MUNJAL AUTO

25th Annual Report & Accounts 2009-10

Munjal Auto Industries Limited

MUNJAL AUTO
INDUSTRIES LIMITED

Regd Office : 187, GIDC Industrial Estate,
Waghodia - 391 760
Dist. Vaghodia (Gujarat)
Tel. Nos. (+91 02668) 262421-26
Fax No. (+91 02668) 262427

BOARD OF DIRECTORS

CHAIRMAN
Satyanand Munjal

MANAGING DIRECTOR
Sudhir Munjal

WHOLE TIME DIRECTOR
Anju Munjal

DIRECTORS
Brijmohan Lall Munjal
Om Prakash Munjal
Vijay Munjal (Resigned w.e.f. 25.05.2010)
Anuj Munjal (Appointed w.e.f. 01.06.2010)
Vikram Shah
Naresh Chawla
Mahendra Sanghvi
Ramkisan Devidayal
Sudesh Kumar Duggal
Jal Ratanshaw Patel

FINANCE TEAM
S. K. Sharma, GM – Finance
Rakesh Johari, Company Secretary

AUDITORS
Vakil Jain & Hindocha
Chartered Accountants
38, Gautam Nagar, Race Course,
Vadodara 390 007

PRINCIPAL BANKERS
State Bank of India
IDBI Limited
HDFC Bank Limited

REGISTERED OFFICE & PLANT - I
187, GIDC Industrial Estate,
Waghodia 391 760.
Dist. Vadodara (Gujarat)

PLANT - II
Plot No.37, Sector 5
Phase II, Growth Centre
Bawal – 123 501
Dist. Rewari, State: Haryana

PLANT - III
Plot No.11, Industrial Park -2
Village: Salempur, Mehdoot
Haridwar – 243 402

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DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the 25th Annual Report along with the Balance Sheet and Profit and Loss Account for the year ended March 31, 2010.

FINANCIAL RESULTS

(Amount in Rs. Lacs)

Year ended March 31,	2010	2009
Sales & Other Income	32693.22	27892.53
Profit before Depreciation and Interest	2860.09	2242.53
Depreciation	527.46	587.82
Interest	80.51	58.10
Profit before Taxation	2252.12	1596.60
Provision for Taxation (Deferred & Current)	676.71	487.85
Profit after Taxation	1575.41	1108.75
Prior Period Expenditure	(3.11)	(16.51)
Profit available for appropriations	1578.52	1125.26
Appropriations		
Proposed Dividend on Equity Shares	500.00	250.00
Tax on Dividend	83.04	42.49
Transfer to General Reserve	157.85	112.53
Profit remaining after Appropriation	837.62	720.24

DIVIDEND

The Board of Directors of the Company are pleased to recommend a dividend of 50% i.e. Rs.5 on equity share of Rs. 10 each for the fiscal 2010. The dividend, if approved by the Members in the ensuing Annual General Meeting, would absorb Rs. 583.04 lacs (Rs.292.49 lacs previous year) out of the distributable surplus.

The Register of Members and Share Transfer Books will remain closed from September 18, 2010 to September 25,2010 (both days inclusive).

APPROPRIATIONS

After setting aside the amount of Rs.583.04 lacs for dividend including dividend distribution tax and after transferring an amount of Rs. 157.85 lacs (Rs. 112.53 lacs previous year) to General Reserve, the balance amount of Rs. 837.63 lacs (Rs. 720.25 lacs previous year) is being retained in the Profit and Loss Account.

GLOBAL AND INDIAN ECONOMIC SCENARIO

Uncertainty continues to cloud the shape and pace of global economic recovery. Just as the US seemed to be emerging from its worst recession since the Great Depression, Europe finds itself in the midst of a major crisis. Private spending in advanced economies continues to be constrained and inflation remains generally subdued, making it likely that fiscal and monetary stimuli in these economies will continue for an extended period. Emerging market economies, on the other hand, seem to be significantly ahead on the recovery path, but some of them are also facing inflationary pressures. This has promoted central banks in some of these countries to begin phasing out their accommodative monetary policies.

In India, the economic recovery, which began around the second quarter of 2009-10, has since shown sustained improvement. Industrial recovery has become more broad-based and is expected to continue in the wake of rising domestic and external demand. Reversing a nearly year long decline, exports and imports have both grown since November 2009. Flow of credit from both bank and non-bank sources has picked up and overall business sentiment has turned distinctively positive. India's GDP Growth in 2009-10 has been estimated at 7.4%, driven by growth in the industrial and services sectors. The abundance of liquidity in the system ensured that interest rates remained reasonable for most part. The fiscal deficit for 2009-10 stood at 6.6% of GDP, slightly below the full year's estimated of 6.7%. In the Budget for 2010-11, the fiscal deficit for FY 2011 has been estimated at 5.5% of GDP, a reduction of 1.2% from last year's estimate. However, the windfall mobilization through the recent 3G Licences in Telecom Sector further reduce the deficit. The developments on the inflation front are, however, far from encouraging. The wholesale price index (WPI) inflation climbed steeply from 1.5% in October 2009 to 10.2% by May 2010.

PERFORMANCE

The company has achieved a record sales turnover of Rs 325.36 Crore registering a growth of 17.7% per cent. Profit before tax of stood at Rs.22.52 crore and profit after tax at Rs. 15.75 crore during the year as against Rs.15.96 crore and 11.08 crore respectively in the previous year.

Automobile sector in India was one of the major beneficiaries of the fiscal stimulus package unleashed by the Indian Government in the aftermath of a Global Financial Crisis. Demand for the Automobiles - particularly the two-wheeler segment 'remained' pretty buoyant throughout the year. Your company's principal customer Hero Honda continues to straddle two-wheeler industry in India and sets new benchmark of excellence in production,

quality, customer satisfaction year-after-year. Consequential positive impact on your company's business is reflected in the performance during the year.

OUTLOOK - AUTOMOBILE INDUSTRY

Two-wheeler Industry Zooms Past 10-M Landmark in FY10, Emerging As A Strong Competitor to China

The domestic two-wheeler industry has whizzed past the key milestone of making and selling one million units in the Month of March 2010. For the first time, the industry also crossed the 10-million mark in a fiscal by selling 10.5 million two-wheelers in 2009-10.

In 2009-10, total two-wheeler sales were up by 24.52% over the previous fiscal, which stood at 8.4 million, according to CMIE data. The market is dominated by motorcycles, which account for nearly 77-78 % of all sales, followed by scooters at 15-16 %, and the rest by mopeds.

With these heady numbers, India has emerged as a strong competitor to China, the largest two-wheeler market with 15-16 million bikes. But China's electric two-wheeler market is another 10-million strong. In India, e-bike hasn't taken off yet.

The Indian two wheeler market with an annual domestic sale in excess of 10 million units. Riding high on the back of the rural boom, the Indian two-wheeler industry is all set to cross 13.4 million units by 2013-14 from the 2009-10 level of 10.46 million units, witnessing a CAGR of 9.7%, according to a latest report of CARE Research. Indian automobile industry records a 26 percent growth in the domestic sales during 2009-10.

