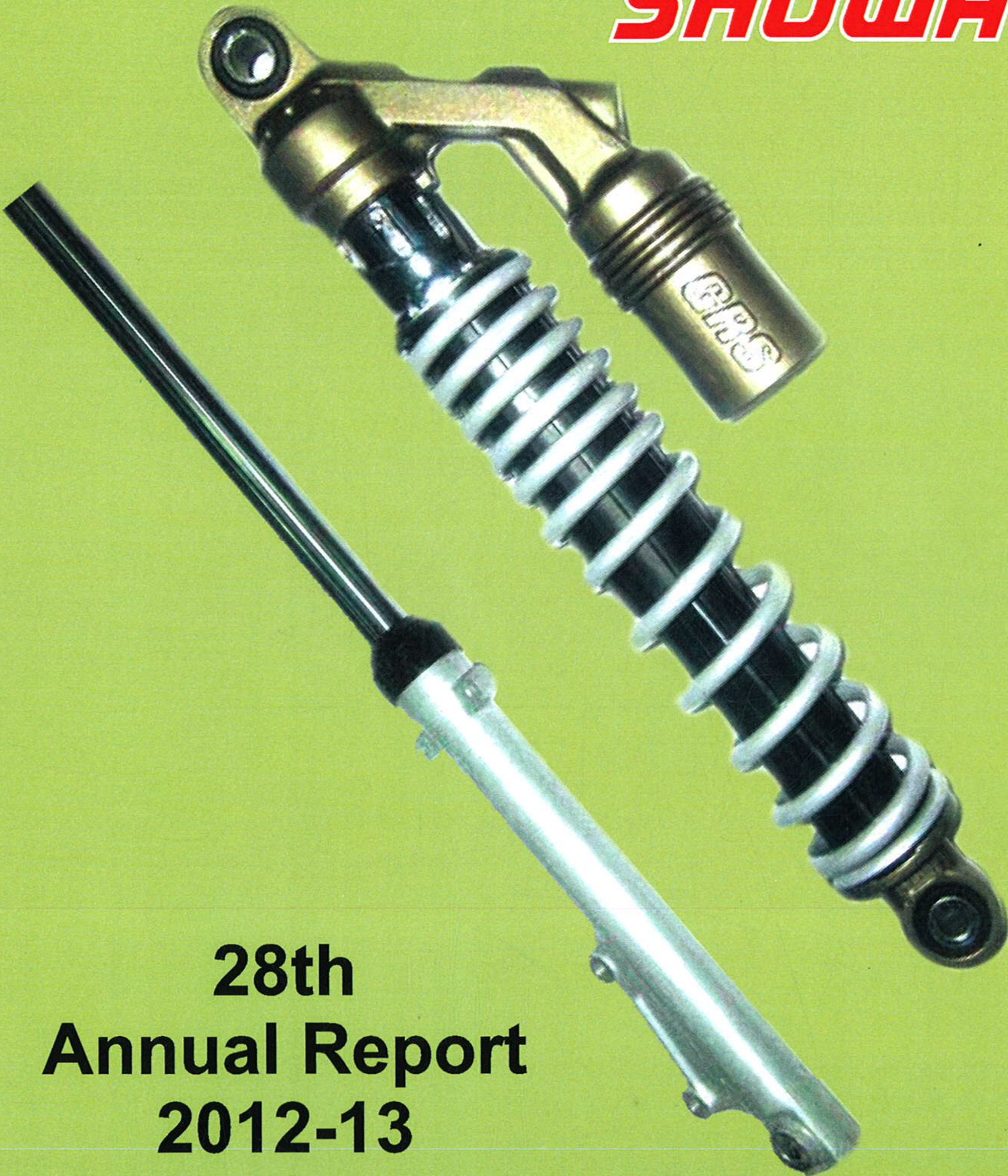
MUNJAL SHOWA



28th Annual Report 2012-13

CONTENTS

BOARD OF DIRECTORS

Brijmohan Lall Munjal (Chairman)
Yogesh Chander Munjal (Managing Director)
Tetsuo Terada (Joint Managing Director)
(upto April 24, 2013)
Isao Ito (Joint Managing Director) (w.e.f. May 24, 2013)
Katsuhiko Matsuura
Ashok Kumar Munjal
Pankaj Munjal
Krishan Chand Sethi
Vinod Kumar Agarwal
Anil Kumar Vadehra
Surinder Kumar Mehta
Nand Dhameja
Devi Singh

Chief Financial Officer
Mahesh Taneja

Company Secretary
Pankaj Gupta

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

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

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

Secretarial Auditors
Chandrasekaran Associates,
Company Secretaries, New Delhi

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

Technical & Financial Collaborator
Showa Corporation
1-14-1, Fujiwara–Cho
Gyoda- shi Saitama Ken, Japan

Registered Office & Works
Gurgaon Plant & Registered Office
9-11, Maruti Industrial Area, Gurgaon-122015

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

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

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

YEARLY FINANCIAL RESULTS AT A GLANCE

(Rs. in lacs)

	March'13	March'12	March'11	March'10	March'09
Share Capital	**799.92**	799.92	799.92	799.92	799.92
Reserve & Surplus	**29480.57**	24816.28	19497.88	17254.96	15729.81
Total Shareholder's Funds	**30280.49**	25616.20	20297.80	18054.88	16529.73
Unsecured Loans	**0.00**	1000.00	500.00	3124.14	0.00
Secured Loan	**2110.87**	6315.65	8069.95	8878.67	10129.52
Total Term Liability	**2110.87**	7315.65	8569.95	12002.81	10129.52
Current Liabilities & Provisions	**20802.28**	21289.90	20637.64	16666.45	14031.65
Total Assets / Liabilities	**53193.64**	54221.75	49505.39	46724.14	40690.90
Net Sales	**158142.66**	155688.13	128932.65	100390.87	84248.17
(% Growth year on year)	**1.58%**	20.75%	28.37%	19.15%	16.88%
Profit Before Interest Depn. & Tax (PBDIT)	**10272.47**	12414.66	8334.05	7385.35	5521.53
Profit Before Interest Depn. & Tax (PBDIT)-%	**6.50**	7.97	6.46	7.48	6.66
Interest	**716.57**	1101.91	914.01	1206.84	546.02
Depreciation	**2764.20**	2722.88	2624.67	2307.64	1685.7
Profit Before Tax (PBT)	**6791.70**	8589.87	4793.49	3870.87	3289.81
Profit After Tax (PAT)	**6068.06**	6712.90	3401.91	2461.00	2068.58
Earnings per Share (EPS) (Rs.)	**15.17**	16.78	8.51	6.15	5.17
Book Value per Share (Rs.)	**75.71**	64.05	50.75	45.14	41.33
Dividend Payout %	**# 150.00%**	150.00%	125.00%	100.00%	100.00%
Dividend per share	**# 3.00**	3.00	2.50	2.00	2.00

Recommended by Board of Directors

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY EIGHTH ANNUAL GENERAL MEETING OF THE MEMBERS OF MUNJAL SHOWA LIMITED WILL BE HELD ON FRIDAY, THE 9TH DAY OF AUGUST, 2013 AT 11:00 AM AT THE COMPANY'S REGISTERED OFFICE SITUATED AT 9-11, MARUTI INDUSTRIAL AREA, SEC-18, GURGAON-122015 (HARYANA) TO TRANSACT THE FOLLOWING BUSINESS: -

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013 and Statment of Profit and Loss for the year ended on that date together with the reports of Directors and Auditors thereon.
2. To declare a dividend of Rs. 3 /- per equity share on 3,99,95,000 equity shares of Rs. 2/- each for the financial year 2012-13.
3. To appoint a Director in place of Mr. Pankaj Munjal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Anil Kumar Vadehra, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Surinder Kumar Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint M/s S. R. Batliboi & Co. LLP, Chartered Accountants (ICAI Firm Registration No. 3013003E), Gurgaon the retiring Auditors (M/s S. R. Batliboi & Co. constitution changed to M/s S. R. Batliboi & Co. LLP) of the Company as Auditors, who shall hold that office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

As Ordinary Resolutions

7. Appointment of Mr. Isao Ito as a Director of the Company

"RESOLVED THAT Mr. Isao Ito who was appointed as an Additional Director of the Company by the Board of Directors in terms of Section 260 of the Companies Act, 1956 with effect from May 24, 2013, and Article 89 of the Articles of Association of the Company and in respect of whom the Company has received a notice from a member proposing his candidature for the office of director under section 257 of the Companies Act, 1956, together with a deposit of Rs. 500/- as required under the Act, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT pursuant to the recommendation by the Remuneration Committee of the Company and Sections 269, 309, 198 and Schedule XIII of the Companies Act, 1956, and all other applicable provisions, if any, of the said Act and subject to the approval of the Central Government, if required, Mr. Isao Ito be and is hereby appointed as the Joint Managing Director of the Company for a period of five years with effect from May 24, 2013, on such terms and conditions and remuneration as set out in the Explanatory Statement annexed hereto.

RESOLVED FURTHER THAT in terms of Article 116 of the Articles of Association of the Company, so long as Mr. Isao Ito continues to act as Joint Managing Director, he shall not be liable to retire by rotation."

As Special Resolution

8. Variation in the Terms of Appointment of Mr. Yogesh Chander Munjal, Managing Director

"RESOLVED THAT pursuant to the recommendations of the Remuneration Committee and in partial modification of the earlier Resolution passed in the Twenty Seventh Annual General Meeting held on August 09, 2012, the consent of the Company be and is hereby accorded under Sections 198, 269 and 309 read with Schedule- XIII and other applicable provisions, if any, of the Companies Act, 1956 that the Basic Salary payable to Mr. Yogesh Chander Munjal- Managing Director be increased to Rs. 11,50,000/- per month from Rs. 10,00,000/- per month with effect from May 24, 2013 and a special pay of Rs. 3,00,000/- per month with effect from May 24, 2013 for the remaining period of his tenure.

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

RESOLVED FURTHER THAT the aggregate of the remuneration payable to him in any particular Financial Year will be subject to the overall ceiling limit laid down in Sections 198 and 309 read with Schedule XIII of the Companies Act, 1956."

Place: New Delhi
Dated: May 24, 2013

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

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

PANKAJ GUPTA
GM (F&A) & COMPANY SECRETARY

NOTES:-

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

02) The Explanatory Statement setting out the material facts concerning Special Business at Item Nos. 7 to 8 of the accompanying notice as required by Section 173(2) of the Companies Act, 1956, is annexed hereto. The relevant details of persons seeking re-appointment under Item No. 3 to 5, as required by clause 49 IV (G) (i) of the listing agreement with the Stock Exchanges are also annexed.

03) Pursuant to Section 154 of the Companies Act, 1956, the Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, July 20, 2013 to Friday, August 09, 2013 (both days inclusive).

04) The dividend as recommended by the Board of Directors, if approved at the Twenty Eighth Annual General Meeting, shall be paid to those members whose names appear on the Company's Register of Members of the Company on Friday, August 09, 2013. In respect of the shares held in electronic form, the dividend shall be paid on the basis of beneficial ownership as per details furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), depositories for this purpose.

05) Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the financial year 2006-07 and thereafter, which remains unclaimed for a period of 7 years would be transferred by the Company to the "Investor Education and Protection Fund (IEPF)" established by the Central Government pursuant to Section 205C of the Companies Act, 1956. Dividends declared for the financial years 1994-95 to 2004-05 remaining unpaid/ unclaimed have already been transferred to the Investor Education and Protection Fund. Dividend declared for the financial year 2005-06 is in the process of transfer to IEPF.

06) Information in respect of unclaimed dividend pertaining to subsequent financial years when due for transfer to the said Fund is given below:

Financial year ended	Date of declaration of Dividend	Last date upto which claim can be lodged for unpaid Dividend
31.03.2007	07.08.2007	13.08.2014
31.03.2008	07.08.2008	13.08.2015
31.03.2009	07.08.2009	13.08.2016
31.03.2010	11.08.2010	17.08.2017
31.03.2011	11.08.2011	17.08.2018
31.03.2012	09.08.2012	16.08.2019

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

07) Members are requested to notify immediately any change of address

i) To their Depository Participants (DPs) in respect of their electronic share accounts, and

ii) To the Company's Registrar, MCS Limited, F–65, Okhla Industrial Area, Phase I, New Delhi 110 020 in respect of their physical share folios, if any, quoting their folio number.

08) 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.

09) Shareholders holding shares in electronic form may kindly note that their bank account details as furnished by their Depositories to the Company will be printed on their Dividend Warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such shareholders for deletion of / change in such Bank details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic mode. Shareholders who wish to change such Bank Account details are therefore requested to advise their Depository Participants about such change, with complete details of Bank Account.

10) 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.

11) Members are requested to bring their copy of the Annual Report and Attendance Slip duly filled in to the Annual General Meeting. Duplicate Attendance Slips will not be issued at the venue.

12) 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.

ANNEXURE TO THE NOTICE

A. EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 7

Mr. Isao Ito has been nominated by the Technical and Financial Collaborator M/s Showa Corporation, Japan to the Board of the Company. In pursuance of the above, the Board of directors in its meeting held on May 24, 2013 appointed Mr. Isao Ito as an additional Director w.e.f. May 24, 2013 as per the provision contained under section 260 of the Companies Act, 1956 and Article 89 of the Articles of Association of the Company.

The Company has received from a member a notice under section 257 of the Companies Act, 1956 along with the deposit of Rs. 500/- signifying his intention to propose the candidature of Mr. Isao Ito for the office of director of the Company.

Pursuant to the recommendation of remuneration committee in their meeting held on May 23, 2013, the Board of directors in its meeting held on May 24, 2013 also appointed Mr. Isao Ito as Joint Managing Director of the Company, subject to the approval of the shareholders in the ensuing General Meeting and Central Government, if required, for a period of five years w.e.f. May 24, 2013.

Having regards to his wide knowledge and professional competence, the Board considers that the appointment of Mr. Isao Ito as Joint Managing Director is in the best interest of the Company.

The appointment and remuneration payable to Mr. Isao Ito with effect from May 24, 2013 is subject to the approval of the Central Government, pursuant to Sections 198, 269, 309 and Schedule XIII of the Companies Act, 1956. His remuneration is stated hereunder:-

1. **Basic Salary:** Rs. 7,50,000/- (Rs. Seven Lacs Fifty Thousand per month only) p.m.
2. **Commission:** He shall also be allowed commission in addition to Basic Salary, 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 read with sections 349 and 350 of the Companies Act, 1956.
3. **Perquisites and Allowances:** In addition to the above Basic Salary 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 which shall be provided by the Company;
   b) **Medical Reimbursement**: Reimbursement of actual medical expenses incurred by him and his family, in addition he will also be entitled to have a mediclaim insurance policy, premium for which should not exceed Rs.15000/- per annum;
   c) **Leave Travel Concession:** For him and his family once in a year incurred in accordance with any Rules specified by the Company;
   d) **Club Fees:** Actual fees of clubs will be reimbursed ;
   e) **Gas, Electricity & Water:** Actual Expenses on Gas, Electricity and Water will be paid by the Company;
   f) **Personal Accident Insurance:** Actual premium to be paid by the Company;
   g) **Car:** Facility of car with driver;
   h) **Telephone:** Free telephone facility at Residence including mobile phone and internet facility;

i) **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;

j) **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, he joins another branch of the same/ related multinational Company, the branch to which they are transferred shall bear these expenses;

k) **Reimbursement of other expenses:** Reimbursement of entertainment, traveling, hotel and other expenses actually and properly incurred for the business of the Company;

l) **Contribution to Provident Funds:** Company's contribution to Provident will be as per the Rules of the Company; and

4. Minimum Remuneration

In case of any loss or inadequacy of profits during any financial year, the remuneration payable to Mr. Isao Ito shall not exceed the limits as prescribed under Part-II of Schedule XIII of the Companies Act, 1956.

Provided that the aggregate amount of remuneration payable to him in a particular financial year will be subject to the overall ceiling limits laid down in Sections 198 and 309 of the Companies Act, 1956.

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

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

In terms of Article 116 of the Articles of Association of the Company, Mr. Isao Ito shall not be subject to retirement by rotation during his tenure as Joint Managing Director of the Company.

Except Mr. Isao Ito, no other director is interested /concerned in the Resolution under Item no. 7.

