjal is a Commerce and Law Graduate from Punjab University, Chandigarh. He does not hold any share in the Company. He is the Member of Audit Committee and Share Transfer/ Stakeholder Relationship Committee of the Company. He is also the member of the Audit Committee of Orient Craft Limited.

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

Mr. Shigeki Kobayashi was appointed as an additional director in the Company w.e.f. October 26, 2016. The Board also appointed him as a Joint Managing Director of the company subject to the approval of the shareholders at the ensuing general meeting. On the recommendations of Nomination and Remuneration Committee, the Board recommends his appointment before the shareholder at the 32nd General Meeting of the Company. The brief profile is given in the explanatory statement of the AGM Notice. The Board also recommends the variation in terms of appointment of Mr. Shigeki Kobayashi before the shareholders.

Mr. Masanao Matsui (DIN 00340218) has resigned as Director of the Company w.e.f May 19, 2017. The Board placed its appreciation for the valuable services rendered by Mr. Masanao Matsui during his tenure as Director of the Company.

Mr. Teruyoshi Sato (DIN07825074) has been appointed as an additional director of the Company w.e.f May 19, 2017. The detailed profile is given in the explanatory statement of the AGM Notice. The Board recommends his appointment before the shareholder at the 32nd General Meeting 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 Board appointed Mr. Devi Singh as Chairman of the Company w.e.f. May 20, 2016. Due to pre-occupancy, Mr. Devi Singh resigned from the post of chairmanship w.e.f. October 26, 2016 and continued to act as an Independent Director of the Company.

After resignation of Mr. Devi Singh, the Board of Directors appointed Mr. Yogesh Chander Munjal, Executive Director and Managing Director, as the Chairman of the Company. The Board also appointed Mr. Devi Singh as new Member of the Audit Committee and Mr. Shigeki Kobayashi as Member of the CSR Committee and Share Transfer/Stakeholders Relationship Committee.

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

SUBSIDIARY COMPANIES, JOINT VENTURES OR ASSOCIATE COMPANIES

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

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the other committees of the Board i.e. Audit Committee, Nomination & Remuneration Committee and Share Transfer/ Stakeholders Relationship Committee. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

REMUNERATION POLICY AND REMUNERATION TO THE DIRECTORS

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

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

BOARD DIVERSITY POLICY

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

The Board Diversity Policy is available on our website

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

MEETINGS

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year 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, 2017, 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, 2017 and of the Profit of your Company for the Financial Year ended March 31, 2017;
- 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, 2017 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 contracts/ arrangements/ transactions entered by the Company during the financial year with related parties were on arm's length basis and were in the ordinary course of business. During the year the Company had not entered into any contract/ arrangement/ transaction with related parties which could be considered material. Hence, requirement of Form AOC-2 as required under section 188(1) of the Companies Act, 2013 is not applicable to the Company.

All transactions with related parties were placed before Audit Committee and Audit committee has given omnibus approval for repetitive and foreseen transactions. The Board also noted these transactions on

quarterly basis. The details of related party transactions are given in note number 27 and 27A of Financial Statements.

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

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

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

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

The observations of the Auditors in their report read with the notes to accounts are self-explanatory and do not require any specific comments. However as pointed out by the Auditors in annexure to their report at point number vii(a), the slight delay in payment of undisputed statutory dues in few cases was on account of finalization of accounts beyond the due date of statutory dues and the same were paid with interest.

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

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

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

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

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

The Companies Act, 2013 has introduced under Section 143(3)(i) 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 2016-17.

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

GENERAL

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

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

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

SEXUAL HARASSMENT POLICY

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

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

Various workshops or awareness programme w.r.t. sexual harassment has been carried out during the F.Y. 2016-17.

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 19, 2017

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, 2017.

Company's Philosophy on Corporate Governance

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

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

GOVERNANCE STRUCTURE

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

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

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

At present, the Board of Directors of the Company consists of ten (10) Directors having a pool of collective knowledge from various disciplines like Engineering, Finance, Treasury, Business Management, Corporate Planning, etc. The Board has been constituted in a manner resulting in an appropriate composition of Executive, Non-Executive and Independent Directors. The Non-executive Directors play an active role in the meetings of the Board and are associated with the various Board Committees. They also bring independent judgment in the Board's deliberations and decisions. The Board meets regularly and is responsible for the proper management of the Company. Two Directors are executive; 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 Board has elected Mr. Yogesh Chander Munjal as its Chairman of the Company w.e.f. October 26, 2016.

The Board and its Committees formulate policy decisions, so as to lead and control the affairs of the Company. The Composition of the Board is in conformity with the provisions of the SEBI (LODR)

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

The details of the composition of the Board, number of meetings held during their tenure and attended by Directors during financial year 2016-17 are as follows:

Name of Director	Number of Board Meetings held during their tenure and attended by them		Attendance at last AGM	Number of memberships in Audit/ Stakeholder Committee(s) including this listed entity (Refer Regulation 26(1) of Listing Regulations)	No. of post of Chairperson in Audit/ Stakeholder Committee held in listed entities including this listed entity (Refer Regulation 26(1) of Listing Regulations)	Number of Directorship(s) held in Indian Companies (Including Munjal Showa Limited)
	Held	Attended				
Executive & Promoter Directors						
Mr. Yogesh Chander Munjal	4	4	Yes	2	None	3
Mr. Isao Ito ¹	2	2	Yes	None	None	0
Mr. Shigeki Kobayashi ²	1	1	NA	1	None	1
Non-Executive Directors						
Mr. Ashok Kumar Munjal	4	4	No	3	None	14
Mr. Masanao Matsui ³	4	1	No	None	None	1
Mrs. Charu Munjal (Woman Director)	4	4	No	None	None	2
Non-Executive Independent Directors						
Mr. Vinod Kumar Agrawal	4	4	No	1	1	1
Mr. Surinder Kumar Mehta	4	3	No	1	1	5
Mr. Nand Lal Dhameja	4	4	Yes	2	1	1
Mr. Pankaj Munjal ⁴	4	1	No	3	None	10
Mr. Devi Singh	4	4	Yes	1	None	9

1. Mr. Isao Ito resigned on September 30, 2016.
2. Mr. Shigeki Kobayashi appointed as Director w.e.f. October 26, 2016.
3. Representative of Showa Corporation, Japan based at Japan. And resigned from directorship w.e.f. May 19, 2017
4. Mr. Pankaj Munjal was appointed as Independent Director w.e.f. August 24, 2016.

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

None of the Directors hold any shares or security of the Company as on March 31, 2017 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.

B. Meetings held in financial year 2016-17

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 2016-17 on May 20, 2016, July 29, 2016, October 26, 2016 and February 03, 2017.

Information supplied to the Board inter-alia includes:

- Annual operating plans and budgets of business, capital budgets and updates,
- Quarterly and annual results of the Company,
- Minutes of the meetings of Audit Committee and other Committees of the Board,
- Information on recruitment and remuneration of senior officers just below the Board level,
- Reviewing and resolving material defaults in financial obligation to and by the Company, or substantial non-payments for goods sold by the Company, if any.
- Reviewing and taking necessary steps for Materially important show cause, demand, prosecution and penalty notices,
- Reviewing and resolving, if any, Fatal or serious accidents or dangerous occurrences, any material significant effluent or pollution problems,
- Any issue which involves possible public or product liability claims of a substantial nature,
- Details of any joint venture or collaboration agreement,
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property,
- Any significant development in Human Resources / Industrial relations, significant labour problems and proposed solutions,
- Quarterly details of foreign exchange exposure and the steps taken by management to limit the risk of adverse exchange rate,
- Sale of material nature, of investments and assets, which are not in normal course of business, if any,
- Reviewing the compliance with regulatory or statutory provisions or listing requirements including steps taken to rectify the instance of Non-compliances, if any, as well as shareholders services such as non-payment of dividend and delays in share transfer.
- Other Business as prescribed by any other laws applicable during the F.Y. 2016-17

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 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 2016-17.

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 32 years of its existence, Annual Reports, policy on the CSR activities pursued by the Company etc.

Familiarization Program for Independent Directors

Objective	The Company follows a structured orientation and training programme for the Independent Directors to understand and get updated on the business and 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 to our Company*). The terms of reference of these Committees are determined by the Board and their relevance reviewed from time to time. Meetings of each of these Committees are convened by the respective Chairman of the Committee, who also informs the Board about the summary of discussions held in the Committee Meetings. The Minutes of the Committee Meetings are sent to 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 terms of Reference of this Committee are wide enough covering matters specified for Audit Committees under the SEBI (LODR) Regulations, 2015. The Audit Committee regularly reviews related party transactions, internal audit reports, appointment of Auditors, management discussion and analysis of financial condition and results of operations apart from other items of financial management and Company's business. The Constitution of Audit Committee also meets with the requirement of Section 177 of the Companies Act, 2013 and the rules made thereunder. The Company Secretary acts as the secretary of the Committee. The Auditors and Head of Finance generally attend the meetings on invitation by the Chairman. During the financial year 2016-17, the Audit Committee met four (4) times, on May 19, 2016, July 28, 2016, October 25, 2016 and February 02, 2017. 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 2016-17 was as under:

Name of the Chairman and Member	Attendance at the Audit Committee Meetings held on			
	May 19, 2016	July 28, 2016	October 25, 2016	February 02, 2017
Non-Executive Directors				
Mr. Ashok Kumar Munjal (Member)	No	Yes	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)*	NA	NA	NA	Yes

*Appointed as Member of the Audit Committee w.e.f. October 26, 2016.

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:

- a. 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.

- b. 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.
- c. To formulate the criteria for evaluation of performance of independent directors and the board of directors;
- d. To devise a policy on diversity of board of directors;
- e. To extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- f. 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. Vinod Kumar Agrawal- Member
 Mr. Devi Singh-Member

The meeting of the Nomination and Remuneration Committee was held on May 20, 2016 and October 26, 2016 under the Chairmanship of Mr. Surinder Kumar Mehta.

Name of the Chairman and Member	Attendance at the Nomination and Remuneration Committee Meetings held on	
	May 20, 2016	October 26, 2016
Non-Executive and Independent Directors		
Mr. Surinder Kumar Mehta (Chairman)	Yes	Yes
Mr. Vinod Kumar Agrawal(Member)	Yes	Yes
Mr. Devi Singh (Member)	Yes	Yes

IV. REMUNERATION OF DIRECTORS

The remuneration structure of Executive Directors comprises of basic salary, commission, perquisites and other allowances. Non-executive Directors do not draw any remuneration from the Company except Sitting Fee for attending the meetings of Board of Directors and Committees thereof as may be determined by the Board of Directors from time to time. Payments of sitting fee to non-executive directors are made within the limits prescribed under the Companies Act, 2013. The details of the remuneration paid to Directors for the financial year 2016-17 are as under:

(In Rupees)

Name	Salary, Allowances and Perquisites	Commission	Sitting Fee	Total
Sh. Yogesh Chander Munjal	39,816,090	5,109,506	Nil	44,925,596
Sh. Isao Ito	9,049,415	4,504,868	Nil	13,554,283
Sh. Shigeki Kobayashi	9,178,267	3,864,832	Nil	13,043,099
Sh. Matsui Masanao	Nil	Nil	Nil	Nil
Sh. Ashok Kumar Munjal	Nil	Nil	3,60,000	3,60,000
Sh. Pankaj Munjal	Nil	Nil	80,000	80,000
Smt Charu Munjal	Nil	Nil	1,60,000	1,60,000

Sh. Vinod Kumar Agrawal	Nil	Nil	4,80,000	4,80,000
Sh. Nand Lal Dhameja	Nil	Nil	5,60,000	5,60,000
Sh. Devi Singh	Nil	Nil	3,20,000	3,20,000
Sh. Surinder Kumar Mehta	Nil	Nil	2,40,000	2,40,000

During FY 2016-17, 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 Non-Executive and Independent Directors for attending the meetings of the Directors, 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, 2017 and the details of Members' participation at the Meetings of the Committee are as under:

Name of the Chairman and Member	Attendance at the Corporate Social Responsibility Meetings held on October 26, 2016
Executive Directors	
Mr. Yogesh Chander Munjal- Chairman	Yes
Mr. Shigeki Kobayashi- Member*	Yes
Non-Executive and Independent Director	
Mr. Vinod Kumar Agrawal- Member	Yes
The Board appointed Mr. Shigeki Kobayashi as a new member of CSR Committee w.e.f. October 26, 2016.	

VI. RISK MANAGEMENT COMMITTEE

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

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

The objectives and scope of the Risk Management Committee broadly comprise 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 30 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. There was no pending share transfer case as on March 31, 2017.

The total number of shares transferred in physical form during the year under review was 13510 shares.

Attendance of Members at the meetings of the Share Transfer/Stakeholders Relationship Committee held during 2016-17 was as under:

Name of the Chairman and Member	Attendance at the Share Transfer / Stakeholders Relationship Committee Meetings held on				
	May 19, 2016	July 28, 2016	October 25, 2016	January 20, 2017	March 20, 2017
Executive Directors					
Mr. Yogesh Chander Munjal (Member)	Yes	Yes	Yes	Yes	Yes
Mr. Isao Ito (Member)*	Yes	Yes	NA	NA	NA
Mr. Shigeki Kobayashi (Member)**	NA	NA	NA	Yes	No
Non-Executive Directors					
Mr. Ashok Kumar Munjal (Member)	No	Yes	Yes	No	Yes
Non-Executive and Independent Directors					
Mr. Nand Lal Dhameja (Chairman)	Yes	Yes	Yes	Yes	Yes

*Resigned on September 30, 2016.

**Appointed as Member of the Audit Committee w.e.f. October 26, 2016.

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 20, 2017, inter alia, to discuss:

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

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

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

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

XII. RELATED PARTY TRANSACTIONS

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 during the financial year were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year. And none of the transaction was in conflict with the interest of the Company. Suitable disclosure as required by the Companies Act, 2013 and Accounting Standards (AS18) has been made in the note nos. 27 & 27A of notes to the Financial Statements. The Board has approved a policy for related party transactions which has been uploaded on the Company's website. The web-link is given below:

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

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

XIII. DISCLOSURES

Strictures and Penalties

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 3 (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. V K 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 Com-

pany 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 NavBharat Times (Hindi edition). The audited financial statements form a part of the Annual Report which is sent to the Members well in advance of the Annual General Meeting.

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

The Annual Report of the Company, the quarterly / half yearly and the annual results and the press releases of the Company are also placed on the Company's website: www.munjalshowa.net and can be downloaded.

In compliance 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's NEAPS portal. The Company has complied with filing submissions through BSE's BSE Online Portal.

No any presentations made to 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 NECS. However, queries relating to non-receipt of dividend, non-receipt of annual reports, or on matters relating to the working of the Company should be sent to the Company.

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

Members are requested to ensure that correspondence for change of address, change in bank details, processing of unclaimed dividend, sub-division of shares, renewals / split / consolidation of share certificates, issue of duplicate share certificates should be signed by the first named Member as per the specimen signature registered with the Company. The Company may also, with a view to safeguard the interest of its Members and that of the Company, request for additional supporting documents such as certified copies of PAN Cards and other proof of identity and/or address. Members are requested to

indicate their DP ID & Client ID/ Ledger Folio number in their correspondence with the Company and also to provide their Email addresses and telephone numbers/FAX numbers to facilitate prompt response from the Company.