The automobile sector of India is now the seventh largest in the world. The country is the largest manufacturer of motorcycles, second largest producer of two-wheelers and the fifth largest producer of commercial vehicles in the world. In the last few years, the Indian two-wheeler industry has seen spectacular growth. The country stands next to China and Japan in terms of production and sales respectively. Several Indian automobile manufacturers have spread their operations globally as well, asking for more investments in the Indian automobile sector. Industry experts have visualized an unbelievably huge increase in automotive sales figures over the immediate future. In the year 2009-10, India rose to be the fourth largest exporter of automobiles following Japan, South Korea and Thailand.

NEW PLANTS AND CREATION OF ADDITIONAL CAPACITIES

Our existing major customer Hero Honda is undisputed leader of the pack of two- wheeler manufacturing companies, has chalked up substantive plans to ramp up its facilities and bring out a slew of models and a range of two-wheelers. At Bawal, Gurgaon in Haryana, your company has set up a plant to manufacture Mufflers with an installed capacity of 18 lacs p.a. and has become operational since 3rd Quarter of the Year. It has also completed construction of another plant at Haridwar, Uttarakhand to manufacture Mufflers with an installed capacity of 24 lacs nos p.a. It has gone on stream in March 2010. Your company is well equipped and confident for meeting the increased demand of auto components for two-wheelers in years to come.

FUTURE PLANS

Your company has just fetched an order for supply of fuel tanks to TATA Motors NANO cars and has already initiated actions to set up a dedicated manufacturing facilities at Waghodia, Gujarat plant. The new plant will have a capacity of producing 3.6 lacs Fuel Tanks per annum and is expected to be operational in second half of current fiscal 2010-11.

DIRECTORS

As per the Articles of Association Mr. Mahendra Sanghvi, Mr. Naresh Chawla, Mr. Sudesh Kumar Duggal and Mr. Ramkisan Devidayal, retire by rotation in the forthcoming Annual General Meeting. All of them, being eligible, offer themselves for reappointment.

QUALITY

Your company's foremost emphasis is on maintaining and improving quality of its products and services to customers, this has been achieved by up gradation of Quality Management Systems as per ISO / TS 16949:2002 to 2009 version through re-certification after completing the journey of Six Years for World Renowned Quality Standards. The goal of Continual Improvements, Defect Prevention and Reduction of variation and waste has been further deployed throughout the organization by implementation of different tools, like Kaizens, Five "S", Waste Elimination and TPM. As a part of Total Employee Involvement, your company has completed 50,000 kaizens in last six years journey; it shows the commitment of each employee towards improving customer satisfaction. Also, combined efforts with the customers have been initiated in the Form of Combined Improvement Programs for Various Projects of Quality Improvements.

Efforts for improvements and innovations have been recognized at the National Level Competition for SMED [Single Minute Exchange of Die] and got a First Prize, organized by ACMA and Merit Awards by an "Indian National Suggestion Scheme Association" [INSSAN], New Delhi.

Enhancement of competence and involvement of employees is being carried out through Advanced training of Employees in the field of Problem Solving Process, Process Mapping, Advanced Version of FMEA[Failure Mode and Effect Analysis], to continue the journey towards World Class manufacturing.

FINANCE

Your Company was able to raise the short-term & long term funds needed for its working capital related requirements & for establishment of new plants at Haridwar & Bawal at fairly competitive rates, although hardening of interest rates was the prevalent trend in the Indian Financial System. Effective use of available financial resources has helped Company further contain finance costs during the year.

CORPORATE GOVERNANCE

In terms of the Listing agreement, Management Discussion and Analysis Report is annexed and forms part of the Annual Report. A report on Corporate Governance along with the Auditors Certificate on its compliance is also annexed forming part of the Annual Report. For fiscal 2010, the compliance report is provided in the Corporate Governance Report section of this Annual Report. The auditor's certificate on compliance is annexed to this report.

FIXED DEPOSITS

The company has not accepted any fixed deposits during the year and, as such, no amount of principal or interest was outstanding as of the balance sheet date.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, with regard to the Directors' responsibility statement, the Board of Directors confirms that:

a) in the preparation of the Annual Accounts, the applicable accounting standards have been followed and there has been no material departure;

b) the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010 and the profit & loss account of the Company for the year ended on that date.

c) 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.

d) the Annual Accounts have been prepared on a going concern basis.

AUDIT COMMITTEE RECOMMENDATION

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

RATINGS

The company has been rated by the rating agency ICRA as LAA-(stable) for Rs. 64.7 Cr for its Long Term loans, including cash credit,as A1+ for Commercial papers of Rs. 15 Cr. and A1+ for short term plans for Non fund based limits.

AUDITORS

The auditors, M/s. VAKIL, JAIN & HINDOCHA, Chartered Accountants, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the Auditor's office, if reappointed.

ENVIRONMENT

Your company is committed for reducing the impact on environments from its organizations activities as a part of social responsibilities for the reduction of carbon emission in the atmosphere through various initiatives in the field of Energy Conservations and Wastage Elimination from the business processes, the same has been aligned with the Hero Honda Motors Green Supply Chain Development initiatives and compliance and improvement in the Environmental management Systems as per ISO 14001:2004, the efforts has also been recognized by esteemed customer HHML for Extra Ordinary Performance in the Second Consecutive Years by awarding a Trophy in the Category.

The movement of greening the Planet by Greening Munjal Auto has been initiated internally by involvement of employees at grass root level with a strong initiative by Managing Director. As a Part,

400 trees have been planted on the occasion of World Environment Day on 5th June, 2010 in the factory premises to increase the green belt. Also, employees of Munjal Auto have participated to save the energy for reducing impact on Global Warming by shutting of the power for 1 hour on the occasion of EARTH DAY.

Water harvesting is implemented in the factory complex with a simple but effective method of collecting rain water from factory building's roofs and charging the same into the ground in a guided manner to raise the water level in the factory and surrounding areas.

Installation of proper filtration plant in the factory to ensure safe drinking water in the factory complex.

ENERGY, TECHNOLOGY, FOREIGN EXCHANGE

The particulars as prescribed under 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 are given in the ANNEXURE - II that forms part of this Report.

PARTICULARS OF EMPLOYEES

As required under the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are set out in the ANNEXURE - III included in this report.

INDUSTRIAL RELATIONS

Industrial relations have remained cordial throughout the year in the Company.

HEALTH AND SAFETY

Safety is every employee's responsibility and concern. Your Company is committed for safety and health of its employees and other persons who may be affected by its operations. It's company's belief that safe working practice leads to motivated workforce and higher productivity and to that end, all possible safety measures are put in place to eliminate accidents at the factory. Employees are encouraged to report the incidents. Even small Incidents are investigated and analysed to prevent reoccurrence and improve upon safety record. Safe working culture across the company is ensured by:

- Integrating safety and health in all activities.
- Ensuring compliance with all applicable legislative requirements.
- Encouraging employees to ensure safety at their workplaces.
- Continuous improvements in safety performance through precautions besides participation & training of employees

ACKNOWLEDGEMENTS

Company would like to thank its Stakeholders including suppliers, vendors, investors and bankers, In particular to its principal customer Hero Honda Motors Limited for their continued support during the year.

Company also records its appreciation of the contribution made by employees at all levels. Their diligent hard work, cooperation and support is a backbone of all endeavours of the company.