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

Item No. 8

The Members had approved basic salary of Mr. Yogesh Chander Munjal- Managing Director Rs. 10,00,000/- with effect from September 01, 2012 in the Twenty Seventh Annual General Meeting held on August 09, 2012. Under the leadership of Mr. Yogesh Chander Munjal, the business of your Company has seen new heights of growth year after year. In view of the vast experience and valuable contribution made by Mr. Yogesh Chander Munjal towards the growth of the Company and the job responsibilities handled by Managing Director in the challenging environment, and on the basis of recommendation of Remuneration Committee, your Board of Directors have, by passing a Resolution in their meeting held on May 24th, 2013, revised the basic salary of Managing Director to Rs. 11,50,000/- per month from Rs. 10,00,000/- per month with effect from May 24, 2013 and a special pay of Rs. 3,00,000/- per month with effect from May 24, 2013 for the remaining period of his tenure. All other terms and conditions of his appointment will remain same.

Except Mr. Yogesh Chander Munjal, no other director is interested /concerned in the Resolution under Item no. 8.

The Board recommends the resolution to the members for their approval to be adopted as special resolution in view of the age more than 70 years.

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

B. INFORMATION PURSUANT TO CLAUSE 49(IV) (G) (i) OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES

a) Mr. Pankaj Munjal

Mr. Pankaj Munjal is a young industrialist of 50 years and belongs to Munjal Family, the founders and promoters of Hero Group. Mr. Munjal graduated in Science and then underwent specialized training in Automotive Manufacturing at General Motors Institute, Flint in USA. Thereafter, he attended the executive programme in Strategic Marketing Management at London Business School, Harvard University. Mr. Munjal takes an active interest in the promotion of business domestically and globally.

Directorships/Chairmanship and membership held by Mr. Pankaj Munjal in other Companies are:

Name of Company	Nature of Office
Hero Cycles Limited	Director
Munjal Kiriu Industries Private Limited	Director
Hero Motors Limited	Director
	Member Audit Committee
	Member Shareholders Grievance Committee
Satyam Auto Components Limited	Director
Hero Global Design Limited	Director
	Chairman Audit Committee
	Chairman Remuneration Committee
Hero Financial Services Limited	Director
Bhagyaudaya Investment Private Limited	Director
Urban Trail Cycles Limited	Director
Falcon Cycles Private Limited	Director
Munjal Insurance Sevices Private Limited	Director
Munjal Brothers Private Limited	Director
Munjal Hospitality Private Limited	Director
Munjal Light Metals Private Limited	Director
Prgati Tyres Private Limited	Director
ZF Hero Chasis System Private Limited	Director
Munjal Aviation Private Limited	Director
Munjal Alternate Fuels Private Limied	Director
Hero Transmission Private Limited	Director

Mr. Pankaj Munjal does not hold any share (as owner or on behalf of any other person on beneficial basis) in the Company.

Mr. Pankaj Munjal retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. The Board recommends his re-appointment.

b) Mr. Anil Kumar Vadehra

Mr. Anil Kumar Vadehra, aged 69 years, holds a Bachelor Degree in Mechanical Engineering from University of Roorkee, U.P. and an M.B.A. from Faculty of Management Studies, Delhi. Presently Mr. Vadehra is Professor in the area of Finance and Project Management at Jaypee Business School, Noida and is also offering Project & Management Consultancy Services for new/existing projects including rehabilitation of sick units. He has served as General Manager at IFCI Ltd, Professor at Management Development Institute (MDI), Gurgaon and President at HB Estate Developers Ltd. Mr. Vadehra has also been an adjunct/visiting faculty at ICFAI Business School, Gurgaon, MDI Gurgaon, NIILM, SRIRAM Centre, EMPI, JIMS in the areas of Project Appraisal/Management, Investment Banking & Financial Services, Financial Management, Working Capital Management, Management of Financial Institutions etc.

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

Mr. Anil Kumar Vadehra does not hold any share (as owner or on behalf of any other person on beneficial basis) in the Company.

Mr. Anil Kumar Vadehra retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. The Board recommends his re-appointment.

c) Mr. Surinder Kumar Mehta

Mr. Mehta, aged 78 years Born on December 6, 1934 at Peshawar (Pakistan) in the family of educationists. He graduated from A S College, Khanna in 1954 and passed out from Punjab University Law College, Jalandhar with high merit in 1957, Enrolled as advocate of Punjab and Haryana High Court, Chandigarh in 1959. He received intensive training in taxation/accounts from M/s Vasudev & Co., Income Tax Advisors, New Delhi and M/s K C Khanna, Chartered Accountants, New Delhi. Joined Hero Group in 1962 with responsibility for group accounts, internal audit, taxation, finance and legal matters and retired from this position in December 2003 as Sr. Vice President. He is Trustee cum General Secretary of Sant Ashram Dhablan Trust (District Patiala) since 1976 and Gurudwara Karamsar Rara Sahib Trust since 1978 and general secretary of Sant Ishar Singh Ji Memorial Public School, Karamsar since 1985. He is looking after as manager since 1995, all educational institutions run by Lala Bahadur Chand Munjal Foundation, Ludhiana, which have student strength of 14000.

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

Name of Company	Nature of Office
Rockman Industries Limited	Chairman-Audit Committee
Sunbeam Auto Private Limited	Director

Mr. Surinder Kumar Mehta does not hold any share (as owner or on behalf of any other person on beneficial basis) in the Company.

Mr. Surinder Kumar Mehta retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. The Board recommends his re-appointment.

d) Mr. Isao Ito

Mr. Isao Ito aged 49 years, is technical college graduate from Japan. He started his career in 1983 in Production Department, Asaba Plant, Showa Corporation, Japan. He was promoted as a Manager in Production in June 2005 and again promoted as executive director of Showa India Private Limited in December 2011.

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

Mr. Isao Ito does not hold any share in the Company.

None of the directors except Mr. Isao Ito himself is concerned or interested in the above Resolution under Item No. 7.

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

INSPECTION

Copies of all relevant documents and papers referred to in the accompanying Notice and Explanatory Statement are kept open for inspection by Members between 11.00 A.M. to 1.00 P.M. on any working day except Sundays and Public Holidays, up to the date of Meeting at the Registered Office of the Company.

Place: New Delhi
Dated: May 24, 2013
Registered Office:
9-11, Maruti Industrial Area
Gurgaon, Haryana - 122 015

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

PANKAJ GUPTA
GM (F&A) & COMPANY SECRETARY

DIRECTOR'S REPORT

Dear Members,

Your Directors have great pleasure in presenting the 28th Annual Report together with the Audited Statement of Accounts for the financial year ended March 31, 2013.

FINANCIAL RESULTS AND APPROPRIATIONS

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

(Rs. In Lacs)

	Year Ended 31.03.13	Year Ended 31.03.12
Sales and other Income	172743.67	167568.49
Profit before Interest, Depreciation, Tax & Exceptional item	10886.81	12414.66
Exceptional Item (Interest expenses)	614.34	-
Financial Cost	716.57	1101.90
Depreciation	2764.20	2722.88
Profit before Tax	6791.70	8589.88
Provision for Taxation	723.64	1876.99
Profit after Tax	6068.06	6712.89
Net Profit brought forward	6908.43	3590.03
Profit available for appropriation	12976.49	10302.92
Dividend (Recommended)	1199.85	1199.85
Dividend Tax (Net)	203.91	194.64
Transfer to General Reserve	2000.00	2000.00
Surplus carried to Balance Sheet	9572.73	6908.43

OPERATIONS

The Company has achieved a sales turnover of Rs. 172743.67 lacs registering a growth of 3.09 per cent vis-à-vis Rs. 167568.49 lacs in the previous year. The profit before tax in the current year was at Rs. 6791.69 lacs as compared to Rs. 8,589.88 lacs in the previous year and the decrease was mainly on account of wage settlement at Manesar Plant, reducing the useful life of certain assets and provision of interest of Rs.697.33 lacs (including Rs.614.34 lacs shown as exceptional item as above) on Manesar Land Enhancement Demand made by HSIIDC during the year under review.

FUTURE PROSPECTS

As per RBI's Indian Economy survey there is an anticipation of a modest recovery with growth in 2013-14 at 5.7 per cent from 5.0 per cent in the year 2012-13 while Average WPI & CPI inflation moderate to 5.5 per cent from 7.4 per cent & 7.5 per cent from 10.2 per cent in year 2012-13 respectively which shows that inflation expectations have moderated slightly, while business expectations remain subdued.

As per Consumer Confidence Survey March 2013 conducted by Reserve Bank of India the negative sentiments with respect to the current and future economic conditions have been rising over the last four quarters.

The outlook has been comparatively better than the perception on current economic conditions due to positive forecast for the monsoon from normal to excess based on the El Nino and sea temperature patterns, increase in rural demand due to rising agricultural incomes to the economy. About one third of the respondents reported no change in the employment scenario. However, the overall perception on future employment scenario remains optimistic.

Our existing customers have assured to meet predetermined sales targets with around 10 per cent growth, with the support of new models likely to be launched both in 2 Wheeler and 4 Wheeler segment and export in the coming year i.e.2013-14. They have planned major initiative to boost the industry sentiments and accelerate growth in the year 2013-14 mainly through new launches, campaigns, capacity addition and network expansion and a significant step working toward their global vision. In nutshell, all customers of the Company are on growth path and Company is confident to meet their increased demand.

TRANSFER TO GENERAL RESERVE

The Board proposes to transfer an amount of Rs. 2000.00 lacs to General Reserve, having regard to the requirements of Section 205 (2A) of the Companies Act, 1956. The balance amount of Rs. 9572.73 lacs (Previous year Rs. 6908.43 lacs) will be retained in the Profit and Loss Account.

DIVIDEND

Your directors are pleased to recommend a dividend of 150 per cent (i.e. Rs. 3/- Per equity share of Rs. 2/- each) for the year ended March 31, 2013 amounting to Rs. 1199.85 lacs in aggregate as compared to 150 per cent i.e. Rs. 3.00 per share in the corresponding last year. Dividend will be tax free in the hands of shareholders, as the Company will bear the dividend distribution tax of Rs. 203.91 lacs (Previous year Rs.194.64 lacs). The dividend, if approved, at the Annual General Meeting shall be payable to the shareholders registered in the books of the Company and the beneficial owners whose names are furnished by the depositories, determined with reference to the book closure from July 20, 2013 to August 09, 2013 (both days inclusive).

DIRECTORS

Mr. Pankaj Munjal, Mr. Surinder Kumar Mehta and Mr. Anil Kumar Vadehra, the directors of the Company are liable to retire by rotation from the Board at the ensuing Annual General Meeting. Mr. Pankaj Munjal, Mr. Surinder Kumar Mehta and Mr. Anil Kumar Vadehra being eligible have offered themselves for re-appointment.

Mr. Tetsuo Terada- executive director has resigned from the post of director w.e.f. April 24, 2013. The Board places on record their appreciation for the valuable services rendered by Mr. Tetsuo Terada during his tenure as Director of the Company.

Mr. Isao Ito has been appointed as an additional director under Section 260 of the Companies Act, 1956 read with Article 89 of the Articles of Association of the Company w.e.f May 24, 2013. He shall hold office of director up to the date of ensuing Annual General Meeting. A notice under Section 257 of the Companies Act, 1956, proposing his candidature as Director at the ensuing Annual General Meeting of the Company, has been received.

Brief resumes of Mr. Pankaj Munjal, Mr. Surinder Kumar Mehta, Mr. Anil Kumar Vadehra and Mr. Isao Ito have been appended to the Notice of the Annual General Meeting.

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

CORPORATE GOVERNANCE

Report on Corporate Governance and Management Discussion & Analysis Report along with Certificate of the Auditors of your Company pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, have been included in this Report as ***Annexure-A***. Your Company has been practicing the principles of good Corporate Governance over the years.

In terms of sub-clause (v) of Clause 49 of the Listing Agreement, Certificate of CEO/CFO, inter alia, confirming the correctness of the financial statements, adequacy of internal control measures and reporting of matters to the Audit Committee in terms of the said Clause, is also enclosed as a part of the Report.

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

AUDITORS

M/s S.R. Batliboi & Co.LLP, Chartered Accountants, Gurgaon, the Auditors of the Company (M/s S. R. Batliboi & Co. constitution changed to M/s. S. R. Batliboi & Co. LLP) retire at the conclusion of the forthcoming Annual General Meeting, and being eligible, offer themselves for re-appointment. The Company has also received certificate from the auditors to the effect that their re-appointment, if made, would be in accordance with Section 224(1B) of the Companies Act, 1956.

The Board recommends their re-appointment.

AUDITORS REPORT

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

COST AUDITORS

M/s. Ramanath Iyer & Co., Cost Accountants, New Delhi, the Cost Auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting, and being eligible, offer themselves for re-appointment. The Company has also received certificate from the auditors to the effect that their re-appointment, if made, would be in accordance with Section 233(B) of the Companies Act, 1956.

The Board recommends their re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance with Section 217(2AA) of the Companies Act, 1956, the Directors confirm:

a) that the applicable accounting standards have been followed in the preparation of annual accounts and that there are no material departures;

b) that such accounting policies have been selected and applied consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March' 2013 and of the profit of the Company for the year ended on that date;

c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

d) that the annual accounts have been prepared on a going concern basis;

AUDIT COMMITTEE RECOMMENDATION

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

FIXED DEPOSIT

The Company has not accepted any Fixed Deposits during the year under Section 58A or 58AA of the Companies Act, 1956 and the rules made there-under, and as such no amount on account of principal or interest on public deposits was outstanding on the date of the Balance Sheet.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 regarding Conservation of Energy, Technology Absorption and R & D and Foreign Exchange earnings & outgo are given in ***Annexure-B*** which forms part of Directors' Report.

ENVIRONMENT COMPLIANCE

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

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

By Regular training for workers and staff to prevent accident related to mechanical, electrical, chemical, physiological and psychological safety the Company has made "Zero 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, this year we have received two national awards from Ministry Of Labour and Employment for safety. The Company is a regular member of Haryana Environment Management Society.

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

ISO/TS 16949 ACCREDITATION

Your Company's manufacturing facilities plants located at Gurgaon and Manesar continue to maintain and uphold the prestigious **ISO/TS 16949:2009**, **ISO 14001:2004** and **OHSAS 18001: 2007** (Occupational Health & Safety Assessment Series) certifications from reputed leading Indian and International Certification Institutions. Company's third plant located at Haridwar has also got TS 16945. These certifications help in continuous improvements, besides emphasis being laid on prevention of defects, reduction of wastes and variation in supply chain management.

TPM

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

We have achieved Japan Institute of Plant Maintenance TPM Excellency Award "category A" for Gurgaon as well as our Manesar Plants in the year 2008 & 2010 respectively. We are working towards challenging the next level which is consistency level by the end of 2013. The Company had made the TPM declaration for our Haridwar Plant on 23rd March 2011. Munjal Showa is helping some of our Vendors in doing TPM in their Organizations.

To share the TPM & Lean achievements we receive many delegations not only from India rather from all over the World, Countries like USA, Germany, UK, Japan, Thailand, Brazil, Indonesia, Vietnam, China, etc. Besides that we receive lots of Delegations from CII, (all the regions) ACMA, Honda cluster club, IMTMA, etc.)

Lean Activities:

We have clubbed TPM with lean manufacturing system. Our Company has conducted Lean Manufacturing System (Value Stream Mapping) Work Shop. We have converted lots of huge & complicated machines to Lean Machines & manufactured Lean machines in house. We receive many visitors not only from India but also from all over the World to see our TPM & Lean machine manufacturing activity. Munjal Showa is taking a lead role in spreading this concept of Lean Machines across the Country thru CII, ACMA, IMTMA, MSIL, HMCL, Honda Siel Club, etc.

In the recent past, we were able to re-build many very big & very complicated machines into very simple & Lean machines, which have many advantages besides the space saving. We have manufactured many new machines by using the TPM, Lean & Low cost Automation concepts. And the Journey is still on.

LISTING

The shares of your Company are listed at National Stock Exchange of India Limited and Bombay Stock Exchange Limited, and pursuant to Clause 38 of the Listing Agreement, the Annual Listing fees for the year 2012-2013 have been paid to them well before the due date i.e. April 30, 2013. The Company has also paid the annual custodian fees for the year 2013-14 in respect of Shares held in dematerialized mode to NSDL & CDSL.

PARTICULARS OF EMPLOYEES

A statement under sub-section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, forming part of this Directors' Report is given in ***Annexure-C***.

HUMAN RESOURCES

Your Company believes that employees form the fulcrum of growth and differentiation for the organization. The Company recognizes that people are its principal assets and that to continued growth is dependent upon the Company's ability to attract and retain quality people. The total headcounts were 3292 at the end of the year as compared to 3494 of the previous year. The Company encourages long-term commitment to the Company by rewarding its people for the opportunities they create and the value generated for customers and shareholders. The Company conducts several training programmes to upgrade the skills of the workforce.