Market Information

Listing on Stock Exchanges

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

Name & Address of the Stock Exchanges	Stock Code / Scrip Code	ISIN Number for NSDL/CDSL (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 2016- March 2017

(In Rupees)

BSE Ltd			National Stock Exchange of India Ltd.	
Month	High Price	Low Price	High Price	Low Price
Apr-16	189.00	164.30	188.00	161.50
May-16	199.20	175.20	198.40	175.95
Jun-16	195.00	172.30	192.50	165.20
Jul-16	190.50	173.00	190.40	171.00
Aug-16	185.70	172.35	188.80	172.60
Sep-16	220.55	179.05	221.25	178.75
Oct-16	255.90	203.15	258.70	202.50
Nov-16	246.90	178.85	247.45	178.00
Dec-16	199.00	176.70	199.80	178.30
Jan-17	204.40	158.00	202.50	185.10
Feb-17	212.00	186.90	214.00	186.15
Mar-17	221.65	192.00	221.80	192.05

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

BSE Sensex			Munjal Showa Limited		
Year	Sensex	% Change	Year	Close	% Change
2017	29620.50	--	2017	214.17	
2016	25341.86	16.88	2016	163.50	30.99
2015	27957.49	5.95	2015	175.60	21.96

2014	22386.27	32.32	2014	83.70	155.88
2013	18835.77	57.26	2013	57.00	275.74
2012	17404.20	70.19	2012	70.45	204.00

Distribution of Shareholding as on 31.03.2017

No of Shares held with NSDL	34614236	86.55%
No of Shares held with CDSL	4700320	11.75%
No of Shares held in Physical	680444	1.70%
Total	39995000	100.00%

Shareholding pattern as on March 31, 2017

Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares
Indian Promoters	2	15604000	15604000	39.01
Foreign Promoters	1	10400000	10400000	26.00
Public Shareholding				
Institutions				
Mutual Funds/ UTI	5	18007	14507	0.05
Financial Institutions/ Banks	7	20633	13633	0.05
Insurance Companies	0	0	0	0
Foreign Portfolio Investors	8	1102017	1102017	2.76
Non-institutions				
Bodies Corporate	484	3257791	3250291	8.15
Individuals -				
i. Individual shareholders holding nominal share capital up to Rs. 2 lakhs	13841	8734508	8077064	21.84
ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.	4	584510	584510	1.46
NBFCs registered with RBI	2	14625	14625	0.04
Any Other-NRI	272	256409	251409	0.64
Any Other-Trust & foundation	2	2500	2500	0.01
GRAND TOTAL	14628	39995000	39314556	100
% of Dematerialization				98.299

Statement showing Shareholding of persons belonging to the category “Promoter and Promoter Group” as on March 31, 2017

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	39.01
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, 2017:

Shares Holding on Nominal Value of Rs. 2			No. of Shares	No. Shareholders	% of Shares	% of Shareholders
1	To	500	1566506	11514	3.9168	78.7121
501	To	1000	1320506	1489	3.3017	10.1791
1001	To	2000	1448752	848	3.6223	5.7971
2001	To	3000	659343	254	1.6486	1.7364
3001	To	4000	502828	135	1.2572	0.9229
4001	To	5000	493085	103	1.2329	0.7041
5001	To	10000	1097233	146	2.7434	0.9981
10001	To	50000	2354770	116	5.8877	0.7930
50001	To	100000	732524	11	1.8315	0.0752
And Above			29819453	12	74.5580	0.0820
Total			3,99,95,000	14,628	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
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
2013-2014	9-11, Maruti Industrial Area, Sec-18, Gurugram	Thursday, August 28, 2014	11.00 A.M.	01

No resolution has been passed by the Company’s shareholders through postal ballot during the Financial Year 2016-17 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 2016-17

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
2009-10	Final	Rs. 2.00	15-Oct-2017
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

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

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 dividends remaining unpaid/unclaimed have been duly uploaded on the website of the Company at www.munjalshowa.net and at the website of IEPF authority at www.iepf.gov.in.

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 RTA of the Company.

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

03) Plant Locations :-

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

- 04) Shareholder Correspondence may be addressed to** : Mr. Saurabh Agrawal
(Company Secretary & Compliance Officer)
Munjal Showa Limited, Plot no. 9-11,
Maruti Industrial Area, Sector-18,
Gurugram. HR. 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** : Thursday, August 24 , 2017,
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' 2017 : By August 14, 2017
- (c) Financial reporting for the half year ending September' 2017 : By November 14, 2017
- (d) Financial reporting for the quarter ending December' 2017 : By February 14, 2018
- (e) Financial reporting for the year ending March' 2018 : End 30th May, 2018
- (f) Annual General Meeting for the year ending March 31, 2018 : End September, 2018
- 7) Face Value of the Equity Share** : Rs. 2/- per share
- 8) Date of Book Closure** : August 12, 2017 to August 24, 2017 (both days inclusive)
- 9) Dividend payment date** : The dividend on Equity Shares, if declared at the AGM, will be payable on or after August 25, 2017 to the members
- 10) Company Identification Number (CIN) Permanent Account Number (PAN)** : L34101HR1985PLC020934
AAACM0070D

11) Annual Listing Fee	:	Paid for the F.Y. 2017-18
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	Yogesh Chander Munjal	Vinod Kumar Agrawal
Date: May 19, 2017	(Chairman & Managing Director)	(Director)
	(DIN 00003491)	(DIN 00004463)
	B-175, Greater Kailash, Part I,	A-224 1st Floor, Defence Colony
	New Delhi 110048	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) Regulations, 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 2016-17.

For and on behalf of the Board

Place: Gurugram	Yogesh Chander Munjal
Date: May 19, 2017	(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

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:

- We have reviewed financial statements and the cash flow statement for the year ended March 31, 2017 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 19, 2017

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

The Indian auto industry is one of the largest in the world. The industry accounts for 7.1 per cent of the country's Gross Domestic Product (GDP). The industry produced a total 25,316,044 vehicles including passenger vehicles, commercial vehicles, three wheelers, two wheelers and quadricycle in April-March 2017 as against 24,016,599 in April-March 2016, registering a growth of 5.41 percent over the same period last year.

The sales of Passenger Vehicles grew by 9.23 percent in April-March 2017 over the same period last year. Within the Passenger Vehicles segment, Passenger Cars, Utility Vehicles and Vans grew by 3.85 percent, 29.91 percent and 2.37 percent respectively during April-March 2017 over the same period last year.

The overall Commercial Vehicles segment registered a growth of 4.16 percent in April-March 2017 as compared to the same period last year. Medium & Heavy Commercial Vehicles (M&HCVs) grew by 0.04 percent and Light Commercial Vehicles grew by 7.41 percent during April-March 2017 over the same period last year.

Three Wheelers sales declined by (-) 4.93 percent in April-March 2017 over the same period last year. Two Wheelers sales registered a growth at 6.89 percent during April-March 2017 over April-March 2016. Within the Two Wheelers segment, Scooters, Motorcycles and Mopeds grew by 11.39 percent, 3.68 percent and 23.02 percent respectively in April-March 2017 over April-March 2016.

In April-March 2017, overall automobile exports declined by (-) 4.50 percent. While Passenger Vehicles and Commercial Vehicles exports registered a growth of 16.20 percent and 4.99 percent respectively, exports of Three Wheelers and Two Wheelers declined by (-) 32.77 percent and (-) 5.78 percent respectively in April-March 2017 over April-March 2016.

Opportunities and Threats

Increased and better forms of mobility are one of the key outcomes of growth and development of any economy. It can also be argued that increased mobility will further promote economic growth and development since it connects people to jobs, markets, and services, and gives people a chance to gain equity in the political, economic, and social spheres. India's share to global production of automobiles is 4.9 percent, making it the fifth largest producer after China, Japan, Germany, and South Korea. Government of India aims to make automobiles manufacturing the main driver of 'Make in India' initiative, as it expects passenger vehicles market to triple to 9.4 million units by 2026, as highlighted in the Auto Mission Plan (AMP) 2016-26. The Government also plans to promote eco-friendly cars in the country i.e. CNG based vehicle, hybrid vehicle, and electric vehicle and also made mandatory of 5 per cent ethanol blending in petrol. The government has formulated a Scheme for Faster Adoption and Manufacturing of Electric and Hybrid Vehicles in India, under the National Electric Mobility Mission 2020 to encourage the progressive induction of reliable, affordable and efficient electric and hybrid vehicles in the country. Also, the well-established Regulatory Framework under the Ministry of Shipping, Road Transport and Highways, plays a part in providing a boost to this sector.

The Indian auto industry is yet again looking forward to a new year with renewed optimism amid challenges of new regulations after a bumpy ride in 2016. Far from a smooth drive, 2016 turned out to be a journey with major speed breakers and blind corners as the industry became the favorite whipping boy in the fight against pollution.

It bore the brunt of the ban on diesel cars and SUVs with big engines of 2,000 cc and above in Delhi-NCR for eight months, and according to SIAM, this resulted in a loss of Rs 4,000 crore for the industry.

Besides, the industry had to start getting ready for leapfrogging to BS VI emission norms from 2020 from the current BS IV, three years earlier than they had been envisaged. Not just that, come October 2017, all the new car models will have to pass a mandatory crash test as the government has decided to introduce stringent safety norms. For upgrades of the existing models, the deadline will be from October 2018.

In 2016, the auto industry saw sales counter ticking for the better part of the year till the sudden announcement of demonetization that brought sales to a screeching halt.

2016-17 was "quite eventful" for the automobile industry. The year saw the government mooting a vehicle scrappage policy even as the Delhi government ordered removal of diesel vehicles in Delhi/NCR that are older than 15 years. The proposed 'Voluntary Vehicle Fleet Modernisation Plan (V-VMP)' provides incentives worth 8-12% of the cost of a new vehicle in lieu of surrendering the old ones and looks to get nearly 28 million over-11-year-old polluting vehicles off the road.

The National Green Tribunal (NGT) was also at the forefront of the fight against pollution, ordering around 1.9 lakh diesel vehicles that are more than 15 years old to be taken off. It had earlier ordered plying of diesel vehicles that are older than 10 years. A development that disappointed the auto industry was the reduced incentive from the government on research and development.

Indian Automobile industry is flourishing its twigs worldwide and is close to a fruition of triumph in the global competition. The spine of the industry is its suppliers of auto components and accessories which is also

an exclusive industrial segment. Today auto industry is enjoying the benefits while the auto component sector is in its gloom despite of hard efforts of survival. The factors making the differences are unavailability of resources like skilled labour and technology, high cost of production due to inflation and Government policies of indirect taxes such as customs and excise. Presence of such a large number of players in the Automobile industry results into extensive competition, every company eating into others share leaving little scope for new players. For the passenger segment fluctuations in the fuel prices remains the determining factor for its growth. Also government regulations relating the use of alternative fuels like CNG. Macroeconomic uncertainty, Recession, un-employment etc. are the economic factors which will daunt the automobile industry for a long period of time. Due to the fact that mature markets are already overcrowded, industry is shifting towards emerging markets by building facilities, R & D centers in these markets. But the ROI out of these decisions is yet to be capitalized. The area of concern for the industry is the reductions in the 200% weighted deduction on R&D spend, as specified the Union Budget. This will now be limited to 150% from 1 April, 2017 and 100% from 1 April, 2020, which will immensely impact the growth in domestic innovation at a time when there is a need for higher spend on R&D. Considering an insatiable demand for vehicles in an economy that is expected to grow at an average of 7% for the next 20 years, the automobile sector in the country will require disproportionate amounts of natural resources which will not only have economic cost implications, but also have strong environmental and social impacts. Future growth will be associated with increased raw material extraction, pollution arising from production, processing of primary materials for production of auto components, GHG emissions during the manufacturing phase, use/operation phase, traffic congestion, etc.

GST will be positive for the automotive sector primarily because of the efficiency and the removal of cascading that is expected with GST. And, to give you an example, in an automobile sector, a car is manufactured in a particular state and generally, 80 percent of these cars are sold to states outside the state of manufactures to dealers outside the state. So, today to straight away give you an example, the two percent Central Sales Tax (CST) that they pay will not be there tomorrow because hopefully origin tax is not there.

CRISIL's ratings affirmation on the bank facilities and commercial paper programme of the Company continue to reflect Company's healthy operating efficiencies, and continuing strong business linkages with its customers, including Hero MotoCorp Ltd (HMCL; rated 'CRISIL AAA/FAAA/Stable/CRISIL A1+') and Honda Motorcycle & Scooter India (Pvt) Ltd (HMSI), the largest players in the two-wheeler industry in India. The ratings also factor in the company's healthy financial risk profile, supported by zero debt and healthy cash accruals.

Product Wise Performance

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

Outlook

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

Analysts have predicted that the auto component market in India will grow steadily at a moderate CAGR of around 19% by 2020. Production capacity expansion outpacing domestic consumption will drive export-oriented growth in the coming years and will be one of the major factors that will have a positive impact on the growth of the **automobile component** market in the coming years. Cost-efficient operations and acceptable quality have increased export volumes for the auto components to global OEMs (original equipment manufacturer). Moreover, recent regulations that facilitate 100% foreign direct investment in the automobile industry will attract more joint ventures and wholly owned subsidiaries. This will augment export

growth to OEMs in global markets.

Factors such as the rising vendor consolidation, faster replacement market growth, increasing localization, export-oriented growth, and growing electronic content per vehicle have induced the Indian auto component segment to continue to grow much faster than the OEM segment. This, in turn, will invite more exports to OEMs from **auto component manufacturers**.

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

The Indian auto-components industry is set to become the third largest in the world by 2025. Indian auto-component makers are well positioned to benefit from the globalisation of the sector as exports potential could be increased by up to four times to US\$ 40 billion by 2020. However, stronger sales over the past few years have caused renewed optimism. India is also a substantial auto exporter, with solid export growth expectations for the near future. Looking at the facts, there are ample reasons to be optimistic about the automotive industry's future in India.

Risks and Concerns

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

Key risks identified unit are as follows:-

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

The Company has a well-established risk management policy and procedures based on which risks are identified and assessed across its business units and operations. To manage and mitigate the risks, mitigation plans are embedded in the various initiatives that the management will execute in 2017 and beyond. These plans are reviewed periodically by the Risk Management Committee of the Company. Although there is no legal requirement to constitute Risk Management Committee, but for better mitigation of the Risk your Company has made a Risk Management Committee. The Committee periodically reviews the concerned risks. The Company reviews the effectiveness of the mitigation strategies and their implementation process.

Internal Control System and its Adequacy

Your Company maintains adequate internal control systems commensurate with the nature of its business and size and complexity of its operations. The Company has implemented a SAP ERP (Enterprise Resource Planning) system. The financial authority at various management levels is clearly defined in the delegation of powers. These are regularly tested for their effectiveness by Statutory as well as Internal Auditors. In the highly networked IT environment of the Company, validation of IT Security receives focused attention from IT specialists and Statutory Auditors. Your Company has appointed reputed firm of Chartered 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 physically verified the fixed assets for all the three plants and also verified the internal financial control processes. The Audit Committee reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations.

Discussion on financial performance with respect to operational performance

The Financial statements have been prepared in compliance with requirements of Companies Act 2013, Indian Generally Accepted Accounting Policies (IGAAP) and Schedule III. All mandatory accounting standards have been complied with.

The gross turnover of the Company for the year under review was Rs. 159051.46 lakhs against Rs. 163392.62 lakhs during the previous year and profit before tax was Rs. 8160.26 lakhs as against Rs. 8785.45 lakhs of previous year.

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

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

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

The Company's strength of employees stood at 3058 as on 31st March, 2017.

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 19, 2017

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

Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**The Members of Munjal Showa Limited**

1. The accompanying Corporate Governance Report prepared by Munjal Showa Limited (hereinafter the "Company"), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") (Applicable criteria) with respect to Corporate Governance for the year ended March 31, 2017. This report is required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 1 above.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
6. 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.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include:
 - i. Reading and understanding of the information prepared by the Company and included in its Corporate Governance Report;
 - ii. Obtained and verified that the composition of the Board of Directors w.r.t executive and non-executive directors has been met throughout the reporting period;
 - iii. Obtained and read the Directors Register as on March 31, 2017 and verified that at least one women director was on the Board during the year;
 - iv. Obtained and read the minutes of the following committee meetings held April 1, 2016 to March 31, 2017:
 - (a) Board of Directors meeting;
 - (b) Audit committee;
 - (c) Nomination and remuneration committee;
 - (d) Stakeholders Relationship Committee; and
 - (e) Corporate Social Responsibility Committee;
 - v. Obtained necessary representations and declarations from directors of the Company including the independent directors; and
 - vi. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

8. Based on the procedures performed by us as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable as at March 31, 2017, referred to in paragraph 1 above.

Other matters and Restriction on Use

9. This report 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.
10. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to Corporate Governance Report accompanied with by a report thereon from the statutory auditors and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For S.R. Batliboi & Co. LLP
Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Sanjay Vij
Partner

Membership Number: 95169

Place of Signature: Gurugram

Date: May 19, 2017

**ANNEXURE 'B' TO BOARD'S REPORT
FORM No.MR-3
SECRETARIAL AUDIT REPORT**

For The Financial Year ended on 31st March, 2017

(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, Gurugram-122015,
Haryana

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering financial year ended on 31st March, 2017 ("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, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable to the Company during the audit period)
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (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 2016-17, 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 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.