Company would like to acknowledge Government of India, and Customs and Excise Departments, Income Tax and Industrial & Labour Departments, Government of Gujarat and other government agencies for the support the company has been receiving over the years, and is looking forward to their continued support/guidance in times to come.

For and on behalf of the Board
Sudhir Munjal
Managing Director

Gurgaon
Date : 12.08.2010

ANNEXURE 'I' TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION ANALYSIS

Munjal Auto Industries Limited (MAIL) is a HERO Group Company and an investor in MAIL has the benefit of the Group's focussed involvement in Automobile Industry and as a player of formidable repute.

Positive sentiment and a renewed confidence during 2009 in the India growth story replaced the fear and uncertainty prevalent in the Year 2008. Your Company used the crisis to reboot and reinvent itself and to reignite its dreams. It has braced with the challenges thrown up by challenging times on the bedrock of support of its principal customer Hero Honda and is poised to surge ahead with aspiration, inspiration and motivation.

INDUSTRY STRUCTURE AND DEVELOPMENT

Indian automobile industry will achieve mass motorization status by 2014.

Industry Overview

Since the first car rolled out on the streets of Mumbai (then Bombay) in 1898, the Automobile Industry of India has come a long way. During its early stages, the auto industry was overlooked by the then Government and the policies were also not favourable. The liberalization policy and various tax reliefs by the Govt. of India in recent years has made remarkable impacts on Indian Automobile Industry. Indian auto industry, which is currently growing at the pace of around 18 % per annum, has become a hot destination for global auto players like Volvo, General Motors and Ford.

A well developed transportation system plays a key role in the development of an economy, and India is no exception to it. With the growth of transportation system the Automotive Industry of India is also growing at rapid speed, occupying an important place on the 'canvas' of Indian economy.

Today Indian automotive industry is fully capable of producing various kinds of vehicles and can be divided into 03 broad categories : Cars, two-wheelers and heavy vehicles.

Snippets

- The first automobile in India rolled out 1897 in Bombay.
- India is being recognized as potential emerging auto market.
- Foreign players are adding to their investments in Indian auto industry.
- Within two-wheelers, motorcycles contribute 80% of the segment size.
- Unlike the USA, the Indian passenger vehicle market is dominated by cars (79%).
- Tata Motors dominates over 60% of the Indian commercial vehicle market.
- 2/3rd of auto component production is consumed directly by OEMs.
- India is the largest three-wheeler market in the world.
- India is the largest two-wheeler manufacturer in the world.
- India is the second largest tractor manufacturer in the world.
- India is the fifth largest commercial vehicle manufacturer in the world.
- The number one global motorcycle manufacturer is in India.
- India is the fourth largest car market in Asia - recently crossed the 1 million mark.

INDUSTRY OVERVIEW AND TRENDS

Indian economic growth recovered strongly and relatively faster from the effects of the global financial crisis. The Government responded quickly to the crisis with a larger stimulus package including reduction in indirect taxes and other fiscal and monetary measures to boost demand. As a result, industrial growth made rapid strides, registering a double digit increase in the second half of Financial Year 2010, as compared to nearly zero growth in the comparable period of financial Year 2009.

However, given the poor monsoon and rise in global commodity prices, inflation has rise sharply since November, 2009, containing inflation is likely to remain a key challenge for the Government and policymakers in the near term.

INDIAN AUTOMOTIVE SECTOR

The global Automobile Industry was one of the worst affected by the financial crisis. Global Automobile production declined by 13.5% in the year 2009, after a 3.7% decline in the year 2008 (Source: OICA). Recognizing the importance of the Automobile Industry to their economies and employment, many Governments in developed and emerging markets responded with measures to boost demand for Automobiles, especially through providing incentives for scrapping old vehicles (also known as "cash for clunker" Schemes) and by reducing taxes.

Helped by the Indian Government's stimulus package (primarily comprising a 6% point reduction in excise duty) and multiple new product launches by manufacturers, the Indian Automobile Industry registered a healthy growth of 27.9% in Financial Year 2010 as compared to a decline of 4.8% in Financial Year 2009.

Trend of AUTOMOBILE GROWTH IN INDIA (In last 3 years) - Across the sector and category of vehicles

					% Growth	
Domestic Industry Sales		**F-08**	**F-09**	**F-10**	**F-09**	**F-10**
Passenger vehicles		15,49,882	15,52,703	19,49,776	0.2%	25.6%
Cars		12,03,733	12,30,475	15,26,787	1.4%	25.1%
	*A1:Mini	69,553	49,333	63,378	-29.0%	28.3%
	A2: Compact	8,59,197	8,85,639	11,28,272	3.1%	27.4%
	A3:Mid -Size	2,25,725	2,41,683	2,76,071	7.1%	14.2%
	A4: Executive	42,195	33,638	46,346	-20.3%	37.8%
	A5: Premium	6,201	9,093	11,455	46.6%	26.0%
	A6: Luxury	862	1,093	1,265	26.8%	15.7%
MPVs		1,00,865	1,06,607	1,50,256	5.7%	40.9%
UVs		2,45,284	2,25,621	2,72,733	-8.0%	20.0%
Commercial V ehicles		4,88,088	3,84,194	5,31,295	-21.3%	38.3%
LCVs		2,15,912	2,00,699	2,86,337	-7.0%	42.7%
	Passenger	27,832	26,952	34,421	-3.2%	27.7%
	Goods	1,88,080	1,73,747	2,51,916	-7.6%	45.0%
M &HCVs		2,74,582	1,83,495	2,45,058	-33.2%	33.6%
	Passenger	38,647	34,892	42,081	-9.7%	23.5%
	Goods	2,35,935	1,48,603	2,01,977	-37.0	35.9%
3 Wheelers		3,64,781	3,49,727	4,40,368	-4.1%	25.9%
	Passenger	2,34,774	2,68,463	3,49,662	14.3%	30.2%
	Goods	1,30,007	81,264	90,706	-37.5%	11.6%
2 Wheelers		**96,54,435**	**74,37,619**	**93, 71,231**	**-23.0%**	**26.0%**
	Scooters	**10,50,109**	**11,48,007**	**14,62,507**	**9.3%**	**27.4%**
	Motorcycles	**57,68,342**	**58,31,953**	**73,41,139**	**1.1%**	**25.9%**
	Mopeds	**4,13,759**	**4,31,214**	**5,64,584**	**4.2%**	**30.9%**
	Electric	**17,068**	**26,445**	**3,001**	**54.9%**	**88.7%**

- Source: Society of Indian Automobile Manufacturers
- * Classification of A1, A2 etc as per Society of Indian Automobile Manufacturers

OPPORTUNITIES AND THREATS

The current low level of vehicle ownership in India is 14 per 1,000 people as compared with the world average of 120 per 1,000 which implies a huge opportunity for growth of the Automobile Industry. India's Automotive Sector is expected to be one of the fastest growing in the world over the next several years. However, the Company faces increasing competition from the presence of a large number of automotive components making companies in the country.

Semi Urban markets have been among the positives that are pushing up demand which would be on the radar of two-wheeler makers.

Strong rural demand plus higher income levels have helped the two-wheeler industry to stage strong month-on month sales. Over the next three-to-four years growth rates would be reasonably higher.