ACKNOWLEDGEMENT

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

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

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

For and on behalf of the Board

Place: New Delhi
Dated: May 24, 2013

BRIJMOHAN LALL MUNJAL
Chairman

ANNEXURE-A TO DIRECTORS' REPORT

Report on Corporate Governance

The Directors have pleasure in presenting the Corporate Governance Report for the year ended March 31, 2013.

Company's Philosophy on Corporate Governance

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

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

I. BOARD OF DIRECTORS

A. Composition of Board

The Board of Directors of the Company consists of twelve Directors having a pool of collective knowledge from various disciplines like Engineering, Finance, Treasury, Business Management, Corporate Planning, etc. The Board has been constituted in a manner resulting in an appropriate composition of Executive, Non-Executive and Independent Directors. The Non-executive Directors play an active role in the meetings of the Board and are associated with the various Board Committees. They also bring independent judgment in the Board's deliberations and decisions. The Board meets regularly and is responsible for the proper management of the Company. Two Directors are executive; four directors, including the Chairman, are non-executive and six directors are Non-Executive and Independent.

The Board and its Committees formulate policy decisions, so as to lead and control the affairs of the Company. The Composition of the Board is in conformity with the provisions of the Listing Agreement. No Director is a member of more than 10 Committees or acts as Chairman of more than 5 Committees across all companies in which he is a director.

The details of the composition of the Board, number of meetings held during their tenure and attended by Directors during financial year 2012-13 are as follows:

Name of Director	Number of Board Meetings held during his tenure and attended by him		Number of Attendance at last AGM	Number of Committee Memberships (including Chairmanships) held	Number of Committee Chairmanships held	Number of Outside Directorships held
	Held	Attended		(excluding Private Companies, Foreign Companies and Section 25 Companies)		
Executive Directors						
Mr. Yogesh Chander Munjal	4	4	YES	None	None	None
Mr. Tetsuo Terada	4	4	YES	None	None	None
Non-Executive Directors						
Mr. Brijmohan Lall Munjal	4	4	YES	1	None	7
Mr. Akira Kadoya *upto May 23,12	1	0	-	-	-	None
Mr. Katsuhiko Matsuura *from May 23,12	3	0	YES	None	None	None
Mr. Pankaj Munjal	4	0	NO	4	2	6
Mr. Ashok Kumar Munjal	4	1	YES	1	None	1
Non-Executive and Independent Directors						
Mr. Krishan Chand Sethi	4	4	YES	None	None	None
Mr. Vinod Kumar Agarwal	4	4	YES	None	None	None
Mr. Anil Kumar Vadehra	4	3	YES	None	None	None
Mr. Surinder Kumar Mehta	4	4	NO	1	1	1
Mr. Nand Lal Dhameja	4	3	YES	None	None	None
Mr. Devi Singh	4	4	YES	3	2	5

* Representative of Showa Corporation, Japan based at Japan

B. Meetings held in financial year 2012-13 and Attendance of Directors

The Board meets at least once in a quarter to consider, amongst other business, the quarterly performance of the Company and its financial results. The Board held four meetings during the financial year 2012-13 on May 23, 2012, July 27, 2012, October 30, 2012 and February 04, 2013.

Information supplied to the Board interalia includes:

- Annual operating plans and budgets of business, capital budgets and updates,
- Quarterly results of the Company,
- Minutes of the meetings of Audit Committee and other Committees of the Board,
- Information on recruitment and remuneration of senior officers just below the Board level,
- Any material defaults in financial obligation to and by the Company, or substantial non-payments for goods sold by the Company,

- Materially important show cause, demand, prosecution and penalty notices,
- Fatal or serious accidents or dangerous occurrences, any material effluent or pollution problems,
- Any issue which involves possible public or product liability claims of a substantial nature,
- Details of any joint venture or collaboration agreement,
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property,
- Any significant development in Human Resources / Industrial relations, significant labour problems and proposed solutions,
- Quarterly details of foreign exchange exposure and the steps taken by management to limit the risk of adverse exchange rate,
- Sale of material nature, of investments and assets, which are not in normal course of business,
- Non-compliance of any regulatory or statutory provisions or listing requirements as well as shareholders services such as non-payment of dividend and delays in share transfer.

C. Code of Conduct

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

I hereby confirm that the Company has obtained from all the members of the Board and Management Personnel, affirmation that they have complied with the Code of Business Conduct & Ethics for Directors / Management Personnel in respect of the financial year 2012-13.

II. AUDIT COMMITTEE

The Audit Committee consists of four Directors namely Mr. Krishan Chand Sethi, Mr. Ashok Kumar Munjal, Mr. Vinod Kumar Agrawal and Mr. Anil Kumar Vadehra, being Non- Executive 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 Company Law. Mr. Vinod Kumar Agrawal, Mr. Ashok Kumar Munjal and Mr. Anil Kumar Vadehra are having accounting and related financial management expertise. The terms of reference of the Audit Committee are in line with the Listing Agreement and the Companies Act, 1956. The Audit Committee assures to the Board the adherence of adequate internal control and financial disclosures and other acts conforming to the requirements of Listing Agreement with the Stock Exchanges. The Quarterly Financial Statements of the Company are reviewed by the Committee before submission to the Board for approval.

The terms of Reference of this Committee are wide enough covering the matters specified for Audit Committees under the Listing Agreement. The Audit Committee regularly reviews related party transactions, internal audit reports, appointment of Auditors, management letters issued by the statutory 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 292 A of the Companies Act, 1956. 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 2012-13, the Audit Committee met four times, on May 22, 2012, July 26, 2012, October 29, 2012 and February 02, 2013.

Attendance of Members at the meetings of the Audit Committee held during 2012-13 was as under:

Members	No. of Meetings attended
Mr. Vinod Kumar Agrawal, Chairman	4
Mr. Ashok Kumar Munjal	2
Mr. Krishan Chand Sethi	4
Mr. Anil Kumar Vadehra	3

III. REMUNERATION COMMITTEE

The Remuneration Committee duly constituted has been empowered to consider and recommend to the Board the remuneration of Managing Director/Whole Time Director. The present Remuneration Committee consists of the following three non-executive & independent directors:

Mr. Krishan Chand Sethi-Chairman

Mr. Vinod Kumar Agrawal- Member

Mr. Anil Kumar Vadehra - Member

The meeting of the Remuneration Committee was held on April 27, 2012 under the Chairmanship of Mr. Krishan Chand Sethi. The meeting was attended by Mr. Krishan Chand Sethi, Mr. Vinod Kumar Agrawal and Mr. Anil Kumar Vadehra. The meeting was held to consider and recommend increase in the remuneration payable to Mr. Yogesh Chander Munjal, Managing Director and Mr. Tetsuo Terada, Joint Managing Director.

IV. REMUNERATION OF DIRECTORS

The Recommendations of the Remuneration Committee are considered and approved by the Board subject to the approval of shareholders and Central Government, if required. The remuneration structure of Executive Directors comprises of basic salary, commission, perquisites and other allowances. The Chairman and Non-executive Directors do not draw any remuneration from the Company except Sitting Fee for attending the meetings of Board of Directors and Committees thereof as may be determined by the Board of Directors from time to time and approved by the shareholders. Payments of sitting fee to non-executive directors are made within the limits prescribed under the Companies Act, 1956. The details of the remuneration paid to Directors for the financial year 2012-13 are as under:

Name	Salary, Allowances and Perquisites*	Commission**	Sitting Fee***	Total
Mr. Brijmohan Lall Munjal	Nil	Nil	75000	75000
Mr. Yogesh Chander Munjal	23678704	7350282	Nil	31028986
Mr. Tetsuo Terada	10976815	7350282	Nil	18327097
Mr. Pankaj Munjal	Nil	Nil	Nil	Nil
Mr. Ashok Kumar Munjal	Nil	Nil	110000	110000
Mr. Krishan Chand Sethi	Nil	Nil	165000	165000
Mr. Vinod Kumar Agrawal	Nil	Nil	165000	165000
Mr. Anil Kumar Vadehra	Nil	Nil	230000	230000
Mr. Surinder Kumar Mehta	Nil	Nil	75000	75000
Mr. Nand Dhameja	Nil	Nil	55000	55000
Mr. Devi Singh	Nil	Nil	75000	75000

* Gross Salary includes basic salary, Company's contribution to Provident Fund, Medical Reimbursement, Monetary value of perquisites and value of rent-free accommodation.

** Commission is calculated @ 1% of the net profit calculated in accordance with Section 198 read with Sections 349 & 350 of the Companies Act, 1956.

*** Sitting fee shown above also includes the fee paid to directors for attending meetings of Committees of the Board.

There are no Stock Options available / issued to any director of the Company and this does not form a part of their contract with the Company. Non executive directors do not hold any shares in the Company.

V. SHARE TRANSFER AND INVESTOR GRIEVANCES COMMITTEE

The "Share Transfer and Investor Grievances Committee" has been looking into investor grievances and to suggest remedies and measures for improvement. The Committee comprises of four directors, of whom two are Non-Executive Directors, namely Mr. Anil Kumar Vadehra and Mr. Ashok Kumar Munjal. The Chairman Mr. Anil Kumar Vadehra is a non-executive independent director. The Company Secretary acts as the compliance officer of the Company and any request / complaint can be forwarded to the Company at email Id investorscomplaints@munjalshowa.net.

During the year, the Company received 93 requests/complaints from the shareholders. All the requests/ complaints were attended promptly and resolved to the satisfaction of the shareholders. The Company endeavors to reply to all complaints received from the shareholders within a period of ten days. As on date no complaints are pending except those, which are under litigation, dispute or court orders. There was no other pending share transfer case as on March 31, 2013.

List of requests/complaints received from shareholders during the financial year 2012-2013 is as under:

Sr. No.	Nature of complaints received	Received	Solved	Pending
1.	Transfer / Transmission of shares	15	15	Nil
2.	Non receipt of Annual Report	16	16	Nil
3.	Non receipt of dividend warrants / Revalidation of dividend warrants	38	38	Nil
4.	Miscellaneous	24	24	Nil
	TOTAL	**93**	**93**	**Nil**

VI. SHARE TRANSFER SYSTEM

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

VII. GENERAL BODY MEETINGS

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

For the Year	Location	Day and Date	Time	No. of Special Resolutions passed
2011-2012	9-11, Maruti Industrial Area, Sec-18, Gurgaon	Thursday, August 09, 2012	11:00 A.M.	01
2010-2011	26E & F, Sector 3, IMT Manesar, Gurgaon	Thursday, August 11, 2011	11:00 A.M.	Nil
2009-2010	26E & F, Sector 3, IMT Manesar, Gurgaon	Wednesday, August 11, 2010	11:00 A.M.	Nil

No resolution has been passed by the Company's shareholders through postal ballot during the Financial Year 2012-13 and there is no resolution proposed to be passed through postal ballot in the ensuing Annual General Meeting.

VIII. DISCLOSURES

a. A statement in summary form of transactions with related parties in the ordinary course of business is placed periodically before the Audit Committee. There were no materially significant related party transactions during the year having potential conflict with the interest of the Company. The transactions with related parties are disclosed in Note No. 31 of notes to financial statements for the year ended March 31, 2013.

b. The Company has complied with all the requirements of the listing agreement with the Stock Exchanges as well as regulations and guidelines of SEBI. No penalties or strictures have been imposed by SEBI, Stock Exchanges or any statutory authorities in matters relating to the capital markets during the last three years.

c. In the preparation of financial statements, all the prescribed Accounting Standards have been followed.

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

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

IX. MEANS OF COMMUNICATION

The Quarterly Un-Audited Financial Results and the Annual Audited Financial Results are published by the Company in leading national newspapers such as The Economic Times (English edition) and Navbharat Times (Hindi edition). Though the half yearly report is not sent to each shareholder, these results are placed on Company's web site www.munjalshowa.net. As the Company publishes the Audited Annual Results within a stipulated period of sixty days from the close of the financial year, as permitted under the Listing Agreement of the Stock Exchanges, the Un-Audited results for the last quarter of the financial year are not published.

X. MANAGEMENT

Management Discussion and Analysis Report

Industry Structure and Development

Indian Auto Component industry is expected to reach a turnover worth US$ 113 billion by 2020-21 from US$ 43.4 billion in 2011-12. According to Automotive Component Manufactures Association (ACMA) The export from the industry are expected to grow at a compounded annual growth rate of 17 per cent during 2012-21. The automotive plants of global automakers in India rank among the top across the world in terms of their productivity and quality. Top auto multinational companies rank their India production facilities right on top of their global pecking order.

Indian auto component manufacturers have gradually started to enjoy level field with global auto component manufacturers in terms of quality and scale. A considerable rise in investments towards research and development has been observed during the last one decade which is helping Indian auto component industry to built reputation in overseas markets and bag global orders. India is foreseen as the hub for sourcing auto components by the leading global OEMs.

As per data published by Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce, the amount of cumulative foreign direct investment (FDI) inflow into the automobile industry during April 2000 to January 2013 was worth US$ 8061 million, accounting to 4 per cent of the total FDI inflow.

Indian auto component manufacturers offer advantages like low-cost and adequate production capacity with world class technology, availability of reasonably priced talent workforce and stable outlook of Industry. Domestic auto component manufacturers are increasingly complying with the internationally accepted quality standards like six sigma, ISO, TPM & lean manufacturing, etc which has caught the attention of global OEMs to setup their facilities in the Country. Global OEMs with presence in India are increasing level of localisation in products offered them in the Indian markets. The level of indigenisation is being increased in phased manner to keep costs low without compromising quality. The auto components manufacturers are also reaping the benefits of these developments.

The vision of Automotive Mission Plan 2006-16 aims India to emerge as the destination of choice in the world for design and manufacture of automobiles and auto components and to provide additional employment to 25 million people by 2016.

Opportunities and Threats

The domestic two-wheeler industry recorded sales volumes of 13.8 million units in 2012-13, a growth of 2.9% over the previous year. This pace of expansion was significantly slower than the 13.7% volume compounded annualized growth posted by the industry in the last five years. In the past, India's per capita real GDP growth at 8.6% compounded annualized growth over the six years period 2005-2011 had contributed substantially towards raising the standard of living of households, which in turn had been one of the key drivers of growth for the country's automobile industry. But over 2011-12 and 2012-13, inflationary conditions, firm interest rates, rising petrol prices as well as weak monsoons adversely impacted disposable incomes causing a consumption squeeze. However, raw material cost environment was relatively benign; it allowed auto component manufacturers to have one less worrisome variable to contend with.

Hero MotoCorp Limited being a major customer has led the motorcycle segment by registering a market share of slightly more than 53 per cent in domestic market. However, having sold over 60 lakh two-wheelers in just 12 months by them, they are able to sustain performance during the period. The financial year 2012-13 has been a rough year for the overall Indian auto sector. Weak macroeconomic sentiment coupled with subdued consumer confidence adversely impacted the industrial growth and sales volumes. Considering the current environment, these are tough times for the auto sector in India and we remain cautiously optimistic about the growth prospects in the near term. Being the industry leader, they have planned major initiatives to boost the industry sentiment and accelerate growth in the new financial year 2013-14, mainly through new launches, campaigns, capacity addition and network expansion. In a significant step working towards global vision, they have commenced dispatches to half a dozen new markets last fiscal and will add a few more to that tally very soon. They have launched their products in Guatemala, El Salvador and Honduras since markets in Central America and Latin America would play a greater role in their expansion and growth plans.

Honda Motorcycle & Scooter India (HMSI) has made its ambitions loud and clear to achieve an astounding 43 per cent growth based on introduction of new products and rapid expansion on all fronts from production capacity to network and manpower and sell 39.3 lakh units in the year 2013-14 up from 27.54 lakh units the previous fiscal. Thus, it plans to achieve through new product launches and addition of manufacturing plant in Karnataka expected to be operational by the first quarter of the ongoing fiscal. Since, we are not present in Karnataka, only growth at Manesar and Tapukara plant will be shared with us which will still be an added advantage to utilize our capacities created for them.

There exist few risks that may have to be confronted by the auto component manufacturers. A global slowdown can derail the prospects of the industry. Intense competition from counterparts in other emerging economies may add pressure on margins of manufacturers. Crude oil prices, rate of interest, volatility in the exchange rate, market sentiments depending upon economic conditions and inflation more particularly Consumer Price Index (CPI) influence Auto Sector significantly; any volatility due to tense situation in Middle East and its escalation can dampen market appetite indefinitely.