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: 19.5.2017

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 2016-17

1. Provided 200KW VFD's on Air Compressor Motors in all the Plants
2. Provide Machine Auto-Stop Timers on all manual machines & activated timers in CNC & VMS.

(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)
SOLAR ROOF TOP POWER150KWP	87,22,500.00
SOLAR ROOFTOPPOWER 100KWP	58,15,000.00
Total	145,37,500.00

(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. 10421774/-
Total	Rs. 10421774/-

(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. 5,225,799/- and foreign exchange outgo during the year was Rs. 37,50,60,046/-. Details of earnings from exports and foreign exchange outgo on account of imports, Technician fee, royalty, travelling & conveyance, interest expense, design & drawings & miscellaneous expenses are shown in Note numbers 33, 34 and 37 of Notes to Accounts.

For and on behalf of the Board

Place: Gurugram
Date: May 19, 2017

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

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

ANNEXURE 'D' TO BOARD'S REPORT

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2017
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 16th, 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 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	84.53
2	Struts	29301	11.40

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				
2					
3					

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-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF			-	0.00%			-	0.00%	0.00%
b) Central Govt			-	0.00%			-	0.00%	0.00%
c) State Govt(s)			-	0.00%			-	0.00%	0.00%
d) Bodies Corp.	1,56,00,000	-	1,56,00,000	39.00%	1,56,00,000	-	1,56,00,000	39.00%	0.00%
e) Banks / FI			-	0.00%			-	0.00%	0.00%
f) Any other (Relative of director)	4,000	-	4,000	0.01%	4,000	-	4,000	0.01%	0.00%
Sub Total (A) (1)	1,56,04,000	-	1,56,04,000	39.01%	1,56,04,000	-	1,56,04,000	39.01%	0.00%
(2) Foreign									
a) NRI Individuals			-	0.00%			-	0.00%	0.00%
b) Other Individuals			-	0.00%			-	0.00%	0.00%
c) Bodies Corp.	1,04,00,000	-	1,04,00,000	26.00%	1,04,00,000	-	1,04,00,000	26.00%	0.00%
d) Banks/FI									
e) Any other			-	0.00%			-	0.00%	0.00%
Sub Total (A) (2)	1,04,00,000	-	1,04,00,000	26.00%	1,04,00,000	-	1,04,00,000	26.00%	0.00%
Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	2,60,04,000	-	2,60,04,000	65.02%	2,60,04,000	-	2,60,04,000	65.02%	0.00%
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	3,85,608	3,500	3,89,108	0.97%	14,507	3,500	18,007	0.05%	0.92%

b) Banks / FI	4,994	7,000	11,994	0.03%	13,633	7,000	20,633	0.05%	0.02%
c) Central Govt			-	0.00%			-	0.00%	0.00%
d) State Govt(s)			-	0.00%			-	0.00%	0.00%
e) Venture Capital Funds			-	0.00%			-	0.00%	0.00%
f) Insurance Companies			-	0.00%			-	0.00%	0.00%
g) FIs	4,71,848	-	4,71,848	1.18%	11,02,017	-	11,02,017	2.76%	1.58%
h) Foreign Venture Capital Funds			-	0.00%			-	0.00%	0.00%
i) Others (specify)			-	0.00%			-	0.00%	0.00%
Sub-total (B)(1):-	8,62,450	10,500	8,72,950	2.18%	11,30,157	10,500	11,40,657	2.85%	0.67%
2. Non-Institutions									
a) Bodies Corp.	32,47,721	7,500	32,55,221	8.14%	32,50,291	7,500	32,57,791	8.15%	0.01%
i) Indian			-	0.00%			-	0.00%	0.00%
ii) Overseas			-	0.00%			-	0.00%	0.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakhs	8071351	682449	8753800	21.89%	80,77,064	6,57,444	87,34,508	21.84%	0.05%
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakhs	891500	0	891500	2.23%	5,84,510	0	5,84,510	1.46%	0.77%
c) Others (NBFCs registered with RBI)	0	0	0	0.00%	14,625	0	14,625	0.04%	0.04%
Non Resident Indians	2,01,529	5,000	2,06,529	0.52%	2,51,409	5,000	2,56,409	0.64%	0.12%
Overseas Corporate Bodies			-	0.00%			-	0.00%	0.00%
Foreign Nationals			-	0.00%			-	0.00%	0.00%
Clearing Members			-	0.00%			-	0.00%	0.00%
Trusts	11,000	0	11,000	0.03%	2,500	0	2,500	0.01%	0.02%

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

Sl. No.	For each of the Top 10 Shareholders	Shareholding		Date	Increase/ Decrease In Shareholding	Reason	Cumulative Shareholding During The Year (01-04-16 to 31-03-17)	
		No. of shares at the beginning (01-04-2016)/ end of the year (31-03-17)	%ge total shares of the Company				No. of shares	%ge total shares of the Company
1	ENAM SECURITIES PRIVATE LIMITED	2151433	5.3793	01.04.2016	0	Nil Movement during the year	2151433	5.3793
		2151433	5.3793	31.03.2017				
2	UTI - RETIREMENT BENEFIT PENSION FUND	377189	0.9431	01.04.2016	0	Transfer	377189	0.9431
				08.04.2016	4966.00			
				15.04.2016	770.00			
				10.06.2016	-50000.00			
				08.07.2016	-316668.00			
				15.07.2016	-16257.00			
		31.03.2017	0.00					
3	MOHAN GUPTA	250000	0.6251	01.04.2016	0	Transfer	250000	0.6251
				10.02.2017	-33000.00			
				17.02.2017	-17000.00			
		200000	0.5001	31.03.2017				
4	ANIL KUMAR GOEL	485000	1.2127	01.04.2016	0	Transfer	485000	1.2127
				13.05.2016	-399977.00			
				20.05.2016	-85023.00			
		0	0.00	31.03.2017				

5	SURESH SHETTY	156500	0.3912	01.04.2016	0		156500	0.3912			156500	0.3912	
				01.07.2016	156500.00	Transfer	313000	0.7825					
				08.07.2016	-156500.00	Transfer	156500	0.3912					
		156500	0.3912	31.03.2017									
6	OPTIMUM STOCK TRADING COMPANY PVT LTD	150000	0.38	01.04.2016	0		150000	0.38			150000	0.38	
				01.07.2016	150000.00	Transfer	300000	0.7501					
				08.07.2016	-150000.00	Transfer	150000	0.38					
		150000	0.38	31.03.2017									
7	SWISS FINANCE CORPORATION (MAURITIUS) LIMITED	88481	0.2212	01.04.2016	0		88481	0.2212			88481	0.2212	
				20.05.2016	-15000.00	Transfer	73481	0.1837					
				03.06.2016	-1939.00	Transfer	71542	0.1789					
				10.06.2016	-4000.00	Transfer	67542	0.1689					
				01.07.2016	-18869.00	Transfer	48673	0.1217					
				08.07.2016	18869.00	Transfer	67542	0.1689					
				29.07.2016	-7869.00	Transfer	59673	0.1492					
				05.08.2016	-11000.00	Transfer	48673	0.1217					
				02.09.2016	-48673.00	Transfer	0	0.00					
				31.03.2017									
8	SHILPA ATUL SHAH	70500	0.1763	01.04.2016	0		70500	0.1763			70500	0.1763	
				10.02.2017	5014.00	Transfer	75514	0.1888					
				17.02.2017	9799.00	Transfer	85313	0.2133					
				24.02.2017	15197.00	Transfer	100510	0.2513					
		31.03.2017											

9	SEEMA GOEL	70000	0.175	01.04.2016	0			70000	0.175
				29.04.2016	-3000.00	Transfer		67000	0.1675
				13.05.2016	-67000.00	Transfer		0	0.00
		0	0.00	31.03.2017					
10	PINEBRIDGE INDIA EQUITY FUND	255808	0.6396	01.04.2016	0		255808	0.6396	
				13.05.2016	110000.00	Transfer		365808	0.9146
				08.07.2016	89513	Transfer		455321	1.1384
				25.11.2016	-197000.00	Transfer		258321	0.6459
				20.01.2017	-1466.00	Transfer		256855	0.6422
				27.01.2017	-23720.00	Transfer		233135	0.5829
				03.02.2017	-50626.00	Transfer		182509	0.4563
		159000	0.3975	10.02.2017	-23509.00	Transfer		159000	0.3975
11	KTCU (KOREAN TEACHERS CREDIT UNION)	0	0.00	01.04.2016	0		0	0.00	
				13.05.2016	149037.00	Transfer		149037	0.3726
				20.05.2016	160963.00	Transfer		310000	0.7751
				10.06.2016	62806.00	Transfer		372806	0.9321
				01.07.2016	422806.00	Transfer		795612	1.9893
				08.07.2016	-372806.00	Transfer		422806	1.0571
				17.02.2017	-18625.00	Transfer		404181	1.0106
		379537	0.9489	03.03.2017	-24644.00	Transfer		379537	0.9489

12	PINEBRIDGE GLOBAL FUNDS- PINEBRIDGE ASIA EX-JAPAN SMALL CAP	0	0.00	01.04.2016	0			0			0	0.00
				01.07.2016	101574.00	Transfer		101574	Transfer		101574	0.2540
				05.08.2016	-21348.00	Transfer		80226	Transfer		80226	0.2006
				12.08.2016	3022.00	Transfer		83248	Transfer		83248	0.2081
				19.08.2016	1789.00	Transfer		85037	Transfer		85037	0.2126
				26.08.2016	16537.00	Transfer		101574	Transfer		101574	0.2539
				11.11.2016	28394.00	Transfer		129968	Transfer		129968	0.3249
				18.11.2016	36062.00	Transfer		166030	Transfer		166030	0.4151
				25.11.2016	23943.00	Transfer		189973	Transfer		189973	0.4749
				16.12.2016	11070.00	Transfer		201043	Transfer		201043	0.5026
				23.12.2016	22978.00	Transfer		224021	Transfer		224021	0.5601
				31.12.2016	10952.00	Transfer		234973	Transfer		234973	0.5875
				31.03.2017								
13	PINEBRIDGE GLOBAL DYNAMIC ASSET ALLOCATION FUND LLC	0	0.00	01.04.2016	0			0		0	0.00	
				02.12.2016	160000.00	Transfer		160000	Transfer		160000	0.4001
		160000	0.4001	31.03.2017								
14	RAJENDRA J SABOO	63601	0.1590	01.04.2016	0			63601	Transfer		63601	0.1590
				22.04.2016	2000.00	Transfer		65601	Transfer		65601	0.1640
				29.04.2016	500.00	Transfer		66101	Transfer		66101	0.1652
				01.07.2016	66401.00	Transfer		132502	Transfer		132502	0.3313
				08.07.2016	-66401.00	Transfer		66101	Transfer		66101	0.1652
				09.09.2016	300.00	Transfer		66401	Transfer		66401	0.1660
				16.09.2016	4700.00	Transfer		71101	Transfer		71101	0.1778
				23.09.2016	7663.00	Transfer		78764	Transfer		78764	0.1969
				04.11.2016	17887.00	Transfer		96651	Transfer		96651	0.2416
				25.11.2016	3349.00	Transfer		100000	Transfer		100000	0.2500

						20.01.2017	1000.00	Transfer	101000	0.2525
						03.02.2017	9958.00	Transfer	110958	0.2774
						10.02.2017	5042.00	Transfer	116000	0.2900
						17.02.2017	10000.00	Transfer	126000	0.3150
						10.03.2017	1500.00	Transfer	127500	0.3187
	127500	0.3187				31.03.2017				

(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 2016-17. Indebtedness of the Company including interest outstanding/accrued but not due for payment

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	15238	Nil	Nil	15238

Total (i+ii+iii)	15238	Nil	Nil	15238
Change in Indebtedness during the financial year				
• Addition	Nil	Nil	Nil	Nil
• Reduction	Nil	Nil	Nil	Nil
Net Change	Nil	Nil	Nil	Nil
Indebtedness at the end of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	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	Isao Ito*	Shigeki Kobayashi	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	2,20,50,000	71,50,000	72,70,968	3,64,70,968
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961	1,53,64,590	11,25,415	11,59,428	1,76,49,433
	(c) Profits in lieu of salary under section 17(3) of the Income-Tax Act, 1961	Nil	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission				
	- as % of profit	51,09,506	45,04,868	38,64,832	1,34,79,207
	- Others, specify...				
5.	Others, please specify	Nil	Nil	Nil	Nil
	Total (A)	4,25,24,096.32	1,27,80,283	1,22,95,228	6,75,99,608
	Ceiling as per the Act			Rs. 89,851,193/-	

* Isao Ito ceased to be the Director and Joined Managing Director of the Company w.e.f. September 30, 2016.

B. Remuneration to other directors:

S. no.	Particulars of Remuneration	Name of Director								Total Amount	
		Ashok Kumar Munjal	Masanao Matsui	Charu Munjal	Vinod Kumar Agrawal	Surinder Kumar Mehta	Nand Lal Dhameja	Pankaj Munjal	Devi Singh		
	1. Independent Directors										
	• Fee for attending board / committee meetings	-	-	-	480000	240000	560000	80000	320000	16,80,000	
	• Commission	-	-	-	-	-	-	-	-	-	
	• Others, please specify	-	-	-	-	-	-	-	-	-	
	Total (1)	-	-	-	480000	240000	560000	80000	320000	16,80,000	
	2. Other Non-Executive Directors										
	• Fee for attending board / committee meetings	360000	-	160000	-	-	-	-	-	5,20,000	
	• Commission	-	-	-	-	-	-	-	-	-	
	• Others, please specify	-	-	-	-	-	-	-	-	-	
	Total (2)	360000	-	160000	-	-	-	-	-	5,20,000	
	Total (B) = (1 + 2)	360000	-	160000	480000	240000	560000	80000	320000	22,00,000	
	Total Managerial Remuneration	-	-	-	-	-	-	-	-	-	

Note: Overall Ceiling as per the Act Rs. 89,851,193/-

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	NA	459799	2568072
				3027871

	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	3537	32400	35937
	(c) Profits in lieu of salary under section 17(3) of the Income-Tax Act, 1961		-		-
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	2600472	3063808

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

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

Place: Gurugram
Date: May 19, 2017

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 2016-2017

S.NO.	NAME	Designation	RATIO
1.	Yogesh Chander Munjal	Managing Director	111.42
2.	Isao Ito*	Joint Managing Director	33.62#
3.	Shigeki Kobayashi**	Joint Managing Director	32.35#

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

*Isao Ito ceased to be the Director and Joint Managing Director of the Company w.e.f. September 30, 2016.

** Mr. Kobayashi was appointed as Joint Managing Director w.e.f. October 26, 2016.

The Calculation of median is part of the year as figures were available for part of the year.

THE PERCENTAGE INCREASE IN REMUNERATION OF EACH DIRECTOR, CHIEF FINANCIAL OFFICER, CHIEF EXECUTIVE OFFICER, COMPANY SECRETARY OR MANAGER, IF ANY, IN THE FINANCIAL YEAR 2016-2017

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	-2.69
2.	Mr. Isao Ito*	Joint Managing Director	NA#
3.	Mr. Shigeki Kobayashi**	Joint Managing Director	NA#
4.	Mr. Pankaj Gupta	Chief Financial Officer	9.25
5.	Mr. Saurabh Agrawal	Company Secretary	15.99

*Isao Ito ceased to be the Director and Joint Managing Director of the Company w.e.f. September 30, 2016.

** Mr. Kobayashi was appointed as Joint Managing Director w.e.f. October 26, 2016.

The Calculation is not feasible as the figures were available for part of the year.

THE PERCENTAGE INCREASE IN THE MEDIAN REMUNERATION OF EMPLOYEES IN THE FINANCIAL YEAR 2016-17: 38.91

THE NUMBER OF PERMANENT EMPLOYEES ON THE ROLLS OF COMPANY

There were 1465 employees on the rolls of the Company as on March 31, 2017 as compared to 1596 employees as on March 31, 2016.