The Automobile Industry is also a key contributor in economic growth. The Indian Government's Automotive Mission Plan 2016 (AMP 2016) envisages a doubling of automotive industry's share of the Indian economy by 2016. However, stricter emission norms and an increase in focus on public transportation may discourage use of automobiles as a means of personal transport.

Increased Industrial Investments in Industries, around cities and towns in India and the consequent growth in industrial activity will lead to increased incomes of a rising middle class, resulting in a growing demand for two-wheelers with which your company's future is inextricably linked.

RISK AND CONCERNS

Given that the Indian Automobile Industry is expected to be one of the fastest growing markets in the world, many global players are significantly expanding their presence in India. There is a concern that this will result in an ever increasing level of competition and intense pressure on the profit margins of all participants.

Increased competition will lead to more frequent product launches in all industry segments and raise customer expectations in terms of performance, quality and technology, leading to higher costs. Your Company, as an important player in auto components sector within the Automobile Industry, views all of this as an opportunity and a challenge, a concurrent and symbiotic force to reckon with.

REGULATIONS

Stringent regulatory norms are being introduced to safeguard the environment, especially in the area of emissions. Many of these measures are likely to result in an increase in costs which cannot always be passed on to customers through price increase in a highly competitive market environment.

FUEL PRICES AND ALTERNATE FUELS

Fuel prices are an important element of the overall cost of ownership of any vehicle, including the two-wheeler.

There is also a growing customer trend, as well as promotion by the Government, for vehicles powered by CNG, LPG and electric batteries, as well as hybrid power trains. Any major increase in fuel prices will tilt the scale in favour of electric-powered two-wheelers

ALTERNATE MODES OF TRANSPORTATION

While the thrust by the Government on development of urban infrastructure would lead to overall economic development and improve living standards, it is also likely to provide alternate modes of transport for daily commuting such as Bus Rapid Transit System ("BRTS"), Metrorail, monorails, etc. Also growing urbanization and vehicle population is leading to growing pollution, congestion and shortage of parking spaces in cities. These trends would likely discourage the use of automobiles as a means of personal transport, though, given the aspirations of Indian consumers, it may not have a significant impact on the demand for personal vehicles.

Demand squeeze for automobiles, particularly for two-wheelers, arising from a slew of variables like natural calamities, erratic monsoon, internal challenges in law and order, political disturbances etc. can upset the apple cart of Indian Automotive Industry

Any adversity in the market conditions - particularly that of two-wheeler industry - due to high interest rates, stringency in availability of finance to a prospective buyer can be a dampener in the overall demand of two-wheelers and the components made by the company, which have its demand deduced from that of two-wheelers.

FINANCIAL MARKET CONDITIONS

Availability of credit and affordable interest rates are important facilitators for automobile two-wheeler sales Any adverse change in these factors would impact demand.

OUTLOOK

In the long term, the Indian economy is projected to grow rapidly and demand conditions are expected to remain strong. However,

ANNEXURE 'II' TO THE DIRECTORS' REPORT

in the near term, there are challenges in terms of higher commodity prices, rising inflation and appreciation of the rupee which will have a bearing on demand and profitability.

Both the Automotive and two-wheeler segment within it, with their update of product portfolios and their exploration of global horizons will strive to maintain their leadership position in their respective markets. Simultaneously, your company will continue its focus on achieving cost leadership through focused cost optimization, value engineering, improved efficiency measures like supply chain management.

Information as per 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

1. Conservation of Energy

The Management is perusing energy conservation with considerable focus and commitment. Effective use of energy, particularly in the hard core manufacturing processes of the Company, continues to be an important ingredient of conservation of energy. Optimal utilization of various energy resources like power, fuel and oil is ensured by ongoing measures / steps that improve power factor and other consumption.

2. Technology Absorption, Adaptation and innovation

Company is having dedicated team for new developmental activities. Engineering department of the Company is continuously working on development of components for new models of automobile and also development of alternate processes to enhance quality and to reduce cost.

Following measures were adopted by the Company during the year under review:

- Capacity expansions at many manufacturing processes have been done viz-painting process, Ni Chrome plating process, etc.
- Spoke hole punching process automation in the motorcycle rim part has been implemented for quality / productivity improvement.
- New improved paints introduced which can withstand higher temperature resulting into better life of Mufflers.

3. Foreign Exchange Earnings and outg

(Rs. In Lacs)

		2009 10	2008-09
(a)	Total Foreign Exchange Earnings	-	-
(b)	Total Foreign Exchange Outgo	1312.26	502.95

ANNEXURE 'III' TO DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, and forming part of the directors' report for the year ended March 31, 2010

Sr. No	Name and Qualification	Designation	Remuneration (In Rs.)	Exp. (Years)	Age (Years)	Date of Commence ment of Employment	Previous Employment & Designation
1.	Mr. Sudhir Munjal B.A.	Managing Director	1,25,35,186	40	64	31.10.1993	Majestic Auto Ltd. Executive Director
2.	Mrs. Anju Munjal B.A.	Whole-time Director	1,25,35, 186	24	60	01.01.1995	Munjal Auto Industries Ltd. Chief Executive

Notes:

1. Remuneration comprises basic salary, allowances, commission and taxable value of perquisites.
2. All the above appointments are on contractual basis.
3. Mr. Sudhir Munjal, Managing Director & Mrs. Anju Munjal, Whole-time Director are related to each other and also to Mr. Satyanand Munjal, Chairman of the Company.

AUDITORS' REPORT

To
THE MEMBERS OF
MUNJAL AUTO INDUSTRIES LIMITED

1. We have audited the attached Balance sheet of Munjal Auto Industries Limited as at 31st March, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) Order, 2004, ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act,1956, we enclose in the Annexure a statement on the matters specified in the Paragraph 4 and 5 of the said order.

4. Further to our comments in the Annexure referred to above, 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 purposes of our audit;

   b) in our opinion, proper books of account as required by Law have been kept by the Company so far as appears from our examination of those books;

   c) the Balance sheet and Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account;

   d) in our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow statement dealt with by this report 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 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31st March,2010 from being appointed as a director, in terms of clause (g) of sub section (1) of Section 274 of the Companies Act,1956;

   f) In our opinion and to the best of our information and according to explanations given to us, the said accounts, read together with significant accounting policies and the notes thereon appended thereto, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      I) in the case of the Balance sheet, of the state of affairs of the company as at 31st March, 2010;

      ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

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

For VAKIL JAIN & HINDOCHA
Chartered Accountants
Firm Registration No. 112894W

Surendra Modiani
Partner
Membership No. 047966

Place :Vadodara
Date:August 12,2010

ANNEXURE TO AUDITORS' REPORT

Annexure referred to in paragraph 3 of the Auditors' Report to the members of Munjal Auto Industries Limited for the year ended 31st March, 2010

1) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets;

(b) These fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification;

(c) The Company has not disposed off substantial part of fixed assets.

2) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.

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

3) The Company has not either granted or taken any loans to/from companies, firms or other parties covered in the register maintained under section 301 of the Act and therefore, the matters referred in paragraph 4 (iii) of the Companies (Auditors' Report) Order, 2003 are not applicable.