Product-wise performance

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

Outlook

Indian auto industry faced acute slowdown in 2012-13. It continues to reel under the adversities of persistent inflation, firm interest rates, rising fuel prices and negative consumer sentiment.The domestic two-wheeler industry volume will remain flat in 2013-14 as demand slowdown as well as base effect catches up with the industry that has demonstrated a healthy volume expansion over the last three years at compounded annual growth rate of 13.8% as per the study. Over the medium term, the two-wheeler industry is expected to report a volume cumulative annual growth of 8-9% to reach a size of 21-22 million units in domestic and export front by 2016-17. The long term growth forecast would firmly stand at 9-11%. The study reveals the various structural positives associated with the domestic two-wheeler industry including favourable demographic profile, moderate two-wheeler penetration levels in relation to several other emerging markets, under developed public transport system, growing urbanization, strong replacement demand and moderate share of financed purchases remain intact. There is also the large opportunity available to grow presence in overseas markets, mainly Latin America and Africa.

The capacity expansion programme of auto component manufacturers generally tends to follow that of their key customer OEMs. With OEMs planning to establish new plants in Gujarat and Bangalore, their respective suppliers of key components are also currently at various stages of making investments in close proximity to these new facilities or in OEMs vendor parks. The quantum of capex otherwise planned to be incurred by the auto component manufacturers over the near term remains conservative with several entities deciding to significantly scale-down the capex from the levels of earlier budgeted. With the industry going slow on investments towards capacity expansion, we do not expect any major incremental term debt burden on the balance sheet of auto components manufactures over the near term. However, the large debt-funded capital expenditure executed by auto components manufactures during boom period of 2009-10 and 2010-11 means that repayment obligations of the term loans availed then will fall due now.

Domestic automotive component production growth is expected to post a modest recovery of historical lows seen in 2012-13. However, growth and profitability would still remain well below historical levels given a muted OEM outlook. CRISIL research expects growth in production of auto components to revert to 6-8 per cent y-o-y in 2013-14. A gradual improvement in OEM demand would drive recovery. Long term growth prospects for the industry remain healthy driven by domestic and global OEM demand.

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

Risk and Concerns

The major risk associated with the Automobile Industry continues to be dependency largely on timely monsoon and availability of credit especially from public sector banks. The growth of rural economy is in the list of top priority of the Government. Scheduled Commercial Banks and Regional Rural Banks are expected to extend financing in line with Government decision to increase credit allocation to rural and farm sector.

The raw material cost environment was relatively benign; it allowed auto component manufacturers to have one less worrisome variable to contend with. The auto component manufactures typically have low bargaining power and find it difficult to pass on price increase to the price sensitive market.

The Company's growth is primarily determined by overall growth of Automotive Industry. In India, both Auto and Auto Component Industries are on growth path and this trend is likely to persist. The concentration of business with few customers, may adversely affect the profitability of the Company. However, to mitigate these risks, your Company is constantly widening its customer base and also reviewing prices with existing customers to balance the cost impact on account of increase in inputs and conversion costs like power, employee cost etc. due to spiraling inflation.

The profitability of the Company may further be affected by changes in Government Policies regarding excise duty, import duty, Income Tax, VAT, Service Tax, GST regime, Direct Tax Code and any other Central / State levy etc. The growing cut-throat competition in the two-wheeler industry being price sensitive may squeeze the margins further in future.

Average R&D cost for Indian players will increase substantially over the next 3-5 years due to absence of significant technology tie-ups with global players and rising competitions. Going ahead, Indian players have to invest more on developing in-house R&D capabilities, to maintain their market share amid rising competition. It will also impact the auto component industry.

Internal Control System and their adequacy

The Company has in place an adequate system of internal controls to ensure efficacy of operations, compliance with applicable legislation, safeguarding of assets, adherence to management policies and promotion of ethical conduct. Audit Committee is reviewing the internal control systems & procedures periodically. M/s. S.R.Batliboi & Co. LLP, Chartered Accountants, audit the accounts of the Company. The Company has a Management Audit Cell as well outside internal auditors, practicing company secretaries, cost auditors, tax & legal consultants and foreign exchange consultants & other consultants / professionals that review internal controls and operating systems and procedures. A dedicated Legal Compliance Cell ensures that the Company conducts its business with high standards of legal, statutory and regulatory compliances. The Company has instituted a legal compliance programme in conformity with best international standards, supported by a robust online system that covers all manufacturing units of the Company.

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

Discussion on financial performance with respect to operational performance

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, Indian Generally Accepted Accounting Principles (IGAAP) and revised Schedule VI. The Company has complied with the requirements of all mandatory accounting standards.

The turnover of the Company for the year under review has increased to Rs. 172,743.67 lacs as against Rs. 1,67,568.49 lacs during the previous year showing a meager growth of 3.09% and profit before tax was Rs. 6,791.70 lacs as against previous year of Rs. 8,589.88 lacs.

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

Your Company firmly believes in human capital and deeply believes that quality and positive attitude of the people are the keys to face the ever-growing competition. Accordingly, change of mindset, innovation, cost and process optimization, anticipation and management of change, culture of trust and transparency have been our major HR initiatives.

The Company's strength of employees stood at 3292 as on 31st March, 2013. The Industrial relations remained cordial throughout the year.

Cautionary Statement

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

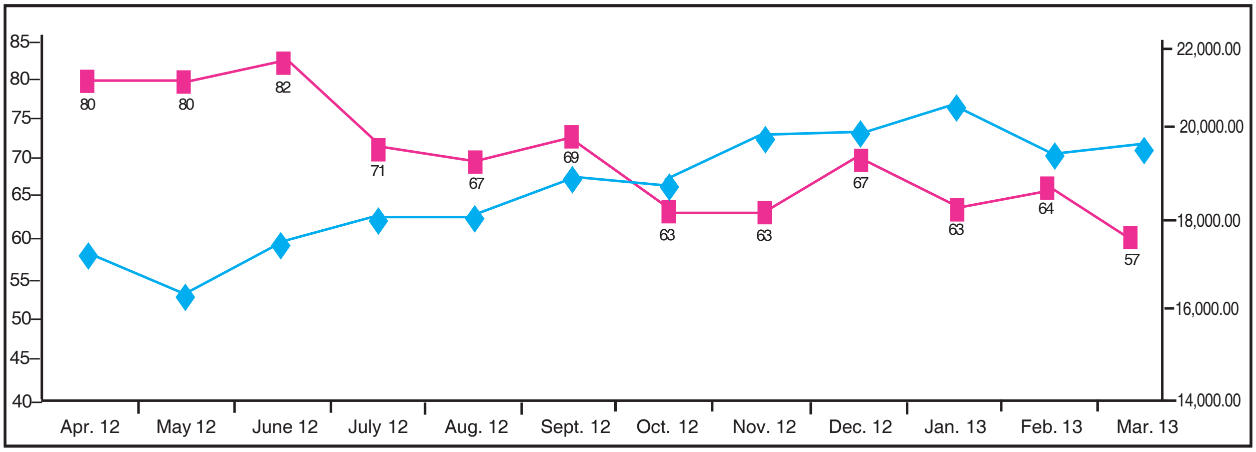
XI. GENERAL SHAREHOLDERS INFORMATION:

1)	**Annual General Meeting**	
	- Day, Date and Time - Venue	Friday, August 09, 2013, 11:00 A. M. 9-11, Maruti Indl. Area, Sec-18, Gurgaon-122015 (HR)
2)	**Financial Calendar**	
	(a) Financial Year 2013-2014	April to March
	(b) Financial reporting for the quarter ending June'2013	End July' 2013
	(c) Financial reporting for the half year ending September'2013	End October'2013
	(d) Financial reporting for the quarter ending December'2013	End January'2014
	(e) Financial reporting for the year ending March'2014.	End May' 2014
	(f) Annual General Meeting for the year ending March 31, 2014.	End September'2014
3)	**Face Value of the Equity Share**	Rs. 2 per share
4)	**Date of Book Closure**	July 20, 2013 to August 09, 2013 (both days inclusive)
5)	**Dividend Payment Date**	30 days from the date of AGM
6)	**Listing on Stock Exchanges**	**Bombay Stock Exchange Limited, Mumbai** Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001 **National Stock Exchange of India Limited** "Exchange Plaza", Bandra- Kurla Complex, Bandra (E), Mumbai-400 051
7)	**Stock Code-**	
	- **The Stock Exchange, Mumbai-**	520043
	- **National Stock Exchange-**	MUNJALSHOW
	- **International Securities Identification number (ISIN) for NSDL & CDSL**	INE577A01027
	- **Company Identification Number (CIN)**	L34101HR1985PLC020934
	- **Permanent Account Number (PAN)**	AAACM0070D

8) **Monthly Highs, Lows and volume for the year 2012-2013 on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).**

YEAR – 2012-13	Bombay Stock Exchange			National Stock Exchange		
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High (Rs.)	Low (Rs.)	Volume (Nos.)
April'12	87	70	490440	87	69	649452
May'12	86	73	255050	86	73	418644
June'12	85	77	258146	85	76	450058
July'12	88	69	243506	89	69	426142
August'12	78	65	133904	79	64	290195
September'12	70	65	101953	71	65	226195
October'12	71	61	124781	74	61	327836
November'12	68	62	84640	69	61	173351
December'12	69	63	110229	76	62	198322
January'13	71	62	89839	70	63	280409
February'13	70	62	90854	70	62	193790
March'13	66	56	761723	69	56	189627

9) **Stock Performance of Munjal Showa Limited Vs. Bombay Stock Exchange (BSE) Indices: INDEX COMPARISION – COMPANY'S SHARE PRICE vs. SENSEX**



10) **Registrar and Share Transfer Agents** : MCS Limited
F–65, Okhla Industrial Area, Phase-I,
New Delhi-110 020
Tel: 41406149, 51, 52 Fax: 41409881
E-mail: admin@mcsdel.com

11) **Share Transfer System:**

The Company's shares being in compulsory demat list are transferable through the depository system. Members are, therefore, requested to dematerialize their shareholding to avoid inconvenience. Shares in physical form are processed by MCS Limited, Registrar and Transfer Agents of the Company every fortnight.

The total number of shares transferred in physical form during the year under review was 21000 shares.

12) **A. Distribution of Shareholding as on March 31, 2013:**

No. of shares	Shareholders	% Shareholders	No. of shares	% Shareholding
Upto 500	7083	68.99	1167109	2.92
501-1000	1535	14.95	1403856	3.51
1001-2000	913	8.89	1586167	3.97
2001-3000	245	2.39	638197	1.60
3001-4000	155	1.51	583042	1.46
4001-5000	111	1.08	537311	1.34
5001-10000	113	1.10	851333	2.13
10001-50000	97	0.94	2029461	5.07
50001-100000	6	0.06	449344	1.12
100001 and above	9	0.09	30749180	76.88
Total	**10267**	**100.00**	**39995000**	**100.00**

B. **Shareholding pattern as on March 31, 2013**

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	685807	682307	1.71
Financial Institutions/ Banks	7	11650	4650	0.03
Insurance Companies	1	50180	50180	0.13
Foreign Institutional Investors	1	90861	90861	0.23
Non-institutions				
Bodies Corporate	342	4121752	4109752	10.31
Individuals -				
i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	9731	7562240	6773571	18.91
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	6	1245003	1245003	3.11
Any Other-NRI	170	222007	217007	0.56
Any Other-Trust & foundation	1	1500	1500	0.00
GRAND TOTAL **% of Dematerialization**	**10267**	**39995000**	**39178831** **97.96%**	**100.00**

No shares have been pledged by the promoters.

13) Nomination Facility:

The Company offers facility of nomination. The members are requested to refer to Section 109A of the Companies Act, 1956 as amended. 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.

14) Dematerialization of shares and liquidity : As on March 31, 2013 a total of 39,178,831 equity shares of the Company, which forms 97.96 % of share capital of the Company have been dematerialized.

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

16) Plant Locations :
a) 9-11, Maruti Industrial Area, Gurgaon-122 015, Haryana
b) 26 E & F, Sector-3, IMT Manesar, Gurgaon-122050, Haryana
c) Plot No. 1, Industrial Park-2, Phase-1 Salempur Mehdood, Haridwar- 249403 Uttarakhand

17) Address for Correspondence : 9-11, Maruti Industrial Area, Gurgaon-122 015, Haryana. Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.Share Transfer Agent and Registrar M/s MCS Limited, New Delhi may be contacted for any query related to Share Transfer and other matters.

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

To

The Board of Directors Munjal Showa Limited

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

a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2013 and that to the best of our knowledge and belief:

   i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d) We have indicated to the auditors and the Audit Committee;

   i) significant changes in internal control over financial reporting during the year;

   ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

We further declare that all board members and senior management have affirmed compliance with the code of conduct for the year 2012-13.

(Yogesh Chander Munjal)
Managing Director
Place : New Delhi
Dated : May 24, 2013

(Mahesh Taneja)
VP- Finance & IT

AUDITORS' CERTIFICATE

To

The Members of Munjal Showa Limited

We have examined the compliance of conditions of corporate governance by Munjal Showa Limited, for the year ended on March 31, 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

For S. R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm's Registration No. 301003E
per **Anil Gupta**
Partner
Membership No.: 87921

Place: Gurgaon
Dated: May 24, 2013

ANNEXURE-B TO DIRECTORS' REPORT

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO – COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A. CONSERVATION OF ENERGY

Energy conservation measures taken during the financial year 2012-13 and their impact

Measures taken	Impact
Conversion of 90 Nos., 250 Watts sodium vapour lights to 100 watts LED light	Reduction in power consumption
Open excess power is being used to avoid State Electricity Board Power cuts hence own generation of power through DG Sets minimized	Reduction in fuel consumption
Started using PNG in canteen and new Cation Paint Shop	Reduction in power consumption
Ground water excavation has been reduced by ecycling waste water	Reduction in power consumption and extraction of raw water
Power saving circuits have been provided in machine shops	Reduction in power consumption
Installation of power factor improvement panel	Reduction in power consumption

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

Measures taken	Impact
Initiative taken for installing Gas Burner in Powder Coating against H.S.D. Burner	Reduction in fuel consumption
Initiative taken for converting Thermo pack diesel fired burners into Gas fired burner	Reduction in power consumption

Impact of the measures for reduction of energy consumption and consequent impact on the cost of production of goods

It is very difficult to quantify the impact as number of equipments and other activities are being added on continuous basis. However, the impact of above will reduce power and fuel consumption and ultimately reduction in energy cost.

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

B. TECHNOLOGY ABSORPTION

(I) RESEARCH AND DEVELOPMENT (R & D)

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

New product Technology absorption

Indigenization of CKD Parts

Benefits derived as a result of above R & D activities

Process / product improvements for consistency of performance

Supply to the existing customers for their new models

Future plan of action

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

Expenditure on R & D

Capital	Rs. NIL
Recurring	Rs.2,151,456/-
Total	**Rs.2,151,456/-**

Total expenditure as a percentage of total turnover 0.01 per cent

(II) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Acitivty 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 and Honda Motorcycles and Scooter India Pvt. Limited on 100% basis and partly for Maruti Suzuki India Limited.

Total Foreign Exchange used and earned

The foreign exchange earnings during the year were Rs. 3,850,595/- and foreign exchange outgo during the year was Rs. 1,234,164,816/-. Details of earnings from exports and foreign exchange outgo on account of imports, Technician fee, royalty, travelling & conveyance, interest expense, design & drawings & misc. expenses are shown in Notes 36, 37 & 40 of Notes to Accounts.

For and on behalf of the Board

Place : New Delhi
Dated : May 24, 2013

BRIJMOHAN LALL MUNJAL
Chairman

ANNEXURE-C TO DIRECTORS' REPORT

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217 (2A) OF THE COMPANIES ACT, 1956 AND THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1988 FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2013

Sl. No	Name	Age (Years)	Designation	Nature of duties	Qualification	Experience (Years)	Date of Commencement of Employment	Gross Remuneration (Rs.)	Particulars of last employment, designation	Percentage/ Nos. of Equity share as per Clause (a) (iii) of Section 217 (2A)	Other Terms & conditions
Employed throughout the period and in receipt of remuneration not less than Rs. 60,00,000/- per annum											
1	Yogesh Chander Munjal	73	Managing Director	Overall management of the affairs of the Company	B. Arch.	49	01.09.1986	31,028,986	Chief Executive-Rockman Cycle Inds. Ltd.	NIL	As per rules of the Company
2	Tetsuo Terada	57	Joint Managing Director	Overall management of the affairs of the Company	Bachelor of Arts in Business Administration	31	18.05.2010	18,327,097	Manager Showa Corporation Japan	NIL	As per rules of the Company

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. 60,00,000/- (Rs. Sixty Lacs). None of the employees worked for a part of the Financial Year, who were in receipt of remuneration for any part of that year at a rate which, in the aggregate was not less than Rs. 5,00,000 (Five Lacs) per month.
2. Gross remuneration includes Salary, Company's contribution to Provident Fund and Super Annuation Fund, Medical Reimbursement, Monetary Value of Perquisites & value of Rent Free Accommodation.
3. All appointments are / were whole time employees of the Company and all appointments are/were on contractual basis.
4. The above employees are not related to any Director of the Company.