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 18.19% and the percentile decrease in the managerial remuneration for the year was 0.54. 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 19, 2017

Yogesh Chander Munjial
(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 RULE5 (2) & (3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 FOR THE YEARENDED MARCH 31, 2017

A. Details of top ten employee except Managing Directors:

Sl. No	Name	Designation	Gross Remuneration (Rs.)	Nature of employment	Qualification	Experience (Years)	Nature of duties	Date of Commencement of Employment	Age (Years)	last employment held before joining the Company, designation	Percentage/ Nos. of Equity Share	Whether any such employee is a relative of any director or manager of the company
1.	HIROAKI NISHIDA	Technical Advisor	Rs. 4,405,540	Contractual	Graduate in Mechanical Engineering	20	Technical	01-10-2014	38	Showa Corporation, Japan	NIL	NO

2.	RAJIV SHARMA	VP	Rs. 3,707,453	Permanent Employee	B.Tech (Mech)	33	Sr. Mgt. Purchase Department Head	01.05.2015	56	Tennaco Automotive	NIL	NO
3.	ASHUTOSH SRIVASTAVA	VP	Rs. 3,559,864	Permanent Employee	B.tech (Mech)	27	Sr. Mgt. Purchase Department Head	14.11.2005	57	M/s SarojPvt Ltd	NIL	NO
4.	SANJAY KUMAR SHARMA	A.V.P	Rs. 3,028,349	Permanent Employee	BE	26	Sr. Mgt. Haridwar Plant Head	10-10-2008	50	Thia Summit	NIL	NO
5.	ARUN KUMAR SHARMA	VP	Rs. 3,023,924	Permanent Employee	B.S.C (Mech)	40	Sr. Mgt. Production Head	25.11.1988	59	M/s Punjab Tractors Ltd	NIL	NO
6.	RAKESH KUMAR VASHIST	VP	Rs. 2,842,970	Permanent Employee	B.S.C (Chem)	36	Sr. Mgt. Paint Shop Head	03.10.1997	56	Birla Yamaha Ltd, Dehradun	NIL	NO
7.	MANOJ KUMAR SAXENA	VP	Rs. 2,822,997	Permanent Employee	Diploma (Mech)	35	Sr. Mgt. Quality Head	19.12.1986	56	Diamond Spring	NIL	NO
8.	PANKAJ GUPTA	VP & C.FO.	Rs. 2,754,741	Permanent Employee	CA, CS & CMA	27	Sr. Mgt. Head Finance and Accounts	27.09.1994	51	Omega Brigh Shows Pvt Ltd	5	NO
9.	K. CHAKRAVORTY	A.V.P	Rs. 2,420,092	Permanent Employee	PG (DIP) & BCOM(HONS)	37	Commercial	16.5.1990	57	Bharat Gears Ltd	NIL	NO
10	HIDE-NOBU YAMADA	Technical Advisor	Rs. 2,203,370	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 Employee who was in receipt of remuneration not less than Rs. 1.02 Cr. per annum or not less than Rs. 8.50 Lakhs per annum, as the case may be.

Sl. No	Name	Designation	Gross Remuneration (Rs.)	Nature of employment	Qualification	Experience (Years)	Nature of duties	Date of Commencement of Employment	Age (Years)	Last employment held before joining the Company, designation	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. 44,925,596	Contractual	B. Arch.	53	Overall management of the affairs of the Company	01.09.1986	77	Chief Executive- Rockman Cycle Inds. Ltd.	NIL	No
Employed for a part of the financial year and in receipt of remuneration not less than Rs. 8.50 Lakhs per annum												
2	Isao Ito*	Joint Managing Director	Rs. 13,554,283	Contractual	Graduate	34	Overall management of the affairs of the Company	24.05.2013	53	Showa India Private Limited	NIL	No
3	Shigeki Kobayashi	Joint Managing Director	Rs.13,043,099	Contractual	Graduate	35	Overall management of the affairs of the Company	26.10.2016	53	Showa India Private Limited	NIL	No

*Isao Ito ceased to be the Director and Joined Managing Director of the Company w.e.f. September 30, 2016.

NOTES

1. 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 p.m.) 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
2. 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.
3. The above employees are not related to any Director of the Company.
4. The appointment is contractual as per the policy/rules of the Company.
5. Terms and conditions are as per the Appointment Letter given to the appointee from time to time.
6. All the employees have adequate experience to discharge the responsibilities assigned to them.

For and on behalf of the Board

Place: Gurugram
Date: May 19, 2017

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 '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 below the CSR annual report. The CSR Policy of the Company is available on the Company's website (<http://www.munjajshowa.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 w.e.f. October 26, 2016

3. Average net profit of the Company for last three financial years:Rs. 92,41,95,273/-

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. 184,83,905/-

5. Details of CSR spend for the financial year 2016-17:

- a. Total amount spent for the financial year 2016-17: 1,85,03,745/-
b. Amount unspent: NIL

c. Manner in which the amount spent during the financial year 2016-17 is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Sector in which the project is covered	Project or program (1) local area or other (2) specify the state and the district where the projects or programs were undertaken.	Amount outlay (budget) project or programs wise	Amount spent on the project or program Sub-heads: (1) Direct expenditure on project or programs (2) Overheads:	Cumulative expenditure upto to the reporting period.	Amount Spent: Direct or through Implementing agency
1	Contribution to the Prime Minister National Relief Fund	Clause(viii) contribution-to the Prime Minister National Relief Fund	New Delhi	Rs 1,41,50,000	Rs 1,41,50,000	Rs 1,41,50,000	Direct Rs 1,41,50,000
2	Sarhaul village, people were provided with tankers of distilled drinking water	Clause (i) Eradicating hunger, poverty, malnutrition, promoting preventive health care and sanitation and making available safe drinking water	Sarhaul Village – Gurugram (Haryana)		Rs 16,050	Rs 16,050	Direct Rs 16,050

3	Sponsored the purchase of wheel-chairs for 80 needy people and the same was done by reimbursing the expense of the purchase of wheel-chairs incurred by the Nipman Foundation.	Clause (i) Eradicating hunger, poverty, malnutrition, promoting preventive health care and sanitation and making available safe drinking water	New Delhi	20,00,000	Rs 4,00,000	Rs 4,00,000	Indirect Rs 4,00,000
4	Company has instructed Sai Chem Medicals (medical store) of Gurugram to provide the required medicines to the prescribed needful patients free of cost & the amount of the same is reimbursed by the company to the said medical store.	Clause (i) Eradicating hunger, poverty, malnutrition, promoting preventive health care and sanitation and making available safe drinking water	Gurugram (Haryana)		Rs 20,500	Rs 20,500	Direct Rs 20,500
5	Reimbursed the cost of medicines distributed among the poor children by Arya Baal Kalyan Kendra, Gurugram in the Arya Baal Kalyan Shivar, a healthcare camp organized by them.	Clause (i) Eradicating hunger, poverty, malnutrition, promoting preventive health care and sanitation and making available safe drinking water	Gurugram (Haryana)		Rs 11,000	Rs 11,000	Indirect Rs 11,000
6	Approved the AICTE Scheme to impart industrial training and entered into Training Collaboration Agreement. Imparted industrial training and paid	Clause (i) Eradicating hunger, poverty, malnutrition, promoting preventive health care and sanitation and making available safe drinking water	Gurugram (Haryana)		Rs 2,24,101	Rs 2,24,101	Direct Rs 2,24,101

	the requisite remuneration to the NEEM CSR Trainees.						
7	Providing free dialysis treatment to Children from under privileged sections of the society	Clause (i) Eradicating hunger, poverty, malnutrition, promoting preventive health care and sanitation and making available safe drinking water	New Delhi		Rs 5,00,000	Rs 5,00,000	Indirect Rs 5,00,000
8	Providing free cancer treatment to Children from under privileged sections of the society	Clause (i) Eradicating hunger, poverty, malnutrition, promoting preventive health care and sanitation and making available safe drinking water	Ludhiana (Punjab)		Rs 2,50,000	Rs 2,50,000	Rs 2,50,000 Indirect
9	Reimbursement to Janki Social Welfare Society for the purpose of providing girls education and computer education.	Clause (ii) Promoting education	Gurugram (Haryana)		Rs 51,000	Rs 51,000	Indirect Rs 51,000
10	Made payments for the CSR activities carried out by B.C.M Senior Secondary School, Ludhiana. The activities included purchase and repair work of furniture, purchase of water purifier etc.	Clause (ii) Promoting education	Ludhiana (Punjab)	1,10,00,00	Rs 1,82,672	Rs 1,82,672	Direct Rs 1,82,672

11	Sponsored the full education of 1 child till class XII, studying in Raman Munjal Vidya Mandir. Also, took the responsibility to repair and maintain the floor work with PVC Flooring material. Also, provided 12 Computers with TFT Monitors and 12 Headphones with Microphones.	Clause (ii) Promoting education	Ludhiana (Punjab)		Rs 6,05,972	Rs 6,05,972	Direct Rs 6,05,972
12	Provided Scholarship to 5 students of BML Munjal University, Gurugram on Merit-cum-Means basis.	Clause (ii) Promoting education	Gurugram (Haryana)		Rs 11,00,000	Rs 11,00,000	Direct Rs 11,00,000
13	Provided and made payments for all the education requirements of Ms. Savitri Arya, studying in Hindu Girls College, Sonipat. The following payments were made thereof: -Monthly fees for B.Ed. -Food and Accommodation expenses. -Extra expenses	Clause (ii) Promoting education	Sonipat (Haryana)		Rs 11,500	Rs 11,500	Direct Rs 11,500

14	Reimbursed the cost of full sleeves sweaters, stationery items (Globes and colour pencils), 86 Activity Sets for students studying in the Evening Literacy Programme run by D.A.V. Public School, Sector-14, Gurugram.	Clause (ii) Promoting education	Sector 14, Gurugram (Haryana)		Rs 1,22,354	Rs 1,22,354	Direct Rs 1,22,354
15	Provided one year scholarship for the education of 10 (ten) needy students of Arya Shishu Shala, New Delhi. Also, reimbursed the cost of furniture, i.e. 10 wooden dual desks.	Clause (ii) Promoting education	G.K-I, Delhi (New Delhi)		Rs 1,50,081	Rs 1,50,081	Direct Rs 1,50,081
16	Distributed jackets among needy and poor school children.	Clause (ii) Promoting education	Gurugram (Haryana)		Rs 49,730	Rs 49,730	Direct Rs 49,730
17	Purchased educational equipments such as computers and projectors for BML Munjal School.	Clause (ii) Promoting education	Haridwar (Uttarakhand)		Rs 1,49,250	Rs 1,49,250	Direct Rs 1,49,250
18	Purchased sports items required for providing sports training to a student, from Buntly Traders, Gurugram. The items bought were :12 Rackets, 5 shuttles and 2 footballs	Clause (vii) Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympics Sports	Gurugram (Haryana)		Rs 9,536	Rs 9,536	Direct Rs 9,536

19	Sponsored the training provided to the participants of the Championship, organized by the Indian Body Builders Federation	Clause (vii) Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympics Sports	Gurugram (Haryana)		Rs 5,00,000	Rs 5,00,000	Direct Rs 5,00,000
TOTAL					Rs. 1,85,03,745/-/-		

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

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

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

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

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

Place: Gurugram
Date: May 19, 2017

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

For and on behalf of the Board
Vinod Kumar Agrawal
(Director)
(DIN 00004463)
A-224 Ist, Floor, Defence Colony
New Delhi, 110024

CSR POLICY

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

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

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

To pursue these objectives we will continue to:

- Uphold and promote the principles of inclusive growth and equitable development.
- Develop Community Development Plans based on needs and priorities of host communities and measure the effectiveness of community development programmes.
- 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.
- 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.munjalshowa.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 19, 2017

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Munjal Showa Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Munjal Showa Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, its profit, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

- (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;
- (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure 2” to this report;
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 6 and 29 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
 - iv. The Company has provided requisite disclosures in Note 38 to these financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Sanjay Vij
Partner
Membership Number: 95169

Place of Signature: Gurugram
Date: May 19, 2017

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

Re: Munjal Showa Limited (‘the Company’)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the Company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2017 and no material discrepancies were noticed in respect of such confirmations.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company and hence, not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence, not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax demand	62,587,830	Financial year 2008-09	Income Tax Appellate Tribunal
	Income Tax demand	95,025,498	Financial year 2009-10	Income Tax Appellate Tribunal
	Income Tax demand	140,020,510	Financial year 2010-11	Income Tax Appellate Tribunal
Finance Act, 1994	Service Tax demand and penalty	6,423,907	April 2005 to March 2011	Commissioner of Central Excise (Appeals)
	Service Tax demand and penalty	146,715,981	September 2004 to March 2010	Customs, Excise, Service Tax Appellate Tribunal
	Service Tax demand and penalty	13,406,876	April 2007 to March 2009	Customs, Excise, Service Tax Appellate Tribunal

- (viii) The Company did not have any outstanding dues in respect of a financial institution or bank or to government or debenture holders during the year.

- (ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer/ further public offer/ debt instruments and term loans, thus, reporting under clause (ix) is not applicable to the Company and hence, not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud / material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence, not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and hence, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with them as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Sanjay Vij

Partner

Membership Number: 95169

Place of Signature: Gurugram

Date: May 19, 2017

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MUNJAL SHOWA LIMITED

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

We have audited the internal financial controls over financial reporting of Munjal Showa Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its

business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Co. LLP
Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Sanjay Vij
Partner

Membership Number: 95169

Place of Signature: Gurugram

Date: May 19, 2017

Balance sheet as at March 31, 2017

	Notes	March 31, 2017 Rs.	March 31, 2016 Rs.
Equity and liabilities			
Shareholders' funds			
Share capital	3	79,992,500	79,992,500
Reserves and surplus	4	<u>5,014,728,537</u>	<u>4,449,209,131</u>
		5,094,721,037	4,529,201,631
Non-current liabilities			
Deferred tax liabilities (net)	5	5,578,570	65,963,171
Long-term provisions	6	<u>35,960,308</u>	<u>32,757,520</u>
		41,538,878	98,720,691
Current liabilities			
Trade payables	7		
Total outstanding dues of micro enterprises and small enterprises		296,271,786	276,096,538
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,057,505,475	1,053,623,786
Other current liabilities	7	<u>70,561,292</u>	73,413,113
Short-term provisions	6	<u>148,808,360</u>	64,286,545
		1,573,146,913	1,467,419,982
TOTAL		<u>6,709,406,828</u>	<u>6,095,342,304</u>
Assets			
Non-current assets			
Property, Plant and Equipment	8	1,765,685,669	1,955,179,522
Intangible assets	9	13,818,513	19,692,858
Capital work-in-progress		28,848,350	26,144,694
Non-current investments	12	100,798,700	-
Loans and advances	10	<u>531,403,886</u>	499,700,916
		2,440,555,118	2,500,717,990
Current assets			
Current investments	12	1,543,898,955	818,917,678
Inventories	13	618,833,352	631,340,389
Trade receivables	11.1	1,941,802,185	1,991,067,033
Cash and bank balances	14	62,119,162	24,257,608
Loans and advances	10	102,138,018	128,966,094
Other current assets	11.2	<u>60,038</u>	75,512
		4,268,851,710	3,594,624,314
TOTAL		<u>6,709,406,828</u>	<u>6,095,342,304</u>
Summary of significant accounting policies	2.1		

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

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm Registration No.: 301003E/E300005

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

per Sanjay Vij
Partner
Membership No.95169

Yogesh Chander Munjal
Managing Director
DIN 00003491

Vinod Kumar Agrawal
Director
DIN 00004463

Place: Gurugram
Date: May 19, 2017

Pankaj Gupta
Chief Financial Officer

Saurabh Agrawal
Company Secretary
Membership No A36163

Statement of profit and loss for the year ended March 31, 2017

	Notes	March 31, 2017 Rs.	March 31, 2016 Rs.
Income			
Revenue from operations (gross)	15	15,905,146,115	16,339,261,737
Less: Excise duty		1,308,556,927	1,320,890,432
Revenue from operations (net)		14,596,589,188	15,018,371,305
Other income	16	160,987,611	52,998,989
Total revenue (I)		14,757,576,799	15,071,370,294
Expenses			
Cost of raw material and components consumed	17	10,677,571,778	10,960,075,767
(Increase)/ decrease in inventories of finished goods and work-in-progress	18	42,168,530	15,983,652
Employee benefits expense	19	1,176,824,821	1,008,455,012
Depreciation and amortization expense	20	290,621,536	292,984,094
Finance costs	21	539,585	1,219,471
Other expenses	22	1,753,824,871	1,914,107,386
Total expenses (II)		13,941,551,121	14,192,825,382
Profit before tax (I - II)		816,025,678	878,544,912
Tax expenses			
Current tax			
Pertaining to profit for the current period		307,200,000	288,300,000
Adjustment of tax relating to earlier years		3,690,868	(2,563,040)
Deferred tax expense/ (credit)		(60,384,596)	(18,714,909)
Total tax expense		250,506,272	267,022,051
Profit for the year		565,519,406	611,522,861
Earnings per equity share			
Basic and diluted [Nominal value of shares Rs. 2/- (March 31, 2016: Rs. 2/-)]	23	14.14	15.29
Summary of significant accounting policies	2.1		