4) In our opinion and according to the information and explanations given to us, 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. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

5) According to the information and explanations given to us,

(a) The particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section;

(b) In our opinion and according to the information and explanations given to us, the transactions, exceeding the value of five lac rupees in respect of any party during the year, made in pursuance of such contracts or arrangements, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6) The Company has not accepted deposits from the public. Accordingly, paragraph 4(vi) of the Order is not applicable to the company.

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

8) We have broadly reviewed the books of accounts and records maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

9) According to the information and explanations given to us and as shown by our examination of the books of accounts:

(a) The company is regular in depositing with the appropriate authorities, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it and no undisputed amounts payable in respect thereof were in arrears, as on the last day of the financial year, for a period of more than six months from the date they became payable.

(b) The Company has not deposited disputed Sales Tax demand of Rs.25.50 lacs pertaining to the Financial Year 2002-03. The company has preferred appeal against the order of the Assessing Officer and the matter is pending before the Joint Commissioner of Sales Tax (Appeals), Vadodara.

There are no dues of Income-tax / Wealth-tax / Service-tax / Custom duty / Excise duty / Cess which have not been deposited on account of any dispute.

10) The company has no accumulated losses at the end of the financial year and it has not incurred cash losses during the financial year and in the immediately preceding financial year.

ANNEXURE TO AUDITORS' REPORT (Continued)

11) The company has not defaulted in repayment of dues to a financial institution or bank or debenture holders. The details of claim made but not accepted by the company are as per notes on accounts.

12) The Company has not granted any loans or advances on the basis of any security.

13) 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 are not applicable to the Company.

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

15) The Company has not given any guarantee for loans taken by others.

16) In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.

17) 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 by the company.

18) The Company has not made any preferential allotment of shares during the year.

19) The Company has not issued any debentures in respect of which any security was required to be created.

20) The Company did not raise any money by public issue during the year.

21) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For VAKIL JAIN & HINDOCHA
Chartered Accountants
Firm Registration No. 112894W

Surendra Modiani
Partner
Membership No. 047966

Place :Vadodara
Date :August 12,2010

BALANCE SHEET AS AT 31st MARCH, 2010

(Amount in Rs.)

	Schedule	As at 31st March, 2010	As at 31st March, 2009
SOURCES OF FUNDS			
(1)Shareholders' Funds :			
(a) Capital	1	100,209,150	100,209,150
(b) Reserves and Surplus	2	666,854,314	567,306,295
		767,063,464	667,515,445
(2) Loan Funds :			
Secured Loans	3	371,411,531	23,939,424
(3) Deferred Tax Liability (Net)	4	23,514,715	23,802,158
TOTAL		**1,161,989,710**	**715,257,027**
APPLICATION OF FUNDS			
(1) Fixed Assets :	5		
(a) Gross Block		1,275,432,484	842,425,321
(b) Less : Depreciation		427,768,669	375,484,914
(c) Net Block		847,663,815	466,940,407
(d) Capital Work in Progress		43,434,519	85,329,364
		891,098,334	552,269,771
(2) Investments	6	275,230,629	213,560,280
(3) Current Assets, Loans and Advances :	7		
(a) Inventories		150,961,186	75,536,603
(b) Sundry Debtors		270,929,059	233,195,168
(c) Cash and Bank Balances		5,503,963	7,241,817
(d) Loans and Advances		78,765,240	39,272,519
		506,159,448	355,246,107
Less : Current Liabilities and Provisions:			
(a) Current Liabilities		423,156,109	359,815,751
(b) Provisions	8	87,342,592	46,003,380
		510,498,701	405,819,131
Net Current Assets		(4,339,253)	(50,573,024)
TOTAL		**1,161,989,710**	**715,257,027**
Notes on Accounts	14		

As per our report of even date
For Vakil Jain & Hindocha
Chartered Accountants

Surendra Modiani
Partner
Membership No. 47966
Firm Registration No. 112894W

S.K. Sharma
GM (Finance)

Rakesh Johari
Company Secretary

For and on behalf of the Board

Vikram Shah	Director
Naresh Chawla	Director
Mahendra Sanghvi	Director
Ramkisan Devidayal	Director
Sudesh Duggal	Director
Jal Ratanshaw Patel	Director
Anuj Munjal	Director
Sudhir Munjal	Managing Director
Anju Munjal	Whole Time Director

Vadodara
August 12,2010

Gurgaon
August 12,2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

(Amount in Rs.)

	Schedule	For the year ended 31st March, 2010	For the year ended 31st March, 2009
INCOME			
Gross Sales		3,253,638,523	2,763,122,514
Less : Excise Duty		346,513,443	411,989,046
Net Sales		2,907,125,080	2,351,133,468
Other Income	9	15,682,890	26,130,044
Increase/(Decrease) in Stocks of Finished Goods and Work in Process	10	6,362,904	2,329,423
		2,929,170,874	**2,379,592,935**
EXPENDITURE			
Raw Materials and Components consumed		1,906,619,855	1,565,307,657
Remuneration and Benefits to Employees	11	142,755,671	117,468,479
Manufacturing and Other Expenses	12	593,786,148	472,563,610
Interest	13	8,051,226	5,810,254
Depreciation		52,746,184	58,782,344
		2,703,959,084	**2,219,932,344**
Profit before Taxation		**225,211,790**	**159,660,591**
Provision for Taxation			
- Current		67,800,600	55,547,000
- Deferred		(287,443)	(8,014,823)
- Fringe Benefit Tax		-	1,111,000
- Wealth Tax		157,610	142,000
Profit after Taxation		**157,541,023**	**110,875,414**
Prior Period Adjustments (Net)		(311,371)	(1,650,643)
Net Profit available for appropriation		**157,852,394**	**112,526,057**
APPROPRIATIONS			
Transfer to General Reserve		15,785,239	11,252,606
Proposed Dividend on Equity Shares		50,000,000	25,000,000
Provision for Dividend Distribution Tax		8,304,375	4,248,750
Profit after Appropriations		**83,762,780**	**72,024,701**
Balance brought forward from Previous Year		454,514,923	382,490,222
Balance carried over to Balance Sheet		**538,277,703**	**454,514,923**
Basic and Diluted Earning Per Share face value Rs.10/- each		**15.79**	**11.25**
Notes on Accounts	14		

As per our report of even date
For Vakil Jain & Hindocha
Chartered Accountants

Surendra Modiani
Partner
Membership No. 47966
Firm Registration No. 112894W

S.K. Sharma
GM (Finance)

Rakesh Johari
Company Secretary

For and on behalf of the Board

Vikram Shah	Director
Naresh Chawla	Director
Mahendra Sanghvi	Director
Ramkisan Devidayal	Director
Sudesh Duggal	Director
Jal Ratanshaw Patel	Director
Anuj Munjal	Managing Director
Sudhir Munjal	Whole Time Director
Anju Munjal	

Vadodara
August 12,2010

Gurgaon
August 12,2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010

(Amount in Rs.)