For and on behalf of the Board

Place: New Delhi
Dated: May 24, 2013

BRIJMOHAN LALL MUNJAL
Chairman

INDEPENDENT AUDITORS' REPORT

To the Members of Munjal Showa Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Munjal Showa Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

(c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

(e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For S. R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm's Registration No. 301003E
per **Anil Gupta**
Partner
Membership No.: 87921

Place: Gurgaon
Dated: May 24, 2013

Annexure referred to in paragraph 'Report on Other Legal and Regulatory Requirements' of our report of even date

Re: Munjal Showa Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets were physically verified by the management during the current year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) There was no disposal of a substantial part of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (a) to (d) of the Order, are not applicable to the Company and hence not commented upon.

(b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us and having regard to the explanation that purchases of items of inventories and certain fixed assets are of proprietary nature and alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.

(b) In respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rs. 500,000 entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records related to the manufacture of auto components under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, cess, excise duty and other material statutory dues applicable to the Company have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in few cases*.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax demand	120,839,850	F.Y. 2005-06 2006-07 & 2007-08	Income Tax Appellate Tribunal
Finance Act, 1994	Service Tax demand and penalty	160,122,857	April 2007 to March 2009 and April 2006 to March 2010	Custom, Excise, Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax demand, penalty and interest	3,984,916	February 2004 to March 2009 & August 2009 to March 2011	Additional Commissioner (Central Excise)

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company did not have any dues from any financial institution or any outstanding debentures during the year.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provision of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money through a public issue during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm's Registration No. 301003E
per Anil Gupta
Partner
Membership No.:87921

Place: Gurgaon
Dated: May 24, 2013

BALANCE SHEET AS AT MARCH 31, 2013

Equity and liabilities	Notes	March,31, 2013 Rs.	March 31, 2012 Rs.
Shareholders' funds			
Share capital	3	79,992,500	79,992,500
Reserves and surplus	4	2,948,056,892	2,481,627,529
		3,028,049,392	2,561,620,029
Non-Current Liabilities			
Long-term borrowings	5	-	211,087,146
Deferred tax liabilities (net)	6	142,381,787	141,990,748
Other Long term liabilities	7	52,733,957	-
Long-term provisions	8	7,234,071	6,514,099
		202,349,815	359,591,993
Current Liabilities			
Short-term borrowings	9	-	200,000,000
Trade payables	10	1,507,863,090	1,674,530,639
Other current liabilities	10	390,910,309	404,136,029
Short-term provisions	8	190,191,378	222,296,784
		2,088,964,777	2,500,963,452
TOTAL		5,319,363,984	5,422,175,474
Assets			
Non-current assets			
Fixed assets			
Tangible assets	11	2,439,492,659	2,427,579,997
Intangible assets	12	20,179,784	22,064,447
Capital work-in-progress		74,414,728	111,886,462
Long term loans and advances	13	382,802,380	272,536,195
Other non-current assets	14.2	57,468	1,864,919
		2,916,947,019	2,835,932,020
Current assets			
Current investments	15	200,000,000	30,000,000
Inventories	16	399,909,820	490,729,146
Trade receivables	14.1	1,416,100,368	1,759,675,375
Cash and bank balances	17	179,348,259	47,224,607
Short-term loans and advances	13	186,335,914	172,645,064
Other current assets	14.2	20,722,604	85,969,262
		2,402,416,965	2,586,243,454
TOTAL		5,319,363,984	5,422,175,474
Summary of significant accounting policies	2.1		

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

As per our report of even date

For S.R.BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm's Registration No.: 301003E

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

per Anil Gupta
Partner
Membership No. 87921
Place: Gurgaon
Dated: May 24, 2013

Brijmohan Lall Munjal
Chairman

Yogesh Chander Munjal
Managing Director

Vinod Kumar Agrawal
Director

Mahesh Taneja
VP- Finance and IT

Pankaj Gupta
GM (F&A) & Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

	Notes	March 31, 2013 Rs.	March 31, 2012 Rs.
INCOME			
Revenue from operations (gross)	18	17,239,645,462	16,740,906,597
Less : Excise duty		1,425,379,479	1,172,093,764
Revenue from operations (net)		15,814,265,983	15,568,812,833
Other income	19	34,721,380	15,941,968
Total revenue (I)		15,848,987,363	15,584,754,801
EXPENSES			
Cost of rew materials and components consumed	20	11,764,974,315	11,638,689,121
Decrease / (Increase) in inventories	21	21,512,423	(46,101,543)
Employee benefits expense	22	765,916,026	657,670,588
Other expenses	23	2,207,903,166	2,093,030,550
Depreciation and amortization expense	24	276,420,099	272,287,671
Financial costs	25	71,656,919	110,190,501
Exceptional item	26	61,434,218	-
Total expenses (II)		15,169,817,166	14,725,766,888
Profit before tax		679,170,197	858,987,913
Tax expense			
Current tax - Minimum Alternative Tax (MAT)		136,500,000	187,800,000
Less: MAT credit entitlement		(35,200,000)	-
Income tax credit for earlier year (net)		(29,326,658)	-
Deferred tax (credit)		391,038	(101,130)
Total tax expense		72,364,380	187,698,870
Profit for the year		606,805,817	671,289,043
Earnings per share			
Basic and diluted [Nominal value of shares Rs. 2/- (Previous year Rs. 2/-)]	27	15.17	16.78
Summary of significant accounting policies	2.1		

The accompanying notes are integral part of the financial statements.

As per our report of even date

For S.R.BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm's Registration No.: 301003E

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

per Anil Gupta
Partner
Membership No. 87921
Place: Gurgaon
Dated: May 24, 2013

Brijmohan Lall Munjal
Chairman

Yogesh Chander Munjal
Managing Director

Vinod Kumar Agrawal
Director

Mahesh Taneja
VP- Finance and IT

Pankaj Gupta
GM (F&A) & Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

	March 31, 2013 Rs.	March 31, 2013 Rs.
A. Cash flow from operating activities		
Net Profit before tax	679,170,197	858,987,913
Adjustments for:		
Depreciation and amortisation expense	276,420,099	272,287,671
Loss on disposal of fixed assets (net)	9,945,318	581,643
Profit on sale of current investments(net)	(15,294,806)	(10,774,788)
Interest Income	(4,005,792)	(2,026,534)
Interest expense	129,467,485	106,566,849
Amortisation of borrowing costs	3,623,652	3,623,652
Provision for doubtful debts and advances (net)	2,691,984	(86,004)
Operating profit before working capital changes	1,082,018,137	1,229,160,402
Movements in working capital :		
Decrease/(Increase) in trade receivables	343,104,213	(329,660,400)
Decrease/(Increase) in inventories	90,819,326	(123,996,382)
(Increase) in Long term Loans and Advances	(10,536,725)	(7,564,006)
(Increase)/Decrease in Short term Loans and Advances	(35,912,040)	34,034,512
Decrease / (Increase) in other assets	63,434,833	(5,612,579)
(Decrease)/Increase in Trade Payables	(166,667,549)	45,986,824
(Decrease)/Increase in other current liabilities	(2,361,440)	2,113,616
Increase/(Decrease) in Short term provisions	3,974,555	(29,193,850)
Increase in long term provisions	719,972	185,069
Cash generated form operations	1,368,593,282	815,453,206
Direct taxes paid (net of refunds)	(206,366,194)	(203,645,095)
Net cash generated form operating activities (A)	1,162,227,088	611,808,111
B. Cash flows from investing activities		
Purchase of fixed assets, intangible asstes, CWIP and capital advance	(175,748,875)	(214,292,447)
Proceeds from disposal of fixed assets	831,399	1,625,797
Investment in bank deposits (having original maturity of more than three months)	-	2,450,000
Purchase of current investments (including advance for investment)	(6,270,000,000)	(5,330,000,000)
Sale of Current investments	6,135,294,806	5,290,774,788
Interest received	4,001,416	2,347,938
Net cash (used in) investing activities (B)	(305,621,254)	(247,093,924)
C. Cash flows from financing activities		
Repayment of long term borrowings	(320,477,659)	(271,207,259)
Proceeds from short term borrowings	749,000,000	495,777,040
Repayment of short term borrowings	(949,000,000)	(350,000,000)
Interest paid	(65,073,821)	(107,155,548)
Dividend paid	(119,466,135)	(99,574,095)
Corporate dividend tax paid	(19,464,567)	(16,220,472)
Net cash (used in) financing activities (C)	(724,482,182)	(348,380,334)
Net increase in cash and cash equivalents (A+B+C)	132,123,652	16,333,853
Cash and cash equivalents at the beginning of the year	47,224,607	30,890,754
Cash and cash equivalents at the end of the year	179,348,259	47,224,607
Components of cash and cash equivalents as at March 31, 2013		
Cash on hand	423,325	634,554
Cheques on hand	2,300,562	5,150,158
Balances with scheduled banks:		
On current accounts	4,992,712	7,293,846
On cash credit accounts	167,557,244	30,590,498
On unpaid dividend accounts (refer note 2 below)	4,074,416	3,555,551
Total cash and equivalents (note 17)	179,348,259	47,224,607

Notes:
1. The above Cash Flow Statement has been prepared under the “Indirect Method” as stated in Accounting Standard 3 on Cash Flow Statements issued by The Institute of Chartered Accountants of India.
2. These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities.
3. Negative Figures have been shown in brackets.

As per our Report of even date
For S.R.BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm’s Registration No. 301003E

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

per Anil Gupta
Partner
Membership No. 87921

Brijmohan Lall Munjal
Chairman

Yogesh Chander Munjal
Managing Director

Vinod Kumar Agrawal
Director

Place: Gurgaon
Dated: May 24, 2013

Mahesh Taneja
VP- Finance and IT

Pankaj Gupta
GM (F&A) & Company Secretary

Notes to financial statements for the year ended 31st March, 2013.

1. Corporate information

Munjal Showa Limited ('the Company') is a Public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. It was established in 1985 as 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 two manufacturing locations in the state of Haryana and one plant at Haridwar.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with 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 the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies

a) Use of estimates

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

b) Tangible fixed assets

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

c) Depreciation on tangible fixed assets

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

S. No.	Assets	Usefue life/rate
(i)	Certain non factory buildings like bonudary wall,tubewell and road	Depreciated at 3.34%
(ii)	Certain Plant and Machinery	Over the remaining useful lives of such asset ranging upto 1 year.
(iii)	Vehicles	Depreciated over 6 years.

- Depreciation on the amount of adjustment to fixed assets on account of capitalisation of insurance spares is provided over the remaining useful life of related assets.
- Assets costing less than or equal to Rs. 5,000 are depreciated fully in the year of purchase.

d) Intangible assets

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

Designs and Drawings

Amounts paid towards acquisition of designs and drawings for specifically identified products, being development expenditure incurred towards product design is carried forward based on assessment of benefits arising from such expenditure. Such expenditure is amortised 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 useful lives of four years.

e) Leases

Where the Company is lessee

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

f) Borrowing Costs

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

g) Impairment of tangible and intangible assets

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

h) Investments

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

i) Inventories

Inventories are valued as follows:

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

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

j) Revenue Recognition

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

Sale of goods

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

Interest

IInterest 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 fixed asset are capitalized and depreciated over the remaining useful life of the asset.

2. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
3. All other exchange differences are recognized as income or as expenses in the period in which they arise.

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

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

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

l) Retirement and other benefits

(i) 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.

(ii) 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.

(iii) 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.

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

m) Income taxes

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

n) Segment reporting

Identification of segments

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

Segment accounting policies

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

o) Earnings per share

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

p) Provisions

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

Warranty provisions

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

q) Contingent liabilities

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

r) Cash and cash equivalents

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

s) Derivative instruments

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

3. Share Capital

	March 31, 2013 Rs.	March 31, 2012 Rs.
Authorised 75,000,000 (Previous Year 75,000,000) equity shares of Rs.2/- each	150,000,000	150,000,000
Issued 39,997,500 (Previous Year 39,997,500) equity shares of Rs. 2/- each	79,995,000	79,995,000
Subscribed and Fully Paid up 39,995,000 (Previous Year 39,995,000) equity shares of Rs.2/- each	79,990,000	79,990,000
Share 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 outsanding at the beginning and at the end of the reporting year

Equity shares	March 31, 2013 No. of shares	March 31, 2013 Rs.	March 31, 2012 No. of shares	March 31, 2012 Rs.
At the beginning 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 31 March 2013, the amount of per share dividend recognized as distributions to equity shareholders is Rs. 3.00, previous year Rs. 3.00.
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Equity shares of Rs. 2/- each fully paid	March 31,2013 No. of shares	March 31,2013 % holding in the class	March 31, 2012 No. of shares	March 31, 2012 % holding in the class
(i) Dayanand Munjal Investments Private Limited	15,600,000	39.00%	15,600,000	39.00%
(ii) Showa Corporation, Japan	10,400,000	26.00%	10,400,000	26.00%
(iii) Enam Shares & Securities Private Limited	2,737,000	6.84%	2,837,000	7.09%

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

4. Reserves and Surplus

General reserve	March 31, 2013 Rs.	March 31, 2012 Rs.
Balance as per the last financial statements	1,790,784,601	1,590,784,601
Add: Amount transfered from surplus balance in the statment of profit and loss	200,000,000	200,000,000
Closing Balance	1,990,784,601	1,790,784,601
Surplus in the statement of profit and loss		
Balance as per the last financial statements	690,842,925	359,003,452
Profit for the year	606,805,817	671,289,043
Less: Appropriations		
Proposed final dividend (amount per share Rs. 3.00 (previous year Rs 3.00))	(119,985,000)	(119,985,000)
Tax on dividend	(20,391,451)	(19,464,567)
Transfer to general reserve	(200,000,000)	(200,000,000)
Total appropriations	(340,376,451)	(339,449,567)
Net surplus in the statement of profit and loss	957,272,291	690,842,928
Total reserves and surplus	2,948,056,892	2,481,627,529

5. Long-Term Borrowings

	March 31,2013 Rs.		March 31, 2012 Rs.	
	Non-Current portion	Current maturities	Non-Current portion	Current maturities
Term loans				
Indian rupee loan from a bank (secured)	-	80,000,000	80,000,000	80,000,000
Foreign currency loans:				
From a bank (secured)	-	-	-	98,011,481
External Commercial Borrowing (ECB) from a bank (secured)	-	127,455,878	127,455,883	127,455,878
Buyer's credit from a bank (secured)	-	3,631,263	3,631,263	15,010,295
	-	211,087,141	211,087,146	320,477,654
The above amount includes				
Secured borrowings	-	211,087,141	211,087,146	320,477,654
Unsecured borrowings	-	-	-	-
Amout disclosed under the head "other current liabilities"(note 10)	-	(211,087,141)	-	(320,477,654)
Net amout	-	-	211,087,146	-

a. Indian rupee loan from a bank was taken during the financial year 2010-11 and carries interest linked to Bank base rate + 2.50% p.a. The loan is repayable in 10 quarterly installments of Rs. 20,000,000 each after the initial moratorium of 6 months from the date of first drawdown, viz., 28 February, 2011. The loan is secured by equitable mortgage charge over property at 9-11, Maruti Industrial Area, Gurgaon-122015.

b. Foreign currency loan from a bank carried a fixed rate of interest @ 9.10% p.a. (fixed by interest rate swap contract on INR notional). The loan was repayable in 16 quarterly installments of JPY 39,868,033 (Rs. 24,502,894) each, beginning from 26th June 2009. The loan was secured by equitable mortgage charge over property at 9-11, Maruti Industrial Area, Gurgaon-122015.

c. External Commercial Borrowing ('ECB') from a bank carries a fixed rate of interest @ 8.85% p.a. (fixed by interest rate swap contract on INR notional). The loan is repayable in 17 equal quarterly installments of JPY 68,029,412 (Rs. 31,863,971), started from 31st December, 2009. The loan is secured with an exclusive charge on the fixed assets to be procured out of the loan along with mortgage charge over property at 9-11, Maruti Industrial Area, Gurgaon -122015.

d. Buyer's credit from a bank in EURO, JPY & USD carries a fixed rate of interest @ 8.70% p.a., 8.70% p.a. & 8.00% p.a. respectively (fixed by interest rate swap contracts on INR notional). The loan in USD was taken during the financial year 2010-11 and is repayable in four half yearly installments of USD 77,500 (Rs. 3,631,263) each, started from 20th January, 2012. The loan in EURO was repayable in four half yearly installments of EURO 110,841 (Rs. 7,747,768) each, started from 4th March, 2011. The loan in JPY was repayable in four half yearly installments of JPY 10,990,000 (Rs. 5,872,923) each, started from 8th September, 2010. The loans are secured by exclusive charge on specific imported machineries against which buyers credit has been availed.