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

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm Registration No.: 301003E/E300005

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

per Sanjay Vij
Partner
Membership No.95169

Yogesh Chander Munjal
Managing Director
DIN 00003491

Vinod Kumar Agrawal
Director
DIN 00004463

Place: Gurugram
Date: May 19, 2017

Pankaj Gupta
Chief Financial Officer

Saurabh Agrawal
Company Secretary
Membership No A36163

Cash flow statement for the year ended March 31, 2017

	March 31, 2017 Rs.	March 31, 2016 Rs.
A. Cash flow from operating activities		
Profit before tax	816,025,678	878,544,912
Adjustment to reconcile profit before tax to net cash flow		
Depreciation and amortisation expense	290,621,536	292,984,094
(Profit)/ loss on disposal of property plant & equipment (net)	1,296,632	3,245,209
Net (gain)/ loss on sale of investments	(79,803,529)	(38,396,520)
Adjustments to the carrying amount of current investments	17,237,328	1,082,322
Interest income	(54,515,756)	(5,770,779)
Interest expense	539,585	1,219,471
Unrealised foreign exchange (gain)/ loss	(15,200,971)	(5,733,720)
Bad debts	-	617,267
Operating profit before working capital changes	<u>976,200,503</u>	<u>1,127,792,256</u>
Movement in working capital:		
Decrease/ (increase) in trade receivables	49,264,848	41,907,341
Decrease/ (increase) in inventories	12,507,037	33,911,833
Decrease/ (increase) in long-term loans and advances	3,535,085	(544,172)
Decrease/ (increase) in short-term loans and advances	26,828,076	45,220,273
Decrease/ (increase) in other assets	-	36,086,825
Increase/ (decrease) in trade payables	39,257,908	(216,377,748)
Increase/ (decrease) in other current liabilities	(4,084,939)	(51,656,343)
Increase/ (decrease) in short-term provisions	67,448,146	4,803,762
Increase/ (decrease) in long-term provisions	3,202,788	7,600,534
Cash generated from operations	<u>1,174,159,452</u>	<u>1,028,744,561</u>
Direct taxes paid (net of refunds)	<u>(339,160,026)</u>	<u>(378,653,439)</u>
Net cash generated from operating activities (A)	<u>834,999,426</u>	<u>650,091,122</u>
B. Cash flow from investing activities		
Purchase of property, plant & equipment, intangible assets including Capital work in progress and capital advances	(84,707,637)	(168,666,363)
Proceeds from disposal of property, plant & equipment	211,725	1,870,596
Purchase of current investments	(10,934,601,714)	(6,300,064,919)
Purchase of non current investments	(100,798,700)	-
Proceeds from sale of current investments	10,272,186,638	6,198,461,439
Interest received	54,531,230	5,765,347
Net cash used in investing activities (B)	<u>(793,178,458)</u>	<u>(262,633,900)</u>
C. Cash flow from financing activities		
Interest paid	(602,420)	(1,237,380)
Proceeds from capital subsidy	-	3,000,000
Dividend paid on equity shares	(3,356,994)	(315,467,019)
Tax on equity dividend paid	-	(65,136,328)
Net cash used in financing activities (C)	<u>(3,959,414)</u>	<u>(378,840,727)</u>
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	<u>37,861,554</u>	<u>8,616,495</u>
Cash and cash equivalents at the beginning of the year	<u>24,257,608</u>	<u>15,641,113</u>
Cash and cash equivalents at the end of the year	<u><u>62,119,162</u></u>	<u><u>24,257,608</u></u>
Components of cash and cash equivalents		
Cash on hand	787,814	737,809
Cheques on hand	1,678,887	-
Balances with Scheduled banks:		
On current accounts	12,424,911	8,308,162
On cash credit accounts	41,104,331	5,731,424
On unpaid dividend accounts (refer note 2 below)	6,123,219	9,480,213
Total cash and cash equivalents (note 14)	<u><u>62,119,162</u></u>	<u><u>24,257,608</u></u>

Notes:

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

As per our report of even date

For S.R. Battliboi & Co. LLP

Chartered Accountants

Firm Registration No.: 301003E/E300005

per Sanjay Vij
 Partner
 Membership No.95169

 Place: Gurugram
 Date: May 19, 2017

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

Yogesh Chander Munjal
 Managing Director
 DIN 00003491

Pankaj Gupta
 Chief Financial Officer

Vinod Kumar Agrawal
 Director
 DIN 00004463

Saurabh Agrawal
 Company Secretary
 Membership no. A36163

Notes to financial statements for the year ended March 31, 2017**1 Corporate information**

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

2 Basis of preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and Companies (Accounting standards) Amendment Rules, 2016. The financial statements have been prepared on an accrual basis and under the historical cost convention except for derivative financial instrument which have been measured at fair value. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1 Summary of significant accounting policies**Change in accounting policy****Accounting for Proposed Dividend**

As per the requirements of pre-revised AS 4, the Company used to create a liability for dividend proposed/ declared after the balance sheet date if dividend related to periods covered by the financial statements. Going forward, as per AS 4(R), the Company cannot create provision for dividend proposed/ declared after the balance sheet date unless a statute requires otherwise. Rather, Company will need to disclose the same in notes to the financial statements. Accordingly, the Company has disclosed dividend proposed by board of directors after the balance sheet date in the notes. Had the Company continued with creation of provision for proposed dividend, its surplus in the statement of profit and loss would have been lower by Rs. 192,548,164 and current provision would have been higher by Rs. 192,548,164 (including dividend distribution tax of Rs. 32,568,164).

a) Use of estimates

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

b) Property, Plant and Equipment

Property, plant and equipment and capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Item such as spare parts, stand by equipment & servicing equipment are recognised as property, plant & equipment when they meet the definition of property, plant & equipment. Otherwise, such items are classified as inventory.

If significant parts of an item of plant & equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant & equipment. Likewise, on initial recognition of expenditure to be

incurred towards major inspections and overhauls are identified as a separate components and depreciated over the expected period till the next overhaul expenditure.

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

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

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

c) Depreciation on property, plant and equipment

Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. 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 25
(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, the useful lives of the following classes of assets :

The useful lives of certain plant and equipment is estimated as ranging between 2 to 25 years, which is different 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.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

d) Intangible assets

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

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the Company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the

cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

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

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

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

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

Designs and Drawings

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

Computer Software

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

e) Leases

Where the Company is lessee

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

f) Borrowing costs

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

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

g) Impairment of property, plant and equipment and intangibles

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

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

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

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

h) Investments

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

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

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

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

i) Inventories

Inventories are valued as follows:

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

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

j) Revenue Recognition

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

Sale of goods

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

Interest

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

k) Foreign currency translation**Initial Recognition**

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

Conversion

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

Exchange differences

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

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

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

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

l) Retirement and other employee benefits

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

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

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

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

m) Income taxes

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

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

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

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

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

n) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received. When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. Where the company receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognized at a nominal value. Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of the shareholders' funds.

o) Segment reporting**Identification of segments**

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

Inter-segment transfers

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

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs. Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

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

p) Earnings per share

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

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

q) Provisions

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

Warranty provisions

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

r) Contingent liabilities

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

s) Cash and cash equivalents

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

t) Derivative instruments

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

Notes to financial statements for the year ended on March 31, 2017

3. Share capital	March 31, 2017	March 31, 2016
	Rs.	Rs.
Authorised shares		
75,000,000 (March 31, 2016: 75,000,000) equity shares of Rs. 2 each	150,000,000	150,000,000
Issued shares		
39,997,500 (March 31, 2016: 39,997,500) equity shares of Rs. 2 each	79,995,000	79,995,000
Subscribed and fully paid-up shares		
39,995,000 ((March 31, 2016: 39,995,000) equity shares of Rs. 2 each	79,990,000	79,990,000
Shares forfeited (amount originally paid up)	2,500	2,500
Total paid-up share capital	79,992,500	79,992,500

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

	March 31, 2017		March 31, 2016	
	No. of shares	Rs.	No. of shares	Rs.
At the beginning of the year	39,995,000	79,992,500	39,995,000	79,992,500
Outstanding at the end of the year	39,995,000	79,992,500	39,995,000	79,992,500

(b) Terms/ rights attached to equity shares

- The Company has only one class of equity shares having par value of Rs. 2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- During the year ended March 31, 2017, the amount of per share dividend recognized as distributions to equity shareholders is Rs. Nil (March 31, 2016: Rs. 4.00).
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	March 31, 2017		March 31, 2016	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of Rs. 2 each fully paid				
(i) Dayanand Munjal Investments Private Limited	15,600,000	39.00	15,600,000	39.00
(ii) Showa Corporation, Japan	10,400,000	26.00	10,400,000	26.00
(iii) Enam Shares & Securities Private Limited	2,151,433	5.38	2,154,508	5.38

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.

(d) Proposed dividends on equity shares:

	March 31, 2017 Rs.
The board proposed dividend on equity shares after the balance sheet date Proposed dividend on equity shares for the year ended on March 31, 2017: Rs. 4/- per share	159,980,000
Dividend Distribution Tax on proposed dividend [refer note 2.1(1)]	32,568,164
	<u>192,548,164</u>

4. Reserves and surplus

	March 31, 2017 Rs.	March 31, 2016 Rs.
Capital reserve		
Balance as per the last financial statements	3,000,000	-
Add : Received during the year	-	3,000,000
Closing Balance	<u>3,000,000</u>	<u>3,000,000</u>
General reserve		
Balance as per the last financial statements	2,590,784,601	2,390,784,601
Add: Amount transferred from surplus balance in the statement of profit and loss	-	200,000,000
Closing Balance	<u>2,590,784,601</u>	<u>2,590,784,601</u>
Surplus in the statement of profit and loss		
Balance as per the last financial statements	1,855,424,530	1,636,449,833
Profit for the year	565,519,406	611,522,861
Less: Appropriations		
Interim dividend (amount per share Rs. Nil (March 31, 2016: Rs. 4.00 per share)	-	(159,980,000)
Tax on interim dividend	-	(32,568,164)
Transfer to general reserve	-	(200,000,000)
Total appropriations	-	(392,548,164)
Net surplus in the statement of profit and loss	<u>2,420,943,936</u>	<u>1,855,424,530</u>
Total reserves and surplus	<u>5,014,728,537</u>	<u>4,449,209,131</u>

5. Deferred tax liabilities (net)

	March 31, 2017 Rs.	March 31, 2016 Rs.
Deferred tax liability		
Property, plant and equipment and intangibles: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	59,864,272	93,044,842
Gross deferred tax liability	<u>59,864,272</u>	<u>93,044,842</u>
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year and earlier years but allowable for tax purposes on payment basis	45,528,863	17,785,033
Provision for doubtful debts and advances	8,756,839	9,296,638
Gross deferred tax asset	<u>54,285,702</u>	<u>27,081,671</u>
Net deferred tax liabilities	<u>5,578,570</u>	<u>65,963,171</u>

6. Provisions

	Long term		Short term		Long term		Short term	
	March 31, 2017		March 31, 2017		March 31, 2016		March 31, 2016	
	Rs.		Rs.		Rs.		Rs.	
Provision for employee benefits								
Provision for gratuity (note 24)	-	43,379,741	-	989,006	-	989,006	-	989,006
Provision for leave benefits	-	59,427,572	-	39,930,649	-	39,930,649	-	39,930,649
	-	102,807,313	-	40,919,655	-	40,919,655	-	40,919,655
Other provisions								
Provision for warranties	35,960,308	21,427,378	32,757,520	15,866,890	32,757,520	15,866,890	32,757,520	15,866,890
Provision for contingency	-	7,500,000	-	7,500,000	-	7,500,000	-	7,500,000
Provision for taxation (net of advance tax)	-	17,073,669	-	-	-	-	-	-
	35,960,308	46,001,047	32,757,520	23,366,890	32,757,520	23,366,890	32,757,520	23,366,890
	35,960,308	148,808,360	32,757,520	64,286,545	32,757,520	64,286,545	32,757,520	64,286,545

Provision for warranties

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

	March 31, 2017	March 31, 2016
	Rs.	Rs.
At the beginning of the year	48,624,410	37,063,817
Additions during the year	26,337,331	32,929,681
Utilized during the year	17,574,055	21,369,088
At the end of the year	57,387,686	48,624,410
Current portion	21,427,378	15,866,890
Non-current portion	35,960,308	32,757,520

Provision for contingency

The Company had received a show-cause notice from Haryana State Pollution Control Board ('HSPCB') in 2009-10 towards contamination of ground water caused due to higher concentration of chromium used by the Company as compared to the minimum expected level. Pursuant to the show cause notice, the management had submitted a time bound remediation plan as per which specified milestones were to be achieved at the end of each quarter till December 2010. A bank guarantee of Rs. 50,000,000 had also been submitted to HSPCB. The management had initiated adequate steps suggested by the experts and had completed the plan within the overall time frame. Against the appeal filed by the Company with Appellate Authority, HSPCB, the case had been decided by the appellate authority on November 4, 2011 and as per the order of the appellate authority, bank guarantee of Rs. 37,500,000 had been released and bank guarantee of Rs. 12,500,000 had been forfeited by HSPCB. The Company had filed a writ petition against the order of the appellate authority before the Hon'ble High Court of Punjab and Haryana, which gave the decision for transfer of the case to National Green Tribunal, New Delhi. National Green Tribunal has disposed off our Appeal vide Judgment dated 03.11.2016 stated that we see no reason to interfere with the order dated 09.08.2010 passed by the HSPCB, partially encashing the bank guarantee furnished by the appellant industry to the extent of Rs.125 Lakhs and directed the Chairman of the HSPCB to personally conduct an inquiry into the matter, fix responsibility and take action in accordance with law. Provision of Rs. 7,500,000 (March 31, 2016; Rs. 7,500,000), over and above the amount already forfeited by HSPCB, had been retained towards any contingency, as per management's assessment of the costs to be incurred. The table below gives information about movement in provision :

	March 31, 2017 Rs.	March 31, 2016 Rs.
At the beginning of the year	7,500,000	7,500,000
Additions during the year	-	-
Utilized during the year	-	-
Unused amount reversed	-	-
At the end of the year	7,500,000	7,500,000
Current portion	7,500,000	7,500,000
Non-current portion	-	-

7. Other current liabilities

	March 31, 2017 Rs.	March 31, 2016 Rs.
Trade payables (including acceptances)		
- Total outstanding dues of micro enterprises and small enterprises (refer note 31 for details of dues to micro and small enterprises)	296,271,786	276,096,538
- Total outstanding dues of creditors other than micro enterprises and small enterprises	1,057,505,475	1,053,623,786
(A)	<u>1,353,777,261</u>	<u>1,329,720,324</u>
Other liabilities		
Interest accrued but not due on cash credit account	-	15,238
Investor Education and Protection Fund shall be credited by following amount (as and when due):		
Unpaid dividend	6,123,219	9,480,213
Payable towards capital goods	18,667,989	14,015,042
Others:		
Security deposit from customers/ others*	5,200,000	4,513,770
Interest on land cost enhancement payable	-	47,597
Service tax payable	1,074,140	1,331,809
Krishi Kalyan Cess payable	105,920	-
Swachh Bharat Cess payable	105,919	142,190
Sales tax/ VAT payable	17,117,219	17,402,731
Tax deducted at source and tax collected at source payable	9,155,182	15,719,373
Cess payable	121,174	394,456
Works contract tax payable	97,980	186,193
Provident fund and Employee State Insurance payable	10,866,386	7,721,795
Other dues	1,926,164	2,442,706
(B)	<u>70,561,292</u>	<u>73,413,113</u>
(A + B)	<u>1,424,338,553</u>	<u>1,403,133,437</u>

*Security deposits are repayable on demand.