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
A. Cash Flow from operating activities		
Net Profit before tax and extra ordinary items	**225,211,790**	**159,660,591**
Adjustments for :		
Depreciation	52,746,184	58,782,344
Profit on sale of fixed assets	(96)	-
Loss on sold/discarded assets	16,659	253,093
Lease Rent Paid	573	573
Interest Income	(1,000,844)	(311,727)
Interest Expenses	8,051,226	5,810,254
Profit on Sale of Investments	(189)	(51,648)
Loss on Sale of Investments	-	32,433
Dividend Income	(10,374,418)	(23,108,162)
	49,439,095	41,407,160
Operating Profit before working capital changes	**274,650,885**	**201,067,751**
Increase / decrease in Working Capital :		
Inventories	(75,424,583)	29,416,043
Debtors	(37,733,891)	(27,019,708)
Other Current Assets	(23,872,116)	19,758,438
Sundry Creditors	54,079,175	65,379,126
Other Liabilities	16,180,136	7,186,778
	(66,771,280)	94,720,677
Cash Generated from Operations	**207,879,604**	**295,788,428**
Prior Period Adjustments (Net)	311,371	1,650,643
Income Tax paid	(88,592,797)	(65,019,193)
Net Cash from Operating Activities ..... A	**119,598,178**	**232,419,878**
B. Cash Flow from Investing Activities		
Purchases of Fixed Assets & Capital Advances	(391,865,751)	(148,817,459)
Lease Rent paid	(573)	(573)
Proceeds from Sale of Fixed Assets	274,443	310,000
Sale of Investments	1,809,219,227	1,313,653,433
Purchase of Investments	(1,860,514,969)	(1,294,251,256)
Dividend Income	10,374,418	23,108,162
Interest Income	1,000,844	311,727
Net Cash used in Investing Activities ..... B	**(431,512,363)**	**(105,685,966)**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010 (Continued)

(Amount in Rs.)

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
C. Cash Flow from Financing Activities		
Dividend paid	(25,000,000)	(15,000,000)
Dividend Distribution Tax paid	(4,248,750)	(2,549,250)
Interest paid	(8,051,226)	(5,810,254)
Proceeds from Long Term Borrowings	368,631,325	-
Repayment of Long Term Borrowings	(23,939,424)	(48,300,118)
Working Capital Finance from Banks	2,780,206	(53,560,905)
Net Cash from Financing Activities C	**310,172,132**	**(125,220,527)**
Net increase/(decrease) in Cash & Cash equivalents	(1,742,054)	1,513,385
Cash and Cash Equivalents at the beginning of the year	7,241,817	5,728,432
Cash and Cash Equivalents at the end of the year	5,503,963	7,241,817

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Notes on Accounts

As per our report of even date
For Vakil Jain & Hindocha
Chartered Accountants

Surendra Modiani
Partner
Membership No. 47966
Firm Registration No. 112894W

S.K. Sharma
GM (Finance)

Rakesh Johari
Company Secretary

For and on behalf of the Board

Vikram Shah	Director
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Sudesh Duggal	Director
Jal Ratanshaw Patel	Director
Anuj Munjal	Director
Sudhir Munjal	Managing Director
Anju Munjal	Whole Time Director

Vadodara
August 12,2010

Gurgaon
August 12,2010

SCHEDULES TO BALANCE SHEET

(Amount in Rs.)

SCHEDULE - 1 SHARE CAPITAL	As at 31st March, 2010	As at 31st March, 2009
Authorised :		
12,500,000 (12,500,000) Equity Shares of Rs.10/- each	12,50,00,000	12,50,00,000
	12,50,00,000	12,50,00,000
Issued, Subscribed and Paid Up :		
10,000,000 (10,000,000) Equity Shares of Rs.10/- each fully paid up	10,00,00,000	10,00,00,000
Add : Amount received on forfeited shares	2,09,150	2,09,150
Of the above, 590,113 (Previous Year : 590,113) Equity Shares of Rs.10/- each fully paid up were allotted to term lenders against conversion of deferred interest.	**10,02,09,150**	**10,02,09,150**
SCHEDULE - 2 RESERVES AND SURPLUS		
General Reserve		
Balance as per Last Account	11,27,91,372	10,15,38,766
Less : Adjustment as per Accounting Standard -15 (refer Note 16 in Schedule 14)	-	-
Add : Transferred from Profit & Loss Account	1,57,85,239	1,12,52,606
	12,85,76,611	11,27,91,372
Profit and Loss Account	53,82,77,703	45,45,14,923
	66,68,54,314	**56,73,06,295**
SCHEDULE - 3 SECURED LOANS		
Term Loans from Banks	36,86,31,325	2,39,39,424
Working Capital Loans from Banks	27,80,206	-
	37,14,11,531	**2,39,39,424**

Details of Securities :

(i) Term Loan of Rs.17.86 Crores (2008-09 Rs. Nil) from Bank is secured by way of mortgage/charge created on immovable fixed assets both present and future of the Company's undertaking at Bawal, Dist. Rewari, Haryana.

(ii) Term Loan of Rs.19.00 Crores (2008-09 Rs. Nil) from Bank is secured by way of mortgage/charge created on immovable fixed assets both present and future of the Company's undertaking at Haridwar, Dist. Haridwar, Uttarakhand.

(iii) Working Capital facilities availed from the banks are secured by a first charge on inventories, receivables and all other current assets of the Company.

SCHEDULE - 4 DEFERRED TAX LIABILITY (Net) Attributable to following items		
A. Deferred Tax Liabilities Accumulated Depreciation	**3,18,48,849**	**3,01,37,915**
B. Deferred Tax Assets		
Provision for :		
Gratuity	22,07,485	14,56,664
Leave Benefits to Employees	52,35,120	37,72,807
Bonus	8,91,529	11,06,286
	83,34,134	63,35,757
Net Deferred Tax Liabilities (A-B)	**2,35,14,715**	**2,38,02,158**

SCHEDULE TO BALANCE SHEET (Continued)

(Amount in Rs.)

SCHEDULE - 5 FIXED ASSETS

PARTICULARS	Gross Block				Depreciation				Net Block	
	As at April 1, 2009	Additions *	Deduction / Adjustment	As at March 31, 2010	Upto March 31, 2009	For the year	Deduction / Adjustment	Total upto March 31, 2010	As at March 31, 2010	As at March 31, 2009
TANGIBLE ASSETS										
LAND										
- LEASEHOLD	73,65,133	-	-	73,65,133	-	-	-	-	73,65,133	73,65,133
- FREEHOLD	11,99,41,001	4,27,28,101	-	16,26,69,102	-	-	-	-	16,26,69,102	11,99,41,001
BUILDINGS	8,95,66,343	18,66,25,608	-	27,61,91,951	2,70,13,311	37,31,303	-	3,07,44,614	24,54,47,337	6,25,53,032
PLANT & MACHINERY	56,88,55,877	16,56,48,021	-	73,45,03,898	31,37,89,920	4,29,47,743	-	35,67,37,662	37,77,66,236	25,50,65,958
COMPUTERS	74,06,201	21,53,943	1,61,308	93,98,836	63,79,018	4,21,526	-	68,00,544	25,98,292	10,27,183
OFFICE EQUIPMENTS	63,54,465	15,85,058	3,22,736	76,16,787	25,57,116	3,67,206	2,36,289	26,88,034	49,28,753	37,97,348
FURNITURE & FIXTURES	1,04,88,863	2,77,62,019	43,250	3,82,07,632	39,30,868	10,41,691	-	49,72,559	3,32,35,074	65,57,995
VEHICLES	2,81,89,149	59,22,455	2,26,139	3,38,85,465	1,78,70,920	40,51,002	2,26,140	2,16,95,782	1,21,89,682	1,03,18,229
INTANGIBLE ASSETS										
SOFTWARES	42,58,289	13,35,391		55,93,680	39,43,761	1,85,713	-	41,29,474	14,64,206	3,14,528
TOTAL	84,24,25,321	43,37,60,596	7,53,434	1,27,54,32,484	37,54,84,914	5,27,46,184	4,62,429	42,77,68,669	84,76,63,815	46,69,40,407
PREVIOUS YEAR	70,96,76,120	13,51,23,891	23,74,689	84,24,25,321	31,99,95,061	5,87,82,344	32,92,490	37,54,84,914	46,69,40,407	38,96,81,059
Capital Work In Progress									4,34,34,519	8,53,29,364