6. Deferred tax liabilities(net)

	March 31,2013 Rs.	March 31, 2012 Rs.
Deferred tax liabilities		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	160,760,452	154,759,814
Unamortized Cost of arranging the borrowings	615,840	1,763,541
Gross deferred tax liabilities	161,376,292	156,523,355
Deferred tax assets		
Impact of expenditure charged to the statement of profit and loss in the current year and earlier years but allowable for tax purposes on paymnet basis	9,275,374	6,128,669
Provision for Doubtful debts and advances	9,719,131	8,403,938
Gross deferred tax assets	18,994,505	14,532,607
Net deferred tax liabilities	142,381,787	141,990,748

7. Other long term liabilities

	March 31,2013 Rs.	March 31, 2012 Rs.
Payable towards capital goods (note 43)	28,160,270	-
Interest on land cost enhacement payable (note 43)	24,573,687	-
	52,733,957	-

8. Provisions

	Long term	Short term	Long term	Short term
	March 31,2013 Rs.		March 31, 2012 Rs.	
Provision for employee benefits				
Provision for gratuity (note 28)	-	1,308,020	-	2,527,619
Provision for leave encashment	-	24,176,444	-	21,121,485
	-	25,484,464	-	23,649,104
Other provisions				
Provision for wealth tax	-	193,165	-	193,911
Provision for income tax	-	3,153,680	-	40,160,525
Provision for warranties	7,234,071	13,483,618	6,514,099	11,343,677
Provision for contingency	-	7,500,000	-	7,500,000
Proposed dividend	-	119,985,000	-	119,985,000
Tax on proposed dividend	-	20,391,451	-	19,464,567
	7,234,071	164,706,914	6,514,099	198,647,680
	7,234,071	190,191,378	6,514,099	222,296,784

Provision for warranties

A provision is recognized for expected warranty claims on products sold during the last one to three 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, 2013 Rs.	March 31, 2012 Rs.
At the beginning of the year	17,857,776	17,413,804
Additions during the year	21,117,283	12,402,442
Utilized during the year	18,257,370	11,958,470
Unused amount reversed	-	-
At the end of the year	**20,717,689**	**17,857,776**
Current portion	13,483,618	11,343,677
Non-current portion	7,234,071	6,514,099

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 hadcompleted 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 with the Hon'ble High Court of Punjab and Haryana, which gave the decision for transfer the case to National Green Tribunal, New Delhi. Since the matter is sub-judice and pending at Tribunal division, provision of Rs. 7,500,000 (Previous year 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 (others):

	March 31, 2013 Rs.	March 31, 2012 Rs.
At the beginning of the year	7,500,000	20,000,000
Additions during the year	-	-
Utilized during the year	-	12,500,000
Unused amount reversed	-	-
At the end of the year	**7,500,000**	**7,500,000**
Current portion	7,500,000	7,500,000
Non-current portion	-	-

9. Short-terms borrowings

	March 31, 2013 Rs.	March 31, 2012 Rs.
Working capital loan from a bank (unsecured)	-	100,000,000
Working capital loan from a bank (secured)	-	100,000,000
	-	200,000,000
The above amount includes		
Secured borrowings	-	100,000,000
Unsecured borrowings	-	100,000,000

a. Working capital loan from a bank is secured by hypothecation of stocks and book debts, both present and future and carried interest @ 10.75% p.a.

b. Unsecured working capital loan from a bank carried interest @ 11.15% p.a.

10. Other current liabilities

	March 31, 2013 Rs.	March 31, 2012 Rs.
Trade payables (including acceptances) (note 35 for details of dues to micro and small enterprises)	1,507,863,090	1,674,530,639
Other liabilities		
Current maturities of long term borrowings (note 5)	211,087,141	320,477,654
Interest accrued but not due on borrowings	3,667,129	7,906,723
Investor Education and Protection Fund shall be credited by following amount (as and when due):		
Unpaid dividend	4,074,416	3,555,551
Others:		
Payable towards capital goods (note 43 for Rs. 42,240,405)	66,054,311	7,866,920
Security deposit from customers / others*	1,938,770	3,373,770
Interest on land cost enhancement payable (note 43)	45,159,571	-
Forward contract payable	5,195,166	485,673
Excise duty payable	4,264,436	13,795,340
Custom duty payable	688,470	-
Service tax payable	-	45,624
Sales tax/VAT payable	18,169,039	17,055,895
Interest on income tax payable	-	1,100,000
TDS & TCS payable	15,702,724	14,644,216
Cess payable	370,674	303,522
WCT payable	244,150	177,553
PF & ESI payable	5,724,161	4,771,756
Other payable	8,570,151	8,575,832
	390,910,309	**404,136,029**
	1,898,773,399	**2,078,666,668**

*Security deposits are repayable on demand.

11. Tangible assets

Amount in Rs.

	Freehold Land	Buildings	Plant & equipment	Furniture & Fixtures	Office equipment	Computers	Vehicles	Total
Cost								
At 01.04.2011	457,100,271	698,625,470	2,632,345,660	13,976,297	15,104,613	19,510,654	39,669,804	3,876,332,769
Additions	-	8,088,053	141,573,383	548,957	816,626	1,188,218	6,306,404	158,521,641
Disposals	-	-	-	-	492,800	-	7,335,512	7,828,312
At 31.03.2012	**457,100,271**	**706,713,523**	**2,773,919,043**	**14,525,254**	**15,428,439**	**20,698,872**	**38,640,696**	**4,027,026,098**
Additions	70,400,675	5,926,534	189,553,498	169,615	2,458,437	2,041,450	5,402,937	275,953,146
Disposals	-	-	21,788,122	-	2,298,512	1,383,409	5,069,765	30,539,808
At 31.03.2013	**527,500,946**	**712,640,057**	**2,941,684,419**	**14,694,869**	**15,588,364**	**21,356,913**	**38,973,868**	**4,272,439,436**
Depreciation								
At 01.04.2011	-	98,835,450	1,224,050,811	6,597,377	5,237,217	13,534,786	15,079,888	1,363,335,529
Charge for the year	-	23,558,469	211,266,797	703,779	974,281	1,867,584	3,360,533	241,731,443
Disposals	-	-	-	-	179,328	-	5,441,543	5,620,871
At 31.03.2012	**-**	**122,393,919**	**1,435,317,608**	**7,301,156**	**6,032,170**	**15,402,370**	**12,998,878**	**1,599,446,101**
Charge for the year	-	23,742,522	218,401,798	763,481	1,092,021	1,473,145,	10,293,189	255,766,156
Disposals	-	-	16,699,653	-	1,046,782	1,123,031	3,396,014	22,265,480
At 31.03.2013	**-**	**146,136,441**	**1,637,019,753**	**8,064,637**	**6,077,409**	**15,752,484**	**19,896,053**	**1,832,946,777**
Net Block								
At 31 March 2012	**457,100,271**	**584,319,604**	**1,338,601,435**	**7,224,098**	**9,396,269**	**5,296,502**	**25,641,818**	**2,427,579,997**
At 31 March 2013	**527,500,946**	**566,503,616**	**1,304,664,666**	**6,630,232**	**9,510,955**	**5,604,429**	**19,077,815**	**2,439,492,659**

Note :

1. Tangible assets of the cost of Rs.25,511,468, Previous year Rs. Nil, (Written down value Rs. 6,607,446 , Previous year Rs. Nil) were discarded during the year.
2. Freehold land costing Rs. 245,498,631 (Previous year Rs. 175,097,956) allotted to the Company by Haryana State Industrial and Infrastructure Development Corporation Limited, is not yet registered in the name of the Company. Addition to freehold land of Rs. 70,400,675 accrued for as price adjustment claimed by the authority, which allotted the land in an earlier year (note 43).

12. Intangible assets

Amount in Rs.

	Computer Software	Designs and drawings	Total
Gross block			
At 01.04.2011	7,132,000	116,231,917	123,363,917
Purchase	1,535,697	19,101,000	20,636,697
Adjustments	-	42,895,552	42,895,552
At 31.03.2012	**8,667,697**	**92,437,365**	**101,105,062**
Purchase	285,169	20,986,500	21,271,669
Adjustments	-	10,101,900	10,101,900
At 31.03.2013	**8,952,866**	**103,321,965**	**112,274,831**
Amortization			
At 01.04.2012	2,505,585	88,874,354	91,379,939
Charge for the year	1,897,075	28,659,153	30,556,228
Adjustments	-	42,895,552	42,895,552
At 31.03.2012	**4,402,660**	**74,637,955**	**79,040,615**
Charge for the year	2,179,589	18,474,354	20,653,943
Adjustments	-	7,599,511	7,599,511
At 31.03.2013	**6,582,249**	**85,512,798**	**92,095,047**
Net Block			
At 31 March 2012	**4,265,037**	**17,799,410**	**22,064,447**
At 31 March 2013	**2,370,617**	**17,809,167**	**20,179,784**

Note: Intangible assets of the cost of Rs.10,101,900, Previous year Rs. 42,895,552, (Written down value Rs. 2,502,388 Previous year Rs. Nil) were discarded during the year.

13. Loans and advances

		Non-current	Current	Non-Current	Current
		March 31, 2013 Rs.		March 31, 2012 Rs.	
Capital advances					
Unsecured, considered good		7,763,236	-	5,419,781	-
	(A)	**7,763,236**	**-**	**5,419,781**	**-**
Security deposits					
Unsecured, considered good		26,726,355	470,000	19,569,214	470,000
	(B)	**26,726,355**	**470,000**	**19,569,214**	**470,000**
Advances recoverable in cash or in kind or for value to be received					
Unsecured, Considered good		-	30,177,728	-	17,699,964
Unsecured, Considered doubtful		-	24,213,552	-	22,453,993
		-	**54,391,280**	**-**	**40,153,957**
Less: Provision for doubtful advances		-	(24,213,552)	-	(22,453,993)
	(C)	**-**	**30,177,728**	**-**	**17,699,964**
Other loans & advances					
Secured considered good					
Loan to suppliers (secured by hypothecation of vehicles)		-	**1,300,000**	**-**	**-**

		Non-current	Current	Non-Current	Current
		March 31, 2013 Rs.		March 31, 2012 Rs.	
Unsecured, considered good					
Advance income tax/tax deducted at source (net of provision for taxation)		300,945,234	-	238,759,229	-
MAT credit entitlement		35,200,000	-	-	-
Prepaid expenses		-	16,381,018	-	14,945,655
Advance against investment		-	-	-	20,000,000
Loan to employees/suppliers		12,167,555	14,134,831	8,787,971	8,976,089
Balance with statutory/government authorities		-	123,872,337	-	110,553,356
Unsecured, considered doubtful					
Loan to employees/suppliers		-	489,676	-	28,045
		348,312,789	156,177,862	247,547,200	154,503,145
Less : Provision for doubtful advances		-	(489,676)	-	(28,045)
	(D)	**3,48,312,789**	**155,688,186**	**247,547,200**	**154,475,100**
Total (A+B+C+D)		**382,802,380**	**186,335,914**	**272,536,195**	**172,645,064**
Loan and advances include:					
Due from a Private Limited Company in which two dierctors of the Company are interested as directors		-	2,918,684	-	5,032,255

14. Trade receivables and other assets

14.1 Trade receivables

		Non-current	Current	Non-Current	Current
		March 31, 2013 Rs.		March 31, 2012 Rs.	
Debts outstanding for a period exceeding six months from the date they are due for payment					
Unsecured, considered good		-	4,104,252	-	1,156,121
Unsecured, considered doubtful		-	3,890,861	-	3,420,067
		-	**7,995,113**	**-**	**4,576,188**
Provision for doubtful receivables		-	(3,890,861)	-	(3,420,067)
	(A)	**-**	**4,104,252**	**-**	**1,156,121**
Other receivables					
Unsecured, considered good		-	1,411,996,116	-	1,758,519,254
	(B)	**-**	**1,411,996,116**	**-**	**1,758,519,254**
Total (A+B)		**-**	**1,416,100,368**	**-**	**1,759,675,375**

14.2 Other assets

		Non-current	Current	Non-Current	Current
		March 31, 2013 Rs.		March 31, 2012 Rs.	
Unsecured, considered good unless otherwise stated					
Non-current bank balances (note 17)		50,000	-	50,000	-
	(A)	**50,000**	**-**	**50,000**	**-**
Unamortized expenditure					
Unamortized premium on forward contracts		-	675,432	-	357,710
Ancillary cost of arranging the borrowings		-	1,811,827	1,811,827	3,623,652
	(B)	**-**	**2,487,259**	**1,811,827**	**3,981,362**

	Non-current	Current	Non-Current	Current
	March 31, 2013		March 31, 2012	
Others	Rs.		Rs.	
Interest accrued but not due on deposit	7,468	-	3,092	-
Other claim receivable	-	2,630,251	-	-
Unbilled revenue	-	15,605,094	-	81,987,900
(C)	**7,468**	**18,235,345**	**3,092**	**81,987,900**
Total (A+B+C)	**57,468**	**20,722,604**	**1,864,919**	**85,969,262**

Unamortised premium on forward contracts

A sum of Rs. 675,432 (Previous year Rs. 357,710) on account of unamortized foreign exchange premium on outstanding forward exchange contracts is being carried forward to be charged to the statement of profit and loss of subsequent period.

15. Current investments

Current investments (valued at lower of cost and fair value, unless stated otherwise)	March 31, 2013 Rs.	March 31, 2012 Rs.
Unquoted mutual funds	200,000,000	-
112,332.288 (31 March 2012: Nil) units of Rs. 1,000 each fully paid-up of Canara Robeco Treasury Advantage Fund- Regular Growth		
Nil (31 March 2012: 17,052.635) units of Rs. 1,000 each fully paid-up of UTI Liquid Cash Plan Institutional - Growth Option	-	30,000,000
	200,000,000	**30,000,000**
Aggregate amount of unquoted investments	200,000,000	30,000,000
Net assets value of above investment	200,128,531	30,018,613

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

	March 31, 2013 Rs.	March 31, 2012 Rs.
Raw materials and components [Including stock in transit Rs. 86,224,585 (Previous Year Rs. 97,314,585)] (refer note 19)	232,535,774	294,237,077
Work in progress (refer note 21)	82,160,289	87,925,592
Finished goods (refer note 21)	28,278,763	43,817,880
Stores and spares [Including stock in transit Rs. 3,073,625 (Previous year Rs. 3,826,328)]	56,593,477	64,199,076
Scrap	341,517	549,521
	399,909,820	**490,729,146**

17. Cash and bank balances

	Non-current	Current	Non-Current	Current
	March 31, 2013 Rs.		March 31, 2012 Rs.	
Cash and cash equivalents				
Balances with banks:				
- On current accounts	-	4,992,712	-	7,293,846
- On cash credit accounts	-	167,557,244	-	30,590,498
- On unpaid dividend accounts	-	4,074,416	-	3,555,551
Cheques on hand	-	2,300,562	-	5,150,158
Cash on hand	-	423,325	-	634,554
	-	**179,348,259**	**-**	**47,224,607**

	Non-current March 31, 2013 Rs.	Current March 31, 2013 Rs.	Non-Current March 31, 2012 Rs.	Current March 31, 2012 Rs.
Other bank balances:				
Deposits with original maturity for more than 12 months	50,000	-	50,000	-
	50,000	-	50,000	-
Amount disclosed under non-current assets (note 14.2)	(50,000)	-	(50,000)	-
	-	179,348,259	-	47,224,607

Fixed deposit receipt of Rs.50,000 (Previous year Rs. 50,000) pledged with VAT authorities.

18. Revenue from operations

	March 31, 2013 Rs.	March 31, 2012 Rs.
Revenue from operations		
Sale of products:		
Finished goods	16,980,937,971	16,472,163,326
Other operating revenue:		
Scrap Sales	258,707,491	268,743,271
Revenue from operations (gross)	**17,239,645,462**	**16,740,906,597**
Less : Excise duty #	1,425,379,479	1,172,093,764
Revenue from operations (net)	**15,814,265,983**	**15,568,812,833**

In accordance with explanations below Para 10 of Notified Accounting Standard 9 - Revenue Recognition, excise duty on sales amounting to Rs.1,425,379,479 (Previous year Rs. 1,172,093,764) has been reduced from sales in the statement of profit and loss and excise duty on variation of opening and closing stock of finished goods and scrap amounting to Rs. (2,066,379) (Previous year Rs. 1,965,520) has been considered as (income) / expense in note 23 of the financial statements.