8. Property, plant and equipment

Amount in Rs.

	Freehold Land	Buildings	Plant and equipment	Furniture & fixtures	Office equipment	Computers	Vehicles	Total
Cost								
At April 01, 2015	519,738,015	715,226,946	3,096,960,675	15,777,384	19,846,182	26,725,852	42,253,431	4,436,528,485
Additions	-	26,820,090	104,616,644	1,047,410	538,731	943,424	4,524,721	138,491,020
Disposals	-	-	54,525,922	1,562,336	2,468,921	4,767,771	3,703,464	67,028,414
At March 31, 2016	519,738,015	742,047,036	3,147,051,397	15,262,458	17,915,992	22,901,505	43,074,688	4,507,991,091
Additions	-	-	77,026,888	916,946	739,966	1,095,752	3,440,784	83,220,336
Disposals	-	-	12,488,595	-	92,800	119,697	2,511,020	15,212,112
At March 31, 2017	519,738,015	742,047,036	3,211,589,690	16,179,404	18,563,158	23,877,560	44,004,452	4,575,999,315
Depreciation								
At April 01, 2015	-	197,329,133	2,079,515,954	12,108,895	13,807,462	20,499,311	20,644,891	2,343,905,646
Charge for the year	-	27,390,734	231,049,408	1,126,190	2,396,273	1,883,857	6,972,070	270,818,532
Disposals	-	-	50,601,920	1,562,336	2,220,416	4,641,112	2,886,825	61,912,609
At March 31, 2016	-	224,719,867	2,259,963,442	11,672,749	13,983,319	17,742,056	24,730,136	2,552,811,569
Charge for the year	-	27,972,907	232,733,173	848,013	1,960,318	1,668,090	6,023,331	271,205,832
Disposals	-	-	12,157,919	-	86,720	119,699	1,339,417	13,703,755
At March 31, 2017	-	252,692,774	2,480,538,696	12,520,762	15,856,917	19,290,447	29,414,050	2,810,313,646
Net block								
At March 31, 2016	519,738,015	517,327,169	887,087,955	3,589,709	3,932,673	5,159,449	18,344,552	1,955,179,522
At March 31, 2017	519,738,015	489,354,262	731,050,994	3,658,642	2,706,241	4,587,113	14,590,402	1,765,685,669

9. Intangible assets

Amount in Rs.

	Computer Software	Designs and drawings	Total
Gross block			
At April 01, 2015	10,204,148	148,539,765	158,743,913
Purchase	1,630,809	22,044,189	23,674,998
Deletions	-	-	-
At March 31, 2016	11,834,957	170,583,954	182,418,911
Purchase	315,859	13,225,500	13,541,359
Deletions	-	-	-
At March 31, 2017	12,150,816	183,809,454	195,960,270
Amortization			
At April 01, 2015	8,731,950	131,828,541	140,560,491
Charge for the year	762,597	21,402,965	22,165,562
Deletions	-	-	-
At March 31, 2016	9,494,547	153,231,506	162,726,053
Charge for the year	784,260	18,631,444	19,415,704
Deletions	-	-	-
At March 31, 2017	10,278,807	171,862,950	182,141,757
Net Block			
At March 31, 2016	2,340,410	17,352,448	19,692,858
At March 31, 2017	1,872,009	11,946,504	13,818,513

10. Loans and advances

	<u>Non-current</u> <u>March 31, 2017</u> Rs.	<u>Current</u> <u>March 31, 2017</u> Rs.	<u>Non-current</u> <u>March 31, 2016</u> Rs.	<u>Current</u> <u>March 31, 2016</u> Rs.
Capital advances				
Unsecured, considered good	5,324,095	-	15,428,863	-
(A)	<u>5,324,095</u>	<u>-</u>	<u>15,428,863</u>	<u>-</u>
Security deposits				
Unsecured, considered good	27,532,035	464,000	27,792,105	574,000
(B)	<u>27,532,035</u>	<u>464,000</u>	<u>27,792,105</u>	<u>574,000</u>
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	-	25,100,890	-	31,189,044
Doubtful	-	24,213,552	-	24,213,552
	-	<u>49,314,442</u>	-	<u>55,402,596</u>
Provision for doubtful advances				
(C)	-	<u>(24,213,552)</u>	-	<u>(24,213,552)</u>
	-	<u>25,100,890</u>	-	<u>31,189,044</u>

	Non-current March 31, 2017 Rs.	Current March 31, 2017 Rs.	Non-current March 31, 2016 Rs.	Current March 31, 2016 Rs.
Other loans and advances				
Secured, considered good				
Loan to suppliers	-	-	-	228,696
Unsecured, considered good				
Advance income tax/ tax deducted at source (net of provision for taxation)	485,866,984	-	440,524,161	-
Prepaid expenses	1,459,463	29,418,035	1,179,834	25,535,125
Loan to employees/ suppliers	11,221,309	17,528,419	14,775,953	13,445,447
Balances with statutory/ government authorities	-	29,626,674	-	57,993,782
Unsecured, considered doubtful				
Loan to employees/ suppliers	-	489,676	-	489,676
	498,547,756	77,062,804	456,479,948	97,692,726
Provision for doubtful advances	-	(489,676)	-	(489,676)
(D)	498,547,756	76,573,128	456,479,948	97,203,050
Total (A+B+C+D)	531,403,886	102,138,018	499,700,916	128,966,094
Loan and advances include :				
Due from a Private Limited Company in which two directors of the Company are interested as directors	-	2,270,927	-	2,501,601

11. Trade receivables and other current assets

11.1 Trade receivables

	March 31, 2017 Rs.	March 31, 2016 Rs.
Debts outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	5,361,876	-
Unsecured, considered doubtful	599,706	1,458,690
	5,961,582	1,458,690
Provision for doubtful receivables	(599,706)	(1,458,690)
(A)	5,361,876	-
Other receivables		
Unsecured, considered good	1,936,440,309	1,991,067,033
(B)	1,936,440,309	1,991,067,033
Total (A+B)	1,941,802,185	1,991,067,033

11.2 Other current assets

	Current March 31, 2017 Rs.	Current March 31, 2016 Rs.
Unsecured, considered good unless otherwise stated		
Other bank balances (note 14)	50,000	50,000
(C)	50,000	50,000

Others			
Interest accrued but not due on deposit		10,038	25,512
	(D)	<u>10,038</u>	<u>25,512</u>
Total (C+D)		<u><u>60,038</u></u>	<u><u>75,512</u></u>

12. Investments

	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>	<u>Current</u>
	<u>March 31, 2017</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>	<u>March 31, 2016</u>
	Rs.	Rs.	Rs.	Rs.
Non-current investments				
Non-Convertible Debentures (Quoted) 100 (March 31, 2016: Nil) units of Rs. 1,000,000/- each fully paid-up Market Linked Debenture of JM financial	100,798,700	-	-	-
Current investments (valued at lower of cost and fair value, unless stated otherwise)				
Unquoted mutual funds				
17,304,454.284 (March 31, 2016: 17,304,454.284) units of Rs. 10/- each fully paid-up of Sundaram Ultra Short-Term Fund Regular Growth	-	330,000,000	-	330,000,000
Nil (March 31, 2016: 49,161.848) units of Rs. 1000/- each fully paid-up of Taurus Ultra Short Term Bond Fund	-	-	-	90,000,000
9,823,197.734 (March 31, 2016: 10,381,700.523) units of Rs. 10/- each fully paid-up of Taurus Dynamic Income Fund	-	135,089,598	-	150,000,000
Nil (March 31, 2016: 546627.31) units of Rs. 10/- each fully paid-up of ICICI Prudential Balance Fund- Growth	-	-	-	48,917,678
3,937,534.946 (March 31, 2016: 8,525,112.851) units of Rs. 10/- each fully paid-up of Canara Robeco Savings Plus Fund	-	100,000,000	-	200,000,000
14,802.955 (March 31, 2016: Nil) units of Rs. 1000/- each fully paid-up of HDFC Cash Management Fund - Saving Plan-Growth	-	50,000,000	-	-
14,173,239.506 (March 31, 2016: Nil) units of Rs. 10/- each fully paid-up of DHFL Pramerica medium term income fund Direct plan-Growth	-	200,000,000	-	-
5,869,718.945 (March 31, 2016: Nil) units of Rs. 10/- each fully paid-up of Reliance Medium Term Fund	-	200,000,000	-	-
2,500,000 (March 31, 2016: Nil) units of Rs. 10/- each fully paid-up of Sundaram Smart nifty 100 Equal Weight Fund Direct Growth	-	25,000,000	-	-

321,416.495 (March 31, 2016: Nil) units of Rs. 10/- each fully paid-up of Sundaram Smile Fund Direct plan Growth	-	25,000,000	-	-
16,449,859.71 (March 31, 2016: Nil) units of Rs. 10/- each fully paid-up of Sundaram Select Debt Short Term Asset - direct plan growth	-	478,809,357	-	-
	100,798,700	1,543,898,955	-	818,917,678
Aggregate amount of quoted investments (Market value: Rs 99,710,000 (March 31, 2016: Nil))	100,798,700	-	-	-
Aggregate amount of unquoted investments	-	1,543,898,955	-	818,917,678
Net assets value of above investment	-	1,609,702,269	-	851,691,893

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

	<u>March 31, 2017</u> Rs.	<u>March 31, 2016</u> Rs.
Raw materials and components [Including stock in transit: Rs.197,799,225 (March 31, 2016: Rs. 189,870,056)](refer note 17)	436,472,536	409,127,910
Work in progress (refer note 18)	68,610,739	84,547,327
Finished goods (refer note 18)	63,699,387	89,763,154
Stores and spares [Including stock in transit: Rs. 2,812,875 (March 31, 2016: Rs.3,345,772)]	49,894,991	47,578,124
Scrap	155,699	323,874
	<u>618,833,352</u>	<u>631,340,389</u>

14. Cash and bank balances

	<u>March 31, 2017</u> Rs.	<u>March 31, 2016</u> Rs.
Cash and cash equivalents		
Balances with banks:		
On current accounts	12,424,911	8,308,162
On cash credit accounts	41,104,331	5,731,424
On unpaid dividend accounts	6,123,219	9,480,213
Cheques on hand	1,678,887	-
Cash on hand	787,814	737,809
	<u>62,119,162</u>	<u>24,257,608</u>
Other bank balances:		
Deposits with original maturity for more than 12 months*	50,000	50,000
	<u>50,000</u>	<u>50,000</u>
Amount disclosed under current assets (refer note 11.2)	(50,000)	(50,000)
	<u>62,119,162</u>	<u>24,257,608</u>

*Fixed deposit receipt of Rs.50,000 (March 31, 2016: Rs. 50,000) has been pledged with VAT authorities.

15. Revenue from operations

	<u>March 31, 2017</u> Rs.	<u>March 31, 2016</u> Rs.
Revenue from operations		
Sale of products:		
Finished goods	15,731,724,456	16,156,193,232
Other operating revenue:		
Scrap sales	173,421,659	183,068,505
Revenue from operations (gross)	<u>15,905,146,115</u>	<u>16,339,261,737</u>
Less: Excise duty #	1,308,556,927	1,320,890,432
Revenue from operations (net)	<u>14,596,589,188</u>	<u>15,018,371,305</u>

In accordance with explanations below Para 10 of Notified Accounting Standard 9 - Revenue Recognition, excise duty on sales amounting to Rs.1,308,556,927 (March 31, 2016: Rs.1,320,890,432) has been reduced from sales in the statement of profit and loss and excise duty on variation of opening and closing stock of finished goods and scrap amounting to Rs. (-)1,851,464 [March 31, 2016: Rs. (-) (355,217)] has been considered as (income)/ expense in note 22 of the financial statements.

Details of product sold

	<u>March 31, 2017</u> Rs.	<u>March 31, 2016</u> Rs.
Finished goods sold		
Shock absorbers	13,354,430,777	13,736,735,315
Struts	1,887,402,207	1,950,396,401
Window balancer	90,737,867	83,879,147
Other components	399,153,605	385,182,369
	<u>15,731,724,456</u>	<u>16,156,193,232</u>

16. Other income

	<u>March 31, 2017</u> Rs.	<u>March 31, 2016</u> Rs.
Interest income on:		
Bank deposits	4,282	5,432
Income-tax refunds	49,105,865	2,445,784
Loans to employees	626,108	663,163
Others	4,779,501	2,656,400
Net gain on sale of investments	79,803,529	38,396,520
Exchange differences (net)	15,200,971	5,733,720
Liabilities/Provisions no longer required written back (net)	10,919,609	133,921
Miscellaneous income	547,746	2,964,049
	<u>160,987,611</u>	<u>52,998,989</u>

17. Cost of raw materials and components consumed

	<u>March 31, 2017</u> Rs.	<u>March 31, 2016</u> Rs.
Inventory at the beginning of the year	409,127,910	426,094,729
Add : Purchases during the year	10,704,916,404	10,943,108,948
	<u>11,114,044,314</u>	<u>11,369,203,677</u>
Less : Inventory at the end of the year	436,472,536	409,127,910
Cost of raw material and components consumed	<u>10,677,571,778</u>	<u>10,960,075,767</u>

Details of raw material and components consumed

	<u>March 31, 2017</u> Rs.	<u>March 31, 2016</u> Rs.
Fork pipe	1,542,174,525	1,636,877,755
Bottom case	2,394,050,017	2,422,116,887
Main spring cushion	1,471,936,136	1,554,817,647
Oil seal	651,609,021	644,835,086
Dust seal	125,762,593	123,205,668
Other material and components	4,492,039,486	4,578,222,724
	<u>10,677,571,778</u>	<u>10,960,075,767</u>

Details of inventory

	<u>March 31, 2017</u> Rs.	<u>March 31, 2016</u> Rs.
Raw material and components		
Fork pipe	1,383,831	4,410,940
Bottom case	214,679,819	170,973,136
Main spring cushion	5,100,848	5,646,875
Oil seal	29,073,742	35,963,132
Dust seal	1,311,071	1,642,308
Other materials and components	184,923,225	190,491,519
	<u>436,472,536</u>	<u>409,127,910</u>

18. (Increase)/ decrease in inventories

	<u>March 31, 2017</u> Rs.	<u>March 31, 2016</u> Rs.
Inventories at the beginning of the year		
Work-in-progress	84,547,327	90,610,211
Finished goods	89,763,154	99,660,416
Scrap	323,874	347,380
	<u>174,634,355</u>	<u>190,618,007</u>
Inventories at the end of the year		
Work-in-progress	68,610,739	84,547,327
Finished goods	63,699,387	89,763,154
Scrap	155,699	323,874
	<u>132,465,825</u>	<u>174,634,355</u>
	<u>42,168,530</u>	<u>15,983,652</u>

Details of inventory

	<u>March 31, 2017</u> Rs.	<u>March 31, 2016</u> Rs.
Work-in-progress		
Shock absorbers	64,462,068	78,997,635
Struts	3,522,014	4,861,350
Window balancer	626,657	688,342
	<u>68,610,739</u>	<u>84,547,327</u>
Finished goods		
Shock absorbers	47,366,432	69,013,132
Struts	14,939,548	20,378,282
Window balancer	1,393,407	371,740
	<u>63,699,387</u>	<u>89,763,154</u>

19. Employee benefits expense

	March 31, 2017	March 31, 2016
	Rs.	Rs.
Salaries, wages and bonus	996,144,523	874,835,786
Contribution to provident and other funds	42,734,606	34,838,135
Gratuity expense (refer note 24)	44,517,426	8,859,526
Contribution to superannuation fund	6,388,578	6,148,696
Staff welfare expenses	87,039,688	83,772,869
	1,176,824,821	1,008,455,012

20. Depreciation and amortization expense

	March 31, 2017	March 31, 2016
	Rs.	Rs.
Depreciation of property, plant and equipment	271,205,832	270,818,532
Amortisation of intangible assets	19,415,704	22,165,562
	290,621,536	292,984,094

21. Finance costs

	March 31, 2017	March 31, 2016
	Rs.	Rs.
Interest expense	539,585	1,219,471
	539,585	1,219,471