*** Addition includes interest and pre-operative expenses capitalised Rs.2,88,46,160/- (prev. year Nil)**

SCHEDULE - 6 INVESTMENTS (NON-TRADE)

Unquoted In Mutual fund units Name of Mutual Fund Scheme	Face Value /Unit Rs.	As at March 31, 2010 No. of Units	As at March 31, 2010 Amount	As at March 31, 2009 No. of Units	As at March 31, 2009 Amount
CURRENT INVESTMENTS					
In Liquid / Floating Rate Funds					
HDFC Cash Management Fund - Treasury Advantage Plan	10/-	66,99,084	6,72,01,861	-	-
HDFC High Interest Fund - Short Term Plan	10/-	55,06,111	5,83,24,701	-	-
HDFC Multiple Yield Fund	10/-	6,03,872	1,00,00,000	-	-
HDFC MF Monthly Income Plan	10/-	12,31,019	2,00,00,000	-	-
ING Treasury Advantage Fund - Inst. Plan	10/-	-	-	9,46,561	94,68,735
TFLD Tata Floater Fund	10/-	-	-	99,15,382	9,95,06,804
Reliance Money Manager Fund - Inst. Plan	1000/-	-	-	1,01,398	10,15,13,643
Reliance Medium Term Fund	10/-	29,07,436	4,97,04,067	-	-
Reliance Monthly Interval Fund - Series -I - Instituonal Dividend Plan	10/-	49,98,500	5,00,00,000	-	-
Reliance Monthly Income Plan - Growth Plan	10/-	9,91,085	2,00,00,000	-	-
SBI MF SHF Liq Plus Fund	10/-	-	-	3,06,956	30,71,098
			27,52,30,629		**21,35,60,280**

The following investments were purchased and sold during the year

Mutual Funds	Purchase No. of Units	Purchase Amount	Sale No. of Units	Sale Amount
Reliance Liquid Fund Treasury Plan	60,38,236	9,23,07,715	60,38,236	9,23,07,715
HDFC CMF Saving Plan	5,89,07,317	62,65,61,783	5,89,07,317	62,65,61,783
TATA Liquid Super High Investment	15,705	1,75,03,435	15,705	1,75,03,435
		73,63,72,933		**73,63,72,933**

SCHEDULES TO BALANCE SHEET (Continued)

(Amount in Rs.)

	As at 31st March, 2010	As at 31st March, 2009
SCHEDULE - 7 CURRENT ASSETS, LOANS & ADVANCES		
A. Inventories		
Raw Materials	8,23,53,830	4,18,50,389
Components	3,53,49,348	1,42,75,387
Work in Process	1,21,36,826	87,55,664
Finished Goods	74,46,263	44,64,521
Consumable Stores, Spares, Dies and Tools	1,08,18,147	47,61,239
Scrap	5,56,585	5,69,340
Material-in-transit	14,86,765	-
Packing Materials	8,13,422	8,60,063
TOTAL (A)	**15,09,61,186**	**7,55,36,603**
B. Sundry Debtors		
(Unsecured, considered good)		
For a period exceeding six months	-	-
Other Debts	27,09,29,059	23,31,95,168
TOTAL (B)	**27,09,29,059**	**23,31,95,168**
C. Cash and Bank Balances		
Cash in hand	1,45,534	20,744
Balances with Scheduled Banks :		
in Current Accounts	53,58,429	72,21,073
in Margin Money Accounts	-	-
TOTAL (C)	**55,03,963**	**72,41,817**
D. Loans and Advances		
(Unsecured, considered good unless otherwise stated)		
Loans and Advances to Employees	3,45,900	3,80,686
Advances recoverable in cash or in kind or for value to be received	2,60,04,875	1,57,02,408
Balance with Central Excise	90,52,503	54,01,564
Deposits	1,71,80,792	1,42,29,001
Prepaid Taxes (Net of Provisions)	2,02,88,985	2,73,000
Prepaid Expenses	58,92,185	32,85,860
TOTAL (D)	**7,87,65,240**	**3,92,72,519**
TOTAL (A+B+C+D)	**50,61,59,448**	**35,52,46,107**
SCHEDULE - 8 CURRENT LIABILITIES AND PROVISIONS		
a. Current Liabilities		
Sundry Creditors		
- Micro Small & Medium Enterprises	73,81,935	1,20,88,480
- Others	38,06,95,908	32,17,99,525
Unclaimed Dividend	43,39,448	40,09,385
Other Liabilities	2,84,75,079	2,07,38,933
Interest accrued but not due	22,63,739	11,79,428
	42,31,56,109	**35,98,15,751**
b. Provisions		
Proposed Dividend on Equity Shares	5,00,00,000	2,50,00,000
For Dividend Tax	83,04,375	42,48,750
For Income Tax (Net of prepaid taxes)	64,65,671	12,27,309
For Wealth Tax	1,57,610	1,42,000
For Gratuity	66,45,548	42,85,565
For Leave Benefits to Employees	1,57,69,388	1,10,99,756
	8,73,42,592	**4,60,03,380**
	51,04,98,701	**40,58,19,131**

SCHEDULES TO PROFIT & LOSS ACCOUNT

(Amount in Rs.)

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
SCHEDULE - 9 OTHER INCOME		
Miscellaneous Receipts	4,57,290	2,03,995
Interest (TDS Rs.2,04,938/- Previous Year Rs.62,754/-)	10,00,844	3,11,727
Dividend on Mutual Funds investments	1,03,74,418	2,31,08,162
Cash Discount received	27,85,608	13,60,312
Profit on sale of Capital Assets	96	-
Profit on Sale of Investments	189	51,648
Sundry Balances written back (Net)	1,10,497	2,74,849
Insurance Claims received	4,20,170	8,19,351
Sales Tax Refund	5,33,778	-
Interest on Income Tax Refund	-	-
	1,56,82,890	**2,61,30,044**
SCHEDULE - 10 INCREASE/(DECREASE) IN STOCKS OF FINISHED GOODS AND WORK IN PROCESS		
Opening Stocks		
Finished Goods	44,64,521	11,10,666
Work in Process	87,55,664	97,80,096
	1,32,20,185	1,08,90,762
Closing Stocks		
Finished Goods	74,46,263	44,64,521
Work in Process	1,21,36,826	87,55,664
	1,95,83,089	1,32,20,185
	63,62,904	**23,29,423**
SCHEDULE - 11 REMUNERATION AND BENEFITS TO EMPLOYEES		
Salaries and Wages (Including Managerial Remuneration)	12,06,33,217	9,96,03,473
Contribution to Provident Fund and other Funds	1,21,33,726	1,09,54,874
Staff and Labour Welfare Expenses	99,88,728	69,10,132
	14,27,55,671	**11,74,68,479**

SCHEDULES TO PROFIT & LOSS ACCOUNT (Continued)

(Amount in Rs.)