Details of product sold	March 31, 2013 Rs.	March 31, 2012 Rs.
Finished goods sold		
Shock absorbers	15,750,457,680	15,153,801,956
Struts	745,387,567	932,873,667
Window balancer	99,167,764	112,677,493
Other components	385,924,960	272,810,210
	16,980,937,971	**16,472,163,326**

19. Other Income

	March 31, 2013 Rs.	March 31, 2012 Rs.
Interest income on :		
Bank deposits	4,375	49,112
Income-tax refunds	1,761,160	-
Loans to employees	1,485,777	1,977,422
others	754,480	-
Profit on sale of current investments	15,294,806	10,774,788
Exchange differences (net)	5,254,044	-
Provision for doubtful debts written back	-	86,004
Liablilities on longer required written back (net)	3,706,702	282,812
Miscellaneous Income	6,460,036	2,771,830
	34,721,380	15,941,968

20. Cost of raw materials and components consumed

	March 31, 2013 Rs.	March 31, 2012 Rs.
Inventory at the beginning of the year	294,237,077	233,864,044
Add : Purchases during the year	11,703,273,012	11,699,062,154
	11,997,510,089	11,932,926,198
Less : Inventory at the end of the year	232,535,774	294,237,077
Cost of raw materials and components consumed *	**11,764,974,315**	**11,638,689,121**

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

Details of raw material and components consumed	March 31, 2013 Rs.	March 31, 2012 Rs.
Fork pipe	2,021,982,866	1,797,177,206
Bottom case	2,433,115,799	2,310,356,256
Main spring cushion	1,621,380,695	1,668,973,821
Oil seal	788,741,928	801,492,257
Dust seal	138,563,521	133,259,496
Other materials and components	4,761,189,506	4,927,430,085
	11,764,974,315	**11,638,689,121**

Details of inventory

	March 31, 2013 Rs.	March 31, 2012 Rs.
Raw materials and components		
Fork pipe	3,755,481	6,760,011
Bottom case	49,090,808	17,525,521
Main spring cushion	7,312,713	13,697,845
Oil seal	39,280,442	39,063,146
Dust seal	1,239,458	1,732,050
Other materials and components	131,856,872	215,458,504
	232,535,774	**294,237,077**

21. Decrease/(Increase) in inventories

	March 31, 2013 Rs.	March 31, 2012 Rs.	decrease/(Increase) Rs.
Inventories at the beginning of the year			
Work-in-Progress	87,925,592	53,150,105	(34,775,487)
Finished goods	43,817,880	32,450,170	(11,367,710)
Scrap	549,521	591,175	41,654
	132,292,993	**86,191,450**	**(46,101,543)**
Inventories at the end of the year			
Work-in-progress	82,160,289	87,925,592	5,765,303
Finished goods	28,278,763	43,817,880	15,539,117
Scrap	341,518	549,521	208,003
	110,780,570	**132,292,993**	**21,512,423**
	21,512,423	**(46,101,543)**	**-**

Details of inventory	March 31, 2013 Rs.	March 31, 2012 Rs.
Work-in-Progress		
Shock absorbers	78,317,301	82,863,717
Struts	2,560,773	4,701,324
Window balancer	1,282,215	360,551
	82,160,289	**87,925,592**
Finished goods		
Shock absorbers	20,872,359	35,124,966
Struts	6,960,734	8,372,937
Window balancer	445,670	319,977
	28,278,763	**43,817,880**

22. Employee benefits expense

	March 31, 2013 Rs.	March 31, 2012 Rs.
Salaries, wages and bonus	667,866,790	569,114,763
Contribution to provident fund	24,416,683	21,466,667
Gratuity expense (note 28)	4,837,493	4,112,399
Contribution to superannuation fund	3,731,912	2,808,147
Staff welfare expenses	65,063,148	60,168,612
	765,916,026	**657,670,588**

23. Other expenses

	March 31, 2013 Rs.	March 31, 2012 Rs.
Consumption of stores and spares	519,008,953	518,286,048
Sub-contracting expenses	236,609,440	235,661,904
Differential excise duty on opening and closing inventories	(2,066,379)	1,965,520
Power and fuel	596,977,373	541,005,289
Freight and forwarding charges	43,967,695	35,090,485
Rent	2,257,500	2,179,500
Hire charges	5,060,568	6,093,424
Rates and taxes*	10,483,566	15,917,851
Insurance	13,663,336	11,496,155
Repairs and maintenance:		
- Plant and machinery	168,954,289	126,233,629
- Buildings	14,357,936	13,065,844
- Others	23,874,131	20,868,692
Advertising and sales promotion	1,434,432	881,412
Cash discounts	37,619,444	40,160,677
Royalty	414,067,806	411,854,052
Technician fee	880,768	1,788,604
Warranty expense	21,117,283	13,887,183
Legal and professional fees	15,023,678	12,635,152
Travelling and conveyance	33,770,584	29,215,738
Communication costs	4,433,386	4,163,520
Printing and stationery	3,211,789	1,804,160
Directors' sitting fees	950,000	765,000
Payment to statutory auditor (Refer details below)	3,434,116	3,357,898

Donations and contributions to charitable institutions	852,539	493,027
Provision for doubtful debts and advances	2,691,984	-
Bank charges	1,678,359	1,401,363
Exchange differences (net)	-	19,739,730
Loss on disposal of tangible and intangible assets (net)	9,945,318	581,643
Miscellaneous expenses	23,643,272	22,437,050
	2,207,903,166	**2,093,030,550**

Payment to statutory auditors

As auditor:		
- Audit fee	1,800,000	1,700,000
- Tax audit fee	300,000	250,000
- Limited reviews	900,000	825,000
- Out-of-pocket expenses	264,116	272,898
In other manner:		
- Certification etc.	170,000	310,000
	3,434,116	**3,357,898**

* Including Nil, Previous year Rs. 7,727,524 relating to earlier year but settled during that year.

24. Depreciation and amortization expense

	March 31, 2013 Rs.	March 31, 2012 Rs.
Depreciation of tangible assets	255,766,156	241,731,443
Amortisation of intangible assets	20,653,943	30,556,228
	276,420,099	**272,287,671**

25. Finance costs

	March 31, 2013 Rs.	March 31, 2012 Rs.
Interest expense (including interest on income tax of Rs. 340,114 (Previous year Rs. 1,100,000))*	68,033,267	106,566,849
Amortization of borrowing costs	**3,623,652**	3,623,652
	71,656,919	**110,190,501**

* Including Nil, Previous year Rs. 16,438,746 relating to earlier year but settled during that year.

26. Exceptional item

	March 31, 2013 Rs.	March 31, 2012 Rs.
Interest expense (note 43)	61,434,218	-
	61,434,218	-

27. Earning per share (EPS)

	March 31, 2013 Rs.	March 31, 2012 Rs.
Net profit as per statement of profit and loss (Rs.)	606,805,817	671,289,043
Weighted average number of equity shares for calculating basic and diluted EPS	39,995,000	39,995,000
Basic and Diluted earnings per share (Rs.)	**15.17**	**16.78**
Nominal value per share (Rs.)	2.00	2.00

28. 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, 2013	March 31, 2012
	Rs.	Rs.
Current service cost	5,335,682	4,288,730
Interest cost on benefit obligation	4,854,830	4,264,572
Expected return on plan assets	(4,652,620)	(2,457,318)
Net actuarial (gain) / loss recognized in the year	(700,399)	(1,983,585)
Net benefit expense	**4,837,493**	**4,112,399**
Actual return on plan assets	5,606,573	4,539,401

Balance Sheet

Benefit asset/liability

	March 31, 2013	March 31, 2012
	Rs.	Rs.
Defined benefit obligation	70,421,727	60,685,370
Fair value of plan assets	69,113,707	58,157,751
	1308,020	**2,527,619**
Less : Unrecognized past service cost	-	-
Plan (liability)	**(1,308,020)**	**(2,527,619)**

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

	March 31, 2013	March 31, 2012
	Rs.	Rs.
Opening defined benefit obligation	60,685,370	53,307,149
Interest Cost	4,854,830	4,264,572
Current Service Cost	5,335,682	4,288,730
Benefits paid	(707,709)	(1,273,579)
Actuarial losses on obligation	253,554	98,498
Closing defined benefit obligation	**70,421,727**	**60,685,370**

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

	March 31, 2013	March 31, 2012
	Rs.	Rs.
Opening fair value of plan assets	58,157,751	30,716,476
Expected return	4,652,620	2,457,318
Contributions by employer	6,057,092	24,175,453
Benefits paid	(707,709)	(1,273,579)
Actuarial gains	953,953	2,082,083
Closing fair value of plan assets	**69,113,707**	**58,157,751**

The Company expects to contribute Rs. 12,903,377 (Previous year Rs. 3,316,247) to gratuity fund in the year 2013-14

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

	March 31, 2013	March 31, 2012
	%	%
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, 2013	March 31, 2012
	%	%
Discount rate	8.00	8.00
Expected rate of return on assets	8.00	8.00
Increase in compensation cost	7.00	7.00
Employee turnover		
-upto 30 years	3.00	3.00
-above 30 years but upto 44 years	2.00	2.00
-above 44 years	1.00	1.00

Note :

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

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

	March 31, 13	March 31, 12	March 31, 11	March 31, 10	March 31, 09
	Rs.	Rs.	Rs.	Rs.	Rs.
Defined benefit obligation	70,421,727	60,685,370	53,307,149	36,899,589	31,742,477
Fair value of plan assets	69,113,707	58,157,751	30,716,476	28,601,129	22,608,621
Deficit	1,308,020	2,527,619	22,590,673	8,298,460	9,133,856
Experience adjustments on plan liabilities	(253,554)	(98,498)	(9,873,231)	(566,120)	(355,198)
Experience adjustments on plan assets	953,953	2,082,083	68,924	452,437	412,163

Defined Contribution Plan :

	March 31, 2013	March 31, 2012
Contribution to Provident Fund	22,313,243	19,708,153
Contribution to Superannuation Fund	3,731,912	2,808,147

29. 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, 2013 Rs.	March 31, 2012 Rs.
Lease payments for the year	2,257,500	2,179,500

30. Segment Information

Based on the guiding principles given in Accounting Standard on 'Segmental Reporting' (AS-17), notified under the Companies (Accounting Standards) Rules, 2006, (as amended) ,the Company's primary business segment is manufacturing of auto components for two-wheeler and four-wheeler industry. The business comprises manufacturing and selling of various auto components, viz, front fork, shock absorbers, struts, gas springs and window balancers, having similar risks and rewards because of similar nature of these items. The Company is having negligible export and operates mainly 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).

31. Related party disclosures

Names of related parties and related party relationship

(a) Key management personnel and their relatives
- Mr. Yogesh Chander Munjal – Managing Director
- Mr. Tetsuo Terada – Joint Managing Director
- 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

Related party transactions

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

	Enterprises with significant influence over the Company		Key management personnel & their relatives		Enterprises over which Directors and their relatives have significant influence		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Transactions for the year :								
Sale of goods								
Majestic Auto Limited	-	-	-	-	91,172	401,356	91,172	401,356
Showa Corporation, Japan	369,247	708,825	-	-	-	-	369,247	708,825
	369,247	**708,825**	**-**	**-**	**91,172**	**401,356**	**460,419**	**1,110,181**
Purchase of goods								
Majestic Auto Limited	-	-	-	-	2,536,295	3,336,429	2,536,295	3,336,429
Shivam Autotech Limited	-	-	-	-	100,263,543	46,602,190	100,263,543	46,602,190
Showa Corporation, Japan	369,619,088	532,587,480	-	-	-	-	369,619,088	532,587,480
	369,619,088	**532,587,480**	**-**	**-**	**102,799,838**	**49,938,619**	**472,418,926**	**582,526,099**
Royalty paid								
Showa Corporation, Japan	414,067,805	411,854,052	-	-	-	-	414,067,805	411,854,052
	414,067,805	411,854,052	-	-	-	-	414,067,805	411,854,052
Purchase of intangible assets								
Design & drawing fees								
Showa Corporation, Japan	20,986,500	19,101,000	-	-	-	-	20,986,500	19,101,000
	20,986,500	19,101,000	-	-	-	-	20,986,500	19,101,000
Technician fee paid								
Showa Corporation, Japan	723,049	1,788,604	-	-	-	-	723,049	1788,604
	723,049	1,788,604	-	-	-	-	723,049	1788,604
Interest expense								
Showa Corporation, Japan	1,714,272	2,389,048	-	-	-	-	1,714,272	2,389,048
	1,714,272	2,389,048	-	-	-	-	1,714,272	2,389,048
Travelling and conveyance expense								
Showa Corporation, Japan	1,285,034	496,664	-	-	-	-	1,285,034	496,664
	1,285,034	496,664	-	-	-	-	1,285,034	496,664
Dividend Paid								
Showa Corporation, Japan	31,200,000	26,000,000	-	-	-	-	31,200,000	26,000,000
Dayanand Munjal Investment Pvt. Ltd.	-	-	-	-	46,800,000	39,000,000	46,800,000	39,000,000
Mrs. Nidhi Kapoor	-	-	12,000	10,000	-	-	12,000	10,000
	31,200,000	**26,000,000**	**12,000**	**10,000**	**46,800,000**	**39,000,000**	**78,012,000**	**65,010,000**
Employee Benefits for Key Management Personnel (Salary, Commission and contributions to Provident Fund and Superannuation fund)								
Mr.Yogesh Chander Munjal	-	-	31,028,986	26,065,960	-	-	31,028,986	26,065,960
Mr. Tetsuo Terada	-	-	18,327,096	18,068,688	-	-	18,327,096	18,068,688
	-	**-**	**49,356,082**	**44,134,648**	**-**	**-**	**49,356,082**	**44,134,648**
Balances at the year end:								
Trade payables								
Majestic Auto Limited	-	-	-	-	258,467	559,168	258,467	559,168
Shivam Autotech Ltd.	-	-	-	-	13,119,995	9,517,844	13,119,995	9,517,844
Showa Corporation, Japan	339,727,439	391,278,043	-	-	-	-	339,727,439	391,278,043
Mr. Yogesh Chander Munjal	-	-	8,200,272	9,707,389	-	-	8,200,272	9,707,389
Mr. Tetsuo Terada	-	-	7,535,435	9,538,389	-	-	7,535,435	9,538,389
	339,727,439	391,278,043	15,735,707	19,245,778	13,378,462	10,077,012	368,841,608	420,600,833
Transactions for the year :								
Interest accrued								
Showa Corporation, Japan	207,803	-	-	-	-	-	207,803	-
	207,803	-	-	-	-	-	207,803	-
Trade receivables								
Majestic Auto Limited	-	-	-	-	92,996	-	92,996	-
Showa Corporation, Japan	71,631	141,621	-	-	-	-	71,631	141,621
	71,631	141,621	-	-	92,996	-	164,627	141,621

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.

32. Capital and other commitments

At 31st March 2013, the estimated amount of contracts remaining to be executed on capital account and not provided for is Rs.9,839,822, (Previous year Rs.24,949,953).

33. Contingent Liabilities

	March 31, 2013	March 31, 2012
	Rs.	Rs.
Demands raised by Income Tax Authorities, being disputed by the Company	201,073,766	310,327,530
Show cause notices / demands issued by Excise Authorities, being disputed by the Company	229,361,897	227,506,616
Demand raised by Employees State Insurance Recovery Officer, being disputed by the Company	4,365,036	4,365,036
Pending cases with Income Tax Appellate Authorities / High Court where Income Tax Department has preferred appeals	Liability not ascertainable	Liability not ascertainable

(a) Demands raised by the Income Tax Authorities comprise of:

i) In respect of Assessment Years 1993-94 and 1996-97, allowability of certain expenses like foreign technician expenses, design and drawing fees were pending under appeal with ITAT. ITAT has decided in favour of Company. The Income tax department has appealed against the Company before the High Court wherein the High Court has ordered in favour of the Company which is pending for appeal effect. The total amount involved is Rs. Nil (Previous year Rs. 1,494,076).

ii) In respect of Assessment Years 1998-99 and 1999-00, allowability of certain expenses like foreign technician expenses, design and drawing fees were pending under appeal with ITAT. The issue has been set aside by the Tribunal to the file of the assessing officer to follow the order of earlier years. The total amount involved is Rs. 373,287 (Previous year Rs. 373,287).

iii) In respect of Assessment Years 2002-03, 2003-04 and 2004-05 issues relating to allowability some percentage of expenses like royalty, technician fee, design and drawing, prior period (2004-05) is pending with ITAT. The amount involved is Rs. 22,649,734 (Previous year Rs. 22,649,734).

iv) In respect of Assessment Year 2005-06, 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 issue is decided by Commissioner of Income Tax (Appeals) in favour of the Company during the year. The amount involved is Rs. Nil (Previous year Rs. 115,302,063). Pending receipt of appeal effect order for the Assessment Year 2005-06, where appeal has been decided in favour of the Company by the CIT (Appeals), interest on income tax refund has not been recognized thereof as the amount is presently not reasonably determinable. Interest income on this refund shall be recognized in the year the appeal effect order is received from Income Tax Department.

v) In respect of Assessment Year 2006-07, 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 disallowance of royalty and technical fee. The matter is pending with ITAT. The amount involved is Rs.77,495,260 (Previous year Rs.77,495,260).

vi) In respect of Assessment Year 2007-08, 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 disallowance of royalty and technical fee. The matter is pending with ITAT. The amount involved is Rs.93,013,110 (Previous year Rs.93,013,110) including interest.

vii) 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 disallowance of royalty and technical fee. The matter is pending with ITAT. The amount involved is Rs.90,771,580 including interest.

viii) 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 disallowance of royalty, technical fee etc. The Company has preferred filing the objection against the draft assessment order and is pending before Dispute Resolution Panel ('DRP') for disposal. The amount of disallowances is Rs.227,605,687, on which income tax amounts to Rs 77,363,173 (excluding interest, penalty etc).