22. Other expenses

	March 31, 2017	March 31, 2016
	Rs.	Rs.
Consumption of stores and spares	375,431,615	459,078,938
Job work expenses	210,352,133	235,243,404
Differential excise duty on opening and closing inventories	(1,851,464)	(355,217)
Power and fuel	427,858,851	441,611,448
Freight and forwarding charges	38,783,915	44,118,084
Rent	2,355,020	2,506,000
Hire charges	600,000	555,000
Rates and taxes	18,583,470	16,921,416
Insurance	25,467,866	20,157,019
Repairs and maintenance:		
Plant and machinery	97,581,967	137,426,730
Buildings	17,459,403	15,107,761
Others	22,007,001	23,170,656
Advertising and sales promotion	1,213,059	1,938,429
Cash discounts	12,219	82,096
Royalty	358,372,224	369,337,944
Technician fee	297,200	1,315,020
Warranty expense	26,337,331	32,929,681
Legal and professional fees	12,083,595	15,212,494
Travelling and conveyance	37,326,592	35,195,084
Communication costs	5,632,148	5,018,369
Printing and stationery	4,800,772	3,572,878
Directors' sitting fees	2,200,000	2,280,000
Payment to statutory auditors' (Refer details below)	4,381,208	4,342,344
Adjustments to the carrying amount of current investments	17,237,328	1,082,322

Donations and contributions to charitable institutions	814,251	588,173
Provision for doubtful debts	-	474,722
Bad debts	-	142,545
Bank charges	1,718,386	1,637,456
Loss on disposal of property, plant and equipment and intangible assets (net)	1,296,632	3,245,209
CSR Expenditure (refer note 37)	18,503,746	17,386,459
Miscellaneous expenses	26,968,403	22,784,922
	1,753,824,871	1,914,107,386

Payment to statutory auditor
As auditors:

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

In other capacity

Other services (certification etc.)	100,000	100,000
Reimbursement of expenses	181,208	142,344
	4,381,208	4,342,344

23. Earning per share (EPS)

	March 31, 2017	March 31, 2016
	Rs.	Rs.
Net profit as per statement of profit and loss (Rs.)	565,519,406	611,522,861
Weighted average number of equity shares for calculating basic and diluted EPS	39,995,000	39,995,000
Nominal value per share (Rs.)	2.00	2.00
Basic and Diluted earnings per share (Rs.)	14.14	15.29

24. Gratuity

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

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

Statement of profit and loss

Net employee benefit expense recognized in employee cost:

	March 31, 2017	March 31, 2016
	Rs.	Rs.
Current service cost	13,052,658	9,198,711
Interest cost on benefit obligation	10,330,320	9,093,634
Expected return on plan assets	(10,251,200)	(8,825,102)
Net actuarial (gain) / loss recognized in the year	31,385,648	(607,717)
Net benefit expense	44,517,426	8,859,526
Actual return on plan assets	(9,894,600)	(9,561,783)

Balance Sheet

Benefit asset/ liability

	March 31, 2017 Rs.	March 31, 2016 Rs.
Defined benefit obligation	(179,721,759)	(129,129,003)
Fair value of plan assets	136,342,018	128,139,997
	(43,379,741)	(989,006)
Less: Unrecognized past service cost	-	-
Plan liability	(43,379,741)	(989,006)

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

	March 31, 2017 Rs.	March 31, 2016 Rs.
Opening defined benefit obligation	129,129,003	113,670,420
Interest Cost	10,330,320	9,093,634
Current Service Cost	13,052,658	9,198,711
Benefits paid	(3,819,270)	(2,962,726)
Actuarial losses on obligation	31,029,048	128,964
Closing defined benefit obligation	179,721,759	129,129,003

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

	March 31, 2017 Rs.	March 31, 2016 Rs.
Opening fair value of plan assets	128,139,997	110,313,774
Expected return	10,251,200	8,825,102
Contributions by employer	2,126,691	11,227,166
Benefits paid	(3,819,270)	(2,962,726)
Actuarial gains/ (losses)	(356,600)	736,681
Closing fair value of plan assets	136,342,018	128,139,997

The Company expects to contribute Rs. 20,408,557 (March 31, 2016: Rs. 11,575,420) to gratuity fund in the year 2017-18.

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

	March 31, 2017 %	March 31, 2016 %
Investments with insurer	100	100

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

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

	March 31, 2017 %	March 31, 2016 %
Discount rate	7.54	8.00
Expected rate of return on assets	7.54	8.00
Increase in compensation cost	7.00	7.00
Employee turnover		
- upto 30 years	3.00	3.00
- above 30 years but upto 44 years	2.00	2.00
- above 44 years	1.00	1.00

Note:

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

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

	March 31, 2017 Rs.	March 31, 2016 Rs.	March 31, 2015 Rs.	March 31, 2014 Rs.	March 31, 2013 Rs.
Defined benefit obligation	179,721,759	129,129,003	113,670,420	99,194,889	70,421,727
Fair value of plan assets	136,342,018	128,139,997	110,313,774	80,923,945	69,113,707
Deficit	43,379,741	989,006	3,356,646	18,270,944	1,308,020
Experience adjustments on plan liabilities loss/(gain)	25,064,380	128,964	(8,126,164)	17,106,581	(253,554)
Experience adjustments on plan assets (loss)/gain	(356,600)	736,681	1,777,470	732,044	953,953

Defined Contribution Plan:

	March 31, 2017	March 31, 2016
Contribution to Provident Fund	39,916,850	32,637,110
Contribution to Superannuation Fund	6,388,578	6,148,696

25. Leases

Operating lease : Company as lessee

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

	March 31, 2017 Rs.	March 31, 2016 Rs.
Lease payments for the year	2,355,020	2,506,000

26. Segment Information

Based on the guiding principles given in Accounting Standard on 'Segmental Reporting' (AS-17), notified under the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and Companies (Accounting standards) Amendment Rules, 2016, the Company's primary business segment is manufacturing of auto components for two-wheeler and four-wheeler industry. The business comprises manufacturing and selling of various auto components, viz, front fork, shock absorbers, struts, gas springs and window balancers, having similar risks and rewards because of similar nature of these items. The Company operates only in India i.e. only one business and geographical segment and thus, no further disclosures are required to be made as per Accounting Standard (AS-17).

27. Related party disclosures

(i) Names of related parties and related party relationship

- (a) Key management personnel and their relatives
- Mr. Yogesh Chander Munjal – Managing Director
 - Mr. Isao Ito - Joint Managing Director- Upto September 30, 2016
 - Mr. Shigeki Kobayashi - Joint Managing Director w.e.f. October 26, 2016
 - Mrs. Nidhi Kapoor - Daughter of Mr. Yogesh Chander Munjal
- (b) Enterprise with significant influence over the Company
- Showa Corporation, Japan
- (c) Enterprises owned or significantly influenced by key management personnel and their relatives
- Dayanand Munjal Investments Private Limited
 - Majestic Auto Limited
 - Shivam Autotech Limited
- (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)

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

	Enterprises with significant influence over the Company		Key management personnel & their relatives		Enterprises over which Directors and their relatives have significant influence		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Transactions during the year:								
Sale of goods								
Shivam Autotech Limited	-	-	-	-	55,310	12,000	55,310	12,000
Showa Corporation, Japan	486,229	570,361	-	-	-	-	486,229	570,361
	486,229	570,361			55,310	12,000	541,539	582,361
Purchase of goods								
Majestic Auto Limited	-	-	-	-	6,399,990	6,693,049	6,399,990	6,693,049
Shivam Autotech Limited	-	-	-	-	127,585,457	130,924,574	127,585,457	130,924,574
Showa Corporation, Japan	335,357,627	326,599,495	-	-	-	-	335,357,627	326,599,495
Sunbeam Auto Private Limited	-	-	-	-	956,783,826	916,038,804	956,783,826	916,038,804
Munjial Castings	-	-	-	-	27,467,332	24,430,720	27,467,332	24,430,720
	335,357,627	326,599,495			1,118,236,605	1,078,087,147	1,453,594,232	1,404,686,642
Royalty paid/payable								
Showa Corporation, Japan	358,372,224	369,337,944	-	-	-	-	358,372,224	369,337,944
	358,372,224	369,337,944					358,372,224	369,337,944
Purchase of intangible assets								
Design & drawing fees								
Showa Corporation, Japan	13,225,500	22,044,192	-	-	-	-	13,225,500	22,044,192
	13,225,500	22,044,192					13,225,500	22,044,192
Technician fee paid/payable								
Showa Corporation, Japan	297,200	1,315,020	-	-	-	-	297,200	1,315,020
	297,200	1,315,020					297,200	1,315,020
Interest expense paid/payable								
Showa Corporation, Japan	-	906,393	-	-	-	-	-	906,393
		906,393						906,393
Travelling and conveyance expense paid/payable								
Showa Corporation, Japan	684,339	1,789,684	-	-	-	-	684,339	1,789,684
	684,339	1,789,684					684,339	1,789,684
Legal and professional fees paid/payable								
Showa Corporation, Japan	122,643	76,037	-	-	-	-	122,643	76,037
	122,643	76,037					122,643	76,037

	Enterprises with significant influence over the Company		Key management personnel & their relatives		Enterprises over which Directors and their relatives have significant influence		Total
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	
Dividend paid							
Showa Corporation, Japan	-	41,600,000	-	-	-	-	41,600,000
Dayanand Munjal Investment Pvt. Ltd.	-	-	-	-	-	62,400,000	62,400,000
Nidhi Kapoor	-	-	-	16,000	-	-	16,000
	-	41,600,000	-	16,000	-	62,400,000	104,016,000
Employee Benefits for Key Management Personnel (Salary, Commission and contributions to Provident fund and Superannuation fund)							
Mr.Yogesh Chander Munjal	-	-	44,925,596	46,165,615	-	-	44,925,596
Mr. Isao Ito	-	-	13,554,283	25,746,910	-	-	13,554,283
Mr.Shigeki Kobayashi	-	-	13,043,099	-	-	-	13,043,099
Mr. Pankaj Gupta	-	-	2,754,741	2,521,413	-	-	2,754,741
Mr. Saurabh Agrawal	-	-	488,443	421,120	-	-	488,443
	-	-	74,766,162	74,855,058	-	-	74,766,162
(iii) Balances as at the year end							
Trade payables							
Majestic Auto Limited	-	-	-	-	685,451	672,033	672,033
Shivam Autotech Ltd	-	-	-	-	17,770,090	19,099,271	19,099,271
Showa Corporation, Japan	171,782,298	187,070,306	-	-	-	-	171,782,298
Sunbeam Auto Private Limited	-	-	-	-	82,009,079	59,967,849	82,009,079
Munjal Castings	-	-	-	-	2,934,391	1,630,605	2,934,391
Mr. Yogesh Chander Munjal	-	-	5,651,496	9,804,052	-	-	5,651,496
Mr. Isao Ito	-	-	4,504,868	10,226,052	-	-	4,504,868
Mr.Shigeki Kobayashi	-	-	4,245,822	-	-	-	4,245,822
Mr. Pankaj Gupta	-	-	96,604	72,745	-	-	96,604
Mr. Saurabh Agrawal	-	-	29,288	24,908	-	-	29,288
	171,782,298	187,070,306	14,528,078	20,127,757	103,399,011	81,369,758	289,709,387
Trade receivables							
Showa Corporation, Japan	69,643	50,057	-	-	-	-	69,643
	69,643	50,057	-	-	-	-	69,643
Advances recoverable in cash or kind or for value to be received							
Sunbeam Auto Private Limited	-	-	-	-	2,270,927	2,501,601	2,270,927
	-	-	-	-	2,270,927	2,501,601	2,270,927

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

28. Capital and other commitments

At March 31, 2017, the estimated amount of contracts remaining to be executed on capital account and not provided for is Rs.5,947,449 (March 31, 2016: Rs.25,778,837).

29. Contingent Liabilities

	March 31, 2017 Rs.	March 31, 2016 Rs.
a) Demands raised by Income Tax authorities, being disputed by the Company	792,679,134	905,418,851
b) Show cause notices / demands issued by Excise authorities, being disputed by the Company	300,207,242	303,155,723
c) Demand raised by Employees State Insurance Recovery Officer, being disputed by the Company	4,365,036	4,365,036

a) Demands raised by Income Tax Authorities:

i) In respect of Assessment Year 1998-99, allowability of certain expenses like foreign technician expenses, design and drawing fees were pending under appeal before ITAT. The issue has been set aside by ITAT and sent back to the Assessing Officer to follow the order of earlier years. The total amount involved is Rs. 298,942 (March 31, 2016: Rs. 298,942).

ii) In respect of Assessment Years 2003-04, allowability of prior period expenses of Assessment year 2004-05 allowed by ITAT as deduction in Assessment year 2003-04 has not been allowed by the Assessing Officer on the ground that assessed income cannot be less than returned income. The CIT(A) has allowed the appeal filed by us and received the appeal effect. However, while giving appeal effect, the assessing officer had not given the credit of TDS. On filing of application for rectification the assessing office has passed the rectification order in April 2017 in favour of the Company. The amount involved is Rs. Nil (March 31, 2016: Rs. 252,082).

iii) In respect of Assessment Year 2006-07, certain adjustments were made to the transaction values by tax authorities based on arm's length price of international transactions entered with associated enterprises and on account of disallowance of royalty and technical fee. The matter has been set aside by the ITAT and sent back to the assessing officer with the direction to decide the issue afresh by way of speaking order in accordance with law. The amount involved is Rs. 92,272,211 (March 31, 2016: Rs. 92,272,211).

iv) In respect of Assessment Year 2007-08, certain adjustments were made to the transaction values by tax authorities based on arm's length price of international transactions entered with associated enterprises and on account of disallowance of royalty and technical fee. The matter has been set aside by the ITAT and sent back to the assessing officer with the direction to decide the issue afresh by way of speaking order in accordance with law. During the current year, the assessing officer has decided the case in favour of the Company and refund was granted with interest. Total amount involved is Rs. Nil (March 31, 2016: Rs.103,112,323) including interest.

v) In respect of Assessment Year 2008-09, certain adjustments were made to the transaction values by the tax authorities based on arm's length price of international transactions entered with associated enterprises and on account of disallowance of royalty and technical fee. The matter has been set aside by the ITAT and sent back to the assessing officer with the direction to decide the issue afresh by way of speaking order in accordance with law. During the current year, the assessing officer has decided the case in favour of the Company and refund was granted with interest. Total amount involved is Rs. Nil (March 31, 2016: Rs. 99,266,894) including interest.

vi) In respect of Assessment Year 2009-10, certain adjustments were made to the transaction values by the tax authorities based on arm's length price of international transactions entered with associated enterprises and on account of disallowance of royalty and technical fee. The matter is pending before ITAT. The amount involved is Rs. 125,175,660 (March 31, 2016: Rs. 125,175,660) including interest.

vii) In respect of Assessment Year 2010-11, certain adjustments were made to the transaction values by the tax authorities based on arm's length price of international transactions entered with associated enterprises and on account of disallowance of royalty and technical fee. The matter is pending before ITAT. The amount involved is Rs. 138,590,560, including interest (March 31, 2016: Rs 138,590,560).

viii) In respect of Assessment Year 2011-12, certain adjustments were made to the transaction values by the tax authorities based on arm's length price of international transactions entered with associated enterprises. The matter is pending before ITAT. The amount of disallowances is Rs.385,573,006, on which income tax amounts to Rs. 206,046,500, including interest (March 31, 2016: Rs. 206,046,500).

ix) In respect of Assessment Year 2012-13, certain adjustments were made to the transaction values by the tax authorities based on arm's length price of international transactions entered with associated enterprises and on account of disallowance of royalty, technical fee. The matter is pending before ITAT. The amount of disallowances is Rs.432,743,656 on which income tax amounts to Rs.216,398,770, including interest (March 31, 2016: Rs. 140,403,679) (excluding interest, penalty etc.).

x) In respect of Assessment Year 2013-14, certain adjustments were made to the transaction values by the tax authorities based on arm's length price of international transactions entered with associated enterprises on account of margin computation of comparable and specified domestic transaction. The Company has filed an objection against the draft assessment order before Dispute Resolution Panel ('DRP') and the same is currently pending disposal. The amount of disallowances is Rs.40,901,950, on which income tax amounts to Rs. 13,270,638 (March 31, 2016: Rs. Nil) (excluding interest, penalty etc.).

xi) In respect of Assessment Year 2015-16, an adjustment was made by not allowing bad debts written off claimed in the income tax return in the intimation under section 143(1) by CPC Centre. The matter is pending before CIT(A). The amount of disallowances is Rs. 1,653,264 on which income tax amounts to Rs. 625,857 including interest (March 31, 2016: Rs. Nil).