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
SCHEDULE - 12 MANUFACTURING AND OTHER EXPENSES		
Stores and Spares consumed	12,62,51,991	9,14,17,019
Power and Fuel	12,82,31,900	12,59,31,874
Packing Materials consumed	8,08,23,730	6,26,23,501
Rent	1,04,98,982	1,08,37,749
Repairs and Maintenance :		
- To Building	19,88,762	16,89,102
- To Machinery	74,26,591	66,97,848
- To Others	12,93,099	8,09,916
Insurance Premium	23,15,065	36,26,643
Rates and Taxes	14,54,246	15,52,343
Wages to Contractors	6,32,33,009	2,95,38,855
Job Work Charges	4,75,05,904	4,30,77,713
Travelling and Conveyance	80,55,556	78,24,851
Directors' Sitting Fee	4,05,000	3,42,000
Auditors' Remuneration		
- As Audit Fee	3,00,000	2,00,000
- As Tax Audit Fee	60,000	40,000
- As VAT Audit Fee	25,000	25,000
- Out of Pocket Expenses	5,242	
- Limited Review of Unaudited Results	1,20,000	60,000
Cost Auditors' Remuneration		
- As Audit Fee	40,000	30,000
- Out of Pocket Expenses	25,221	29,883
Professional Charges	34,15,452	29,11,380
Printing and Stationery	20,58,697	13,12,166
Telephone and Telex Charges	7,69,069	8,38,482
Freight Outward	6,38,79,143	4,26,86,419
Bank Charges and Commission	18,41,089	4,06,786
Discount on sales	1,91,90,200	2,06,75,088
Miscellaneous Expenses	1,73,80,925	1,33,71,038
Loss on Disposal of Fixed Assets	16,659	2,53,093
Loss on Foreign Exchange Rate Fluctuations	-	-
Security Service Charges	51,75,616	37,54,861
	59,37,86,148	**47,25,63,610**
SCHEDULE - 13 INTEREST		
Interest :		
- On Fixed Loans	43,59,789	46,22,523
- On Working Capital Loans	1,02,542	2,26,879
- On Others	35,88,895	9,60,852
	80,51,226	**58,10,254**

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010

SCHEDULE - 14 SIGNIFICANT ACCOUNTING POLICIES, NOTES ON ACCOUNTS AND INFORMATION PURSUANT TO PROVISIONS OF SCHEDULE VI OF THE COMPANIES ACT, 1956

I. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention in accordance with applicable accounting standards and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the company and are consistent with those used in the previous year. Significant accounting policies followed by the company are as stated below:

1) System of Accounting

The company has adopted accrual basis of accounting.

2) Fixed Assets

a) All fixed assets are stated at cost less accumulated depreciation. Cost is inclusive of freight, duties (net of Cenvat credit) and other incidental expenses in accordance with the applicable Accounting Standards.

b) Cost of leasehold land has not been amortized over lease period due to the long tenure of the lease and smallness of amount.

c) Depreciation has been provided on straight-line method in the manner and at the rates as prescribed in Schedule XIV of the Companies Act, 1956; except that in case of expenditures on Information Technology related software, including their license fees and implementation costs, and vehicles the rate of depreciation is charged at a higher rate of 25 percent considering their useful life of 4 years as estimated by the management of the company.

3) Investments

Current Investments are stated at cost or fair value determined on individual investment basis, whichever is lower.

4) Inventory

a) Raw Materials, stores and spares, packing materials, components, work in process and finished goods are valued at cost or net realisable value whichever is lower. Cost of purchases is ascertained on first in first out (FIFO) method.

b) Cost of Work in Process and Finished Goods include cost of materials and other inputs plus appropriate share of labour, overheads. Excise duty is included in the value of finished goods inventory.

c) Scrap is valued at estimated net realisable value.

Provision for obsolescence is made wherever necessary.

5) Revenue Recognition;

Sale of Goods

a) Sales are accounted inclusive of excise duty but net of sales tax.

b) Sales are accounted on the date of removal of goods from the factory.

Interest income is recognized on time proportion basis.

Dividend Income is recognized when the right to receive dividend is established.

6) Employees Benefits

Provision is made for short term and long term benefits to employees in accordance with Accounting Standard -15 (further details are given in note no 16) Actuarial gain / loss is recognized in profit & loss account.

NOTES ON ACCOUNTS (Continued)

7) Borrowing Costs

Borrowing Costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of the assets till the asset is ready for use. Interest on other borrowing is charged to Profit & Loss Account.

8) Taxation

Provision for current tax is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the differences between the taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods at the rates and accordance with laws that have been enacted or substantively enacted as of Balance Sheet date. Deferred tax assets arising from timing differences are recognized to the extent there is reasonable certainty that the assets can be realized in future. Deferred tax assets are reviewed at each balance sheet date for its realisability.

Deferred tax in respect of Haridwar Unit availing deduction under section 80IC of Income Tax Act is recognized in respect of timing differences which will reverse after tax holiday period.

9) Foreign Currency Transactions

Transactions in Foreign Currency are recorded at the rate of exchange prevailing on the date of the transaction. Monetary items denominated in foreign currencies at the year-end are restated in Indian Rupees at their prevailing conversion rates.

Any gain or loss on account of exchange difference either on a settlement of the obligation or on a translation is recognized in the Profit & Loss Account.

Premium arising at the inception of forward exchange contract to hedge an underlying liability of the Company is amortised as expense over the life of the contract

10) Impairment of Assets

The Carrying amounts of assets are reviewed at each balance sheet date to ascertain whether there is any indication of impairment in their value caused by any internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount being the greater of the assets' net selling price and value in use.

11) Operating Leases

Lease charges paid for operating leases are charged to profit and loss account on a straight-line basis over the lease term. Initial direct expenses at the time of inception of lease are charged to Profit & Loss Account.

12) Provision & Contingencies

Provision involving substantial degree of estimation in measurement are recognized when there is a permanent obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but disclosed in the note.

II. Notes on Accounts

1. In respect of an interest-free LEEP loan availed by the company at the time of the setting up a project at Waghodia, Gujarat by the company, GIIC (A Government of Gujarat undertaking that had disbursed the said LEEP loan on its behalf) had raised a claim of interest amounting to Rs.17 lac payable since 1997. GIIC has claimed that there was a delay in repayment of first 2 installments of the said LEEP loan repaid by the company in earlier years. The Company disputed this. Negotiation in the matter is continuing. Meanwhile, after adding interest @ 24% on the aforesaid disputed amount of interest; GIIC has raised its claim further to Rs. 194 Lac up to 31.12.05 (Previous