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

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

(ii) The Excise authorities have issued show cause/ demand notices (SCN's) on the Company for wrong availment of service tax and cenvat aggregating to Rs. 22,130,757 (Previous year Rs 20,275,476). The Company has filed reply against the above show cause/ demand notices and has protested the same.

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

Contingent liabilities in respect of demands raised by the Employee State Insurance Recovery Officer represent 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. 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) (ii), (iii) and (v) to (viii), (b) (i) to (ii) and (c) above and hence no provision is considered necessary against the same.

34. Derivative Instruments and unhedged foreign currency exposure

(a) Foreign Exchange Option and Forward Contracts Outstanding as at reporting date

Particulars		Purpose
March 31, 2013	**March 31,2012**	
(i) Foreign Exchange Option Borrowings	**(i) Foreign Exchange Option Borrowings**	
USD 77,500 (Notional amount)	USD 232,500 (Notional amount)	Hedge against borrowing in USD
Nil	EUR 110,841 (Notional amount)	Hedge against borrowing in EURO
Nil	JPY 159,471,947 (Notional amount)	Hedge against borrowing in JPY
JPY 204,088,234 (Notional amount)	JPY 476,205,882 (Notional amount)	Hedge against borrowing in JPY
(ii) Forward Contracts Borrowings	**(ii) Forward Contracts Borrowings**	
JPY 68,029,412 (Notional amount)	JPY 68,029,412 (Notional amount)	Hedge against borrowing in JPY
Interest on borrowings	**Interest on borrowings**	
JPY1,151,565 (Notional amount)	JPY2,332,796 (Notional amount)	Hedge against interest payable on borrowing in JPY
Trade Payables	**Trade Payables**	
Nil	JPY 92,474,139	Forward Contract against Trade payables
USD 1,500,000	USD 1,180,406	Forward Contract against Trade payables

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

Particulars	March 31,2013		March 31,2012	
	Amount in Rs.	Foreign currency	Amount in Rs.	Foreign currency
Trade receivables				
USD	86,653	1,596	2,061,333	40,514
JPY	71,656	124,274	141,621	230,428
Advances				
USD	115,095	2,120	90,261	1,774
EUR	-	-	1,566,742	23,075
SGD	-	-	25,659	634
Trade payables & payable towards capital goods				
USD	17,912,128	329,936,	11,701,870	229,990
JPY	70,023,875	121,443,382	141,535,257	230,288,410
EURO	3,190,600	45,842	7,205,403	106,119
THB	7,077,660	3,817,096	28,633,928	17,350,741

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

	March 31, 2013 Rs.	March 31, 2012 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	248,830,333	269,000,451
- Interest due on above	-	-
	248,830,333	**269,000,451**
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.	-	-

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

	March 31, 2013 Rs.	March 31, 2012 Rs.
Raw materials and components	729,715,107	667,026,939
Stores and spares	58,890,331	58,356,184
	788,605,438	**725,383,123**

37. Expenditure in foreign currency (on accrual basis)

	March 31, 2013 Rs.	March 31, 2012 Rs.
Technician fee	880,768	1,788,604
Royalty	414,067,806	411,854,052
Travelling and conveyance	3,217,733	2,565,892
Interest expense	6,387,500	10,207,540
Design and drawings (considered as intangible asset)	20,986,500	19,101,000
Miscellaneous expenses	19,071	-
	445,559,378	**445,517,088**

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

	% of total consumption		Value in Rs.	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Raw materials and components				
Imported	7%	6%	850,406,174	710,380,075
Indigenously obtained	93%	94%	10,914,568,141	10,928,309,046
	100%	**100%**	**11,764,974,315**	**11,638,689,121**
Stores and spares				
Imported	14%	12%	70,070,938	59,702,806
Indigenously obtained	86%	88%	448,938,015	458,583,242
	100%	**100%**	**519,008,953**	**518,286,048**

39. Net dividend remitted in foreign exchange

Year of remittance (ending on)	**March 31, 2013**	**March 31, 2012**
Period to which it relates	2011-12	2010-11
Number of non-resident shareholders	1	1
Number of equity shares held on which dividend was due	10,400,000	10,400,000
Amount remitted (in Rs.)	31,200,000	26,000,000

40. Earnings in foreign currency (on accrual basis)

	March 31, 2013 Rs.	March 31, 2012 Rs.
Exports at F.O.B. value	3,850,595	14,093,986
	3,850,595	14,093,986

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

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

43. The Haryana State Industrial and Infrastructure Development Corporation Limited based on Hon'ble Supreme Court's final order has further demanded an amount of Rs.131,834,893 from the Company as land enhancement cost including interest in relation to Manesar land to be payable in five half yearly installment. Based on final working, Company has capitalised Rs.70,400,675 as land cost and charged off Rs.61,434,218

as interest cost (disclosed as exceptional item) during the year. Company as a member of Industrial Association, Manesar has filed CWP with the Honorable High Court, Punjab & Haryana challenging the aforesaid demand amount. Since the matter is subjudice, Company has not made any payment towards installment due already on 31 October 2012 and consequently an additional interest of Rs.8,299,040 due till 31 March 2013 has been charged off. The total amount payable towards additional land cost is Rs.70,400,675 (disclosed in note 7 of Rs.28,160,270 and note 10 of Rs.42,240,405 to the financial statements) and towards interest cost is Rs.69,733,258 (disclosed in note 7 of Rs.24,573,687 and note 10 of Rs.45,159,571 to the financial statements).

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

As per our report of even date
For S.R.BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm's Registration No. 301003E

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

per Anil Gupta
Partner
Membership No. 87921
Place: Gurgaon
Dated: May 24, 2013

Brijmohan Lall Munjal
Chairman

Yogesh Chander Munjal
Managing Director

Vinod Kumar Agrawal
Director

Mahesh Taneja
VP- Finance and IT

Pankaj Gupta
GM (F&A) & Company Secretary

SECRETARIAL AUDIT REPORT

To,
M/s. Munjal Showa Limited
9-11, Maruti Industrial Area,
Gurgaon-122015

We have examined the registers, records and documents of Munjal Showa Limited (the Company) for the financial year ended 31st March 2013 in the light of the provisions contained in-

- The Companies Act, 1956 and the Rules made thereunder;
- The Depositories Act, 1996 and the Regulation made thereunder;
- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- The Securities and Exchange Board of India (Prohibition of Insider Trading Regulations), 1999 and
- The listing agreement with the National Stock Exchange, Bombay Stock Exchange and Calcutta Stock Exchange.

A. Based on our examination and verification of the records made available to us and according to the clarifications and explanations given to us by the Company, we report that the Company has, in our opinion, complied with the applicable provisions of the Companies Act, 1956 and the rules made thereunder and of the various Acts and the Rules, Regulations and Guidelines made thereunder, listing agreement as mentioned above and of the Memorandum and Articles of Association of the Company, with regard to:

1. Maintenance of various statutory and non-statutory registers and documents and making necessary changes therein as and when the occasion demands.
2. Filing with the Registrar of Companies the Forms, returns and resolutions.
3. Service of the requisite documents by the Company on its members, Registrar and Stock Exchanges.
4. Composition of the Board, appointment, retirement and resignation of directors.
5. Remuneration of executive and non executive directors.
6. Service of notice and agenda of Board Meetings and Meetings of the committee of directors.
7. Meeting of the Board and its committees.
8. Holding Annual General Meeting and production of the various registers thereat.
9. Recording the minutes of proceedings of board meetings, committee meetings and General Meetings.
10. Appointment and remuneration of Auditors.
11. The Company has declared dividend and paid to the eligible shareholders in compliance with the provisions of section 205 of the Act during the year.
12. The Company has transferred the unclaimed/unpaid dividend to Investor Education and Protection Fund in compliance with the provisions of section 205C of the Act during the year.
13. Registration of transfer of shares held in physical mode.
14. Dematerialisation and Rematerialisation of shares.
15. Execution of contracts, affixation of common seal, registered office and the name of the Company.
16. Requirement of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) regulations 2011.
17. Requirement of the Securities and Exchange Board of India (Prohibition of Insider Trading regulations) 1999
18. Requirements set out in the listing agreement with the aforementioned stock exchanges.

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

For Chandrasekaran Associates
Company Secretaries

New Delhi
09th May, 2013

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

MUNJAL SHOWA LIMITED

Regd.Office: 9-11, Maruti Industrial Area, Gurgaon-122 015, Haryana

ATTENDANCE SLIP

I, hereby record my presence at the 28th ANNUAL GENERAL MEETING of the Company held on Friday the 09th day of August' 2013 at Company's registered office at 9-11, Sector-18, Maruti Ind. Area, Gurgaon-122 015, Haryana at 11.00 A.M.

Folio No.
DP ID & Client ID NO.

NO. OF SHARES HELD:

Name
Address

Signature of the member

Signature of the Proxy

ENTRY PASS FOR 28TH ANNUAL GENERAL MEETING
(To be retained throughout the Meeting)

Folio No.
DP ID & Client ID NO.

NO. OF SHARES HELD:

Name
Address

Note:

- Members/Proxy holders are requested to bring the Attendance Slip and Entry Pass with them when they come to the meeting and hand it over at the gate after affixing their signature on it.
- Duplicate Admission Slip will not be issued at the venue.
- Members/Proxy holders who come to attend the meeting are requested to bring their copy of the Annual Report for reference at the meeting.
- There will be separate entrance for AGM at the registered office. Members are therefore requested to cooperate and use only the AGM entrance and not any other entrance.
- There will be no parking facility available inside the registered office.
- This attendance slip is valid only in case shares are held on the date of the meeting.

MUNJAL SHOWA LIMITED

Regd. Office: 9-11, Maruti Industrial Area, Gurgaon-122 015 (Haryana)

PROXY FORM

I/We,— — — — — — — — — — — — — — — — — of — — — — — — — — — — — — — — — —
being a member/members* of Munjal Showa Limited hereby appoint — — — — — — — — — — — — — —
of— — — — — — — — — — — — — — — — — — — or failing him — — — — — — — — — — — — — — — —
— — — — — — — — — — — — — — — — — — of — — — — — — — — — — — — — — — — — as
my/our proxy to vote for me/us and on my/our behalf at the 28th Annual General Meeting of the Company to be held on Friday the 09th day of August' 2013 at 11.00 A.M. and at any adjournment thereof.

Signed this _______ day of _____________ 2013

Folio No.
DP ID & Client ID NO.

Affix a
Fifteen paise
Reveue
Stamp

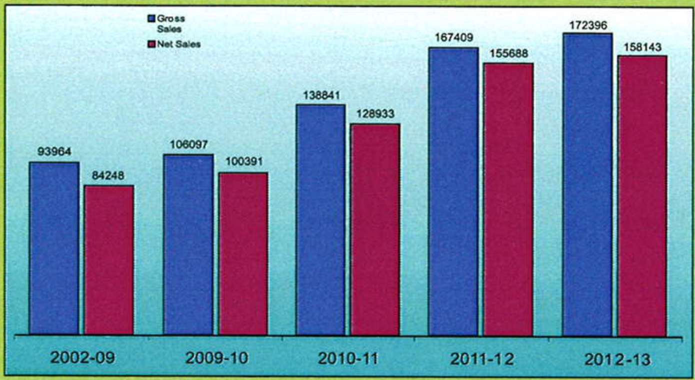
FOR OFFICE USE ONLY:
DATE & TIME OF RECEIPT:
PROXY NO:

Signature______________________

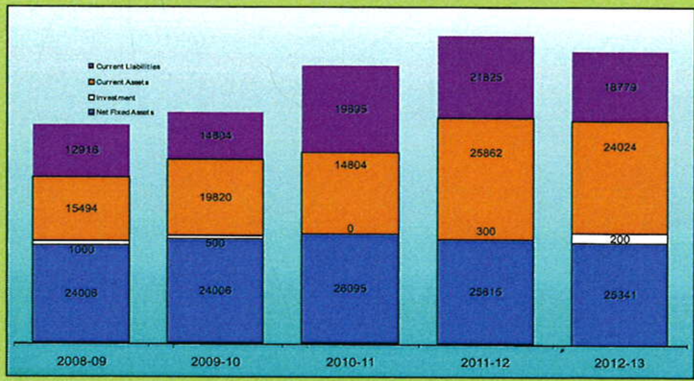
Note: The proxy form duly completed and signed should be deposited at the Registered Office of the Company not less than FORTY-EIGHT HOURS before the time of the meeting.

(*) Every person holding equity share capital of the company and whose name is entered as beneficial owner in the records of the depository shall be deemed to be member of the Company.

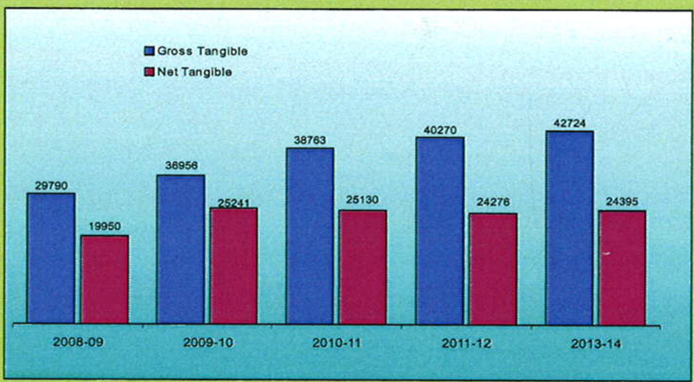
MUNJAL SHOWA LIMITED
Sales (Rs. In Lacs)



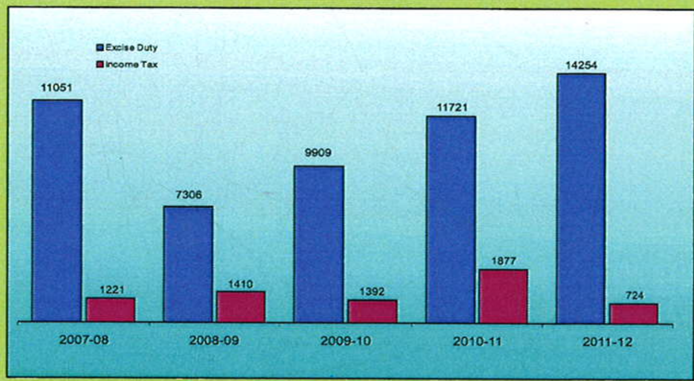
MUNJAL SHOWA LIMITED
Application of Funds (Rs. In Lacs)



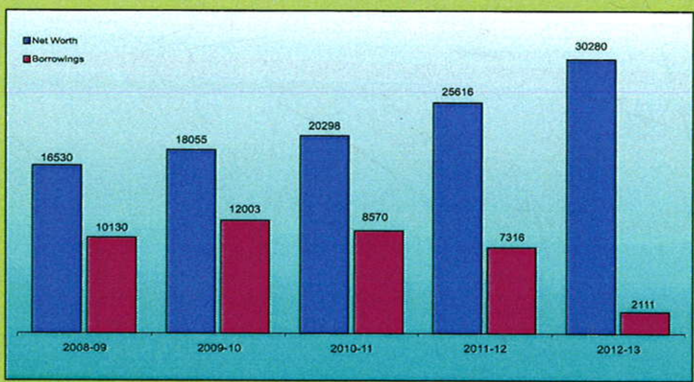
MUNJAL SHOWA LIMITED
Tangible Fixed Assets (Rs. In Lacs)



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



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



Gurgaon Plant

Manesar Plant

Haridwar Plant

Munjal Showa Limited

9-11, Maruti Industrial Area. Gurgaon-122015 (Harayana)
Phone : 0124-4783000, 4783100, Fax : 0124-2341359
E-mail : msladmin@munjalshowa.net
Website : http://www.munjalshowa.net