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

(i) The Excise authorities had issued Show Cause Notices (SCN's) on the Company proposing to levy of Service tax on royalty payments amounting to Rs. 157,284,357 (March 31, 2016: Rs. 157,284,357) as recipient of services under reverse charge mechanism on the royalty paid for such import of services during the period from September 10, 2004 to March 31, 2010. In an order passed by the Commissioner (Adjudication), Service Tax during an earlier year against the above show cause notices, service tax demand of Rs. 87,561,221 has been confirmed and balance demand has been dropped. In addition, penalty of Rs. 122,561,221 (March 31, 2016: Rs. 122,561,221) has also been levied. The Company has paid Rs. 63,406,462 against the above demand as per its computation along with interest under protest and has filed appeal before CESTAT which is pending for disposal.

(ii) The Excise authorities have issued show cause/ demand notices (SCN's) on the Company for wrong availment of service tax credit and cenvat aggregating to Rs. 20,361,664 (March 31, 2016: Rs 20,361,664). The Company has filed reply against the above show cause/ demand notices and has protested the same.

(iii)The Excise authorities have issued show cause/demand notices (SCN's) on the Company for wrong calculation of education cess and higher education cess. The Company has filed reply against the above show cause/ demand notices. During the year, the case has been decided in favour of the Company. The total demand is aggregating to Rs. Nil (March 31, 2016: Rs. 2,948,481).

c) Demands raised by Employee State Insurance Recovery Officer:

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

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

30. Derivative instruments and unhedged foreign currency exposure
Particulars of unhedged foreign currency exposure as at the reporting date

Particulars	March 31, 2017		March 31, 2016	
	Amount in Rs.	Foreign currency	Amount in Rs.	Foreign currency
Trade receivables				
USD	599,180	10,740	374,483	5,548
JPY	69,643	109,740	50,057	82,061
Advances				
EUR	-	-	55,051	752
Trade payables & payable towards capital goods				
USD	30,537,874	470,864	80,377,562	1,218,740
JPY	29,383,794	50,668,964	35,410,305	60,985,734
EURO	2,492,884	35,959	3,520,370	46,371
THB	13,363,207	7,096,387	18,615,385	9,878,123

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

	March 31, 2017 Rs.	March 31, 2016 Rs.
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	296,271,786	276,096,538
Interest due on above	-	-
	296,271,786	276,096,538
The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act 2006	-	-

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

	March 31, 2017 Rs.	March 31, 2016 Rs.
Raw materials and components	1,527,184,399	1,495,474,427
Stores and spares	27,073,860	24,654,951
Capital Goods	1,295,800	1,507,761
	1,555,554,059	1,521,637,139

33. Expenditure in foreign currency (on accrual basis)

	March 31, 2017 Rs.	March 31, 2016 Rs.
Technician fee	297,200	1,315,020
Royalty	358,372,224	369,337,944
Travelling and conveyance	3,042,479	2,464,893
Interest expense	-	906,393
Design and drawings (considered as intangible assets)	13,225,500	22,044,192
Miscellaneous expenses	122,643	76,037
	375,060,046	396,144,479

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

	% of total consumption		Value in Rs.	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Raw materials and components				
Imported	16%	16%	1,715,227,425	1,725,428,948
Indigenously obtained	84%	84%	8,962,344,353	9,234,646,819
	100%	100%	10,677,571,778	10,960,075,767
Stores and spares				
Imported	7%	8%	28,142,836	37,123,101
Indigenously obtained	93%	92%	347,288,779	421,955,837
	100%	100%	375,431,615	459,078,938

35. Net dividend remitted in foreign exchange

Year of remittance (ending on)	March 31, 2017	March 31, 2016
Period to which it relates	-	2014-15 & 2015-16
Number of non-resident shareholders	-	1
Number of equity shares held on which dividend was due	-	10,400,000
Amount remitted (in Rs.)	-	83,200,000
Amount remitted (in USD)	-	1,251,888

36. Earnings in foreign currency (on accrual basis)

	March 31, 2017 Rs.	March 31, 2016 Rs.
Exports at F.O.B. value	5,225,799	4,754,622

37. Corporate social responsibility expenditure

	March 31, 2017 Rs.	March 31, 2016 Rs.
(a) Gross amount required to be spent by the Company during the year	18,483,905	17,088,682

(b) Amount spent during the year on:

March 31, 2017

Particulars	“In Cash (Rs.)”	“Yet to be paid in cash (Rs.)”	“Total (Rs.)”
Construction/Acquisition of any asset	-	-	-
On any other purpose (Scholarship for education, Sponsorship for Body Building Federation event and contribution to Prime Minister’s Relief Fund)	18,503,746	-	18,503,746

March 31, 2016

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

38. As per Notification dated March 30, 2017, issued by Ministry of Corporate Affairs, details of the Specified Bank Notes (SBN) held & transacted during the period from November 8, 2016 to December 30, 2016 as provided in the table below:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	1,025,500	1,967,479	2,992,979
(+) Permitted receipts	-	990,198	990,198
(-) Permitted payments	-	2,725,238	2,725,238
(-) Amount deposited in Banks	1,025,500	23	1,025,523
Closing cash in hand as on 30.12.2016	-	232,416	232,416

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

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm Registration No.: 301003E/E300005

per Sanjay Vij
Partner
Membership No.95169

Place: Gurugram
Date: May 19, 2017

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

Yogesh Chander Munjal
Managing Director
DIN 00003491

Pankaj Gupta
Chief Financial Officer

Vinod Kumar Agrawal
Director
DIN 00004463

Saurabh Agrawal
Company Secretary
Membership No.A36163

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

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 32nd Annual General Meeting of the Munjal Showa Limited held on Thursday the 24th Day of August 2017 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

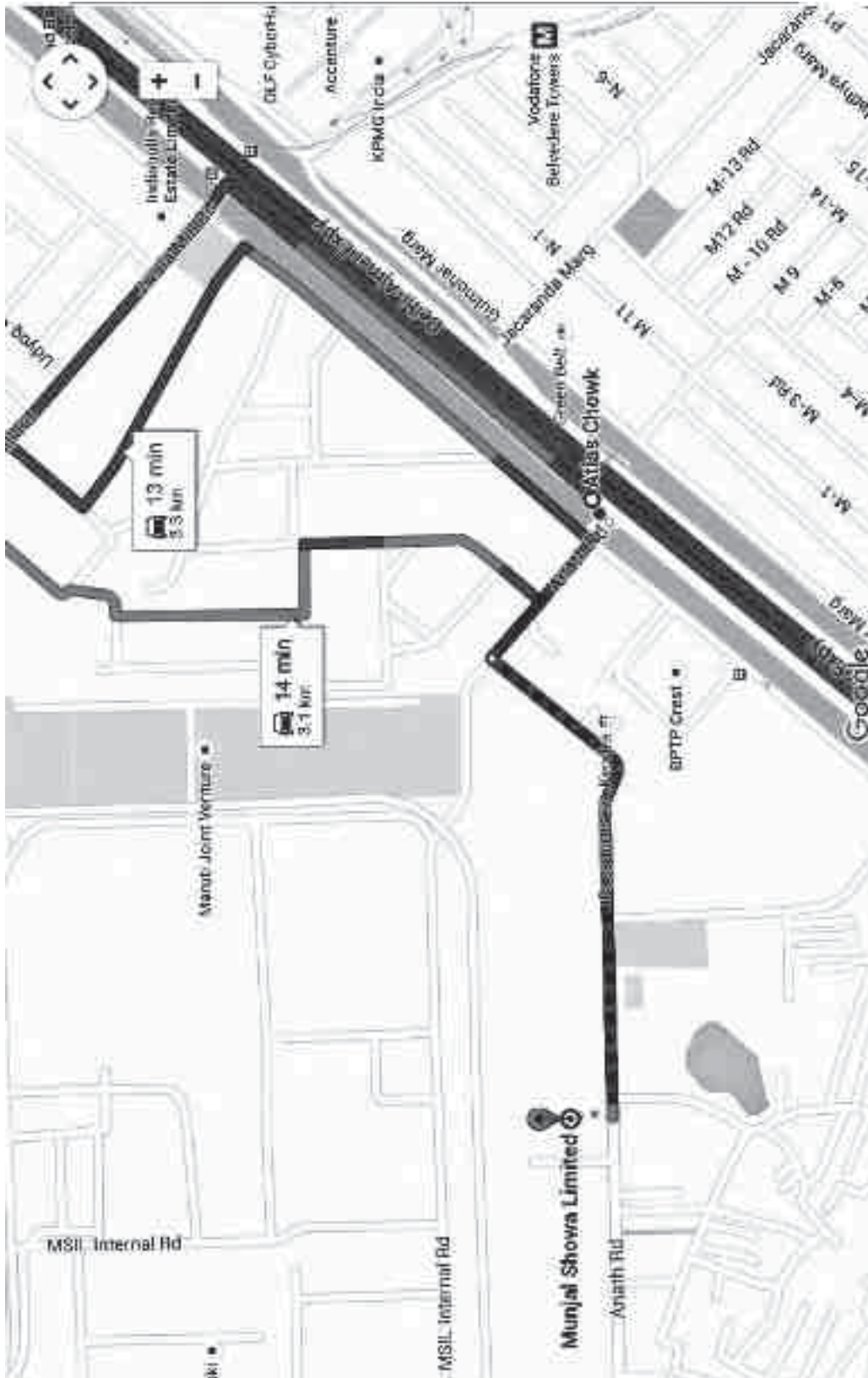
Name: _____ E-mail ID _____

Address: _____ Signature: , or failing him/her

Name: _____ E-mail ID _____

Address: _____ Signature: , or failing him/her

‘Route map for the 32nd AGM’



as my/our proxy to attend and vote, in case of a poll, for me/us and on my/our behalf at the 32nd Annual General Meeting of the Company, to be held on Thursday the 24th Day of August 2017 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	Adoption of Annual Accounts and Reports thereon for the Financial Year ended March 31st, 2017 (Ordinary Resolution)		
2	To declare a dividend on equity shares for the financial year ending 2016-17. (Ordinary Resolution)		
3	To appoint Mr. Ashok Kumar Munjal (DIN 00003843), as Director liable to retire by rotation. (Ordinary Resolution)		
4	Appointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018), as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the thirty-seventh AGM of the Company to be held in the year 2022 and to fix their remuneration. (Ordinary Resolution)		
Special Business			
5	Appointment of Mr. Shigeki Kobayashi (DIN 07626553) as a Director of the Company. (Ordinary Resolution)		
6	Appointment of Mr. Shigeki Kobayashi (DIN 07626553) as the Joint Managing Director of the Company. (Ordinary Resolution)		
7	Appointment of Mr. Teruyoshi Sato (DIN 07825074) as a Director of the Company. (Ordinary Resolution)		
8	Variation in the Terms of Appointment of Mr. Yogesh Chander Munjal, (DIN 00003491), Managing Director of the Company. (Special Resolution)		
9	Variation in the Terms of Appointment of Mr. Shigeki Kobayashi, (DIN 07626553), Joint Managing Director of the Company. (Ordinary Resolution)		

Signed this _____ day of _____ 2017.

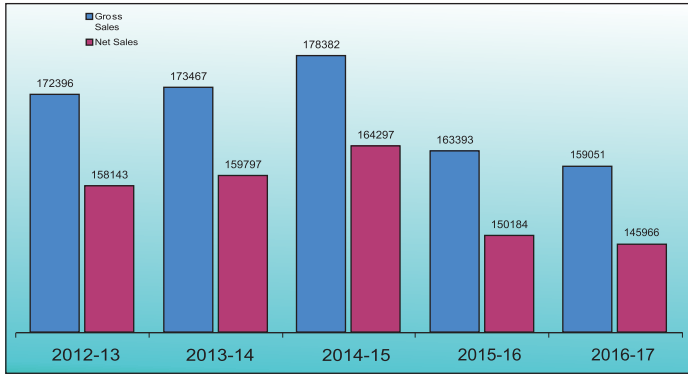
Signature _____

Affix
Revenue
Stamp

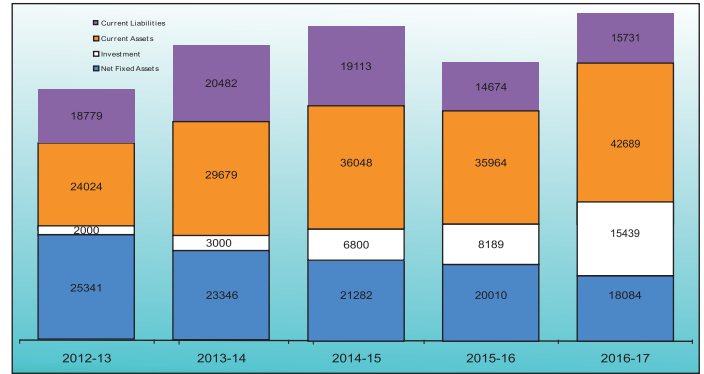
Notes:

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

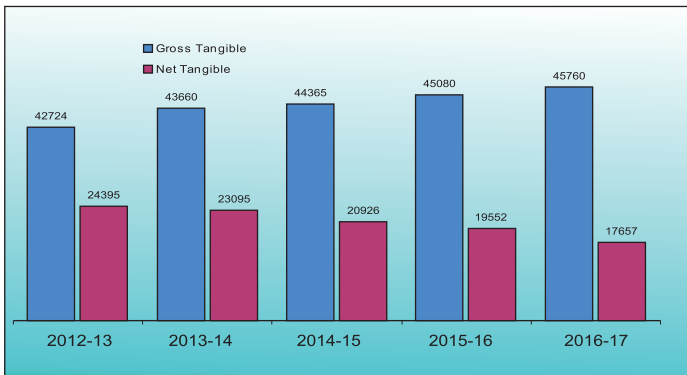
MUNJAL SHOWA LIMITED
Sales (Rs. In Lacs)



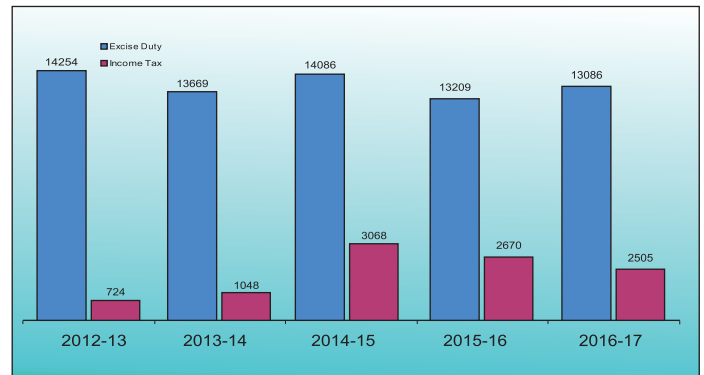
MUNJAL SHOWA LIMITED
Application of Funds (Rs. In Lacs)



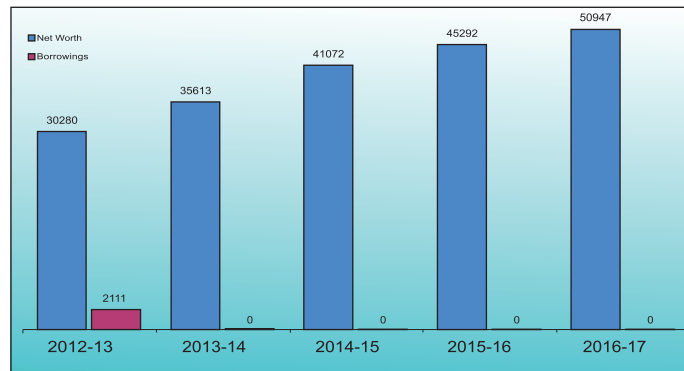
MUNJAL SHOWA LIMITED
Tangible Fixed Assets (Rs. In Lacs)



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



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





Gurugram Plant



Manesar Plant



Haridwar Plant

Munjal Showa Limited

9-11, Maruti Industrial Area. Gurugram-122015 (Harayana)

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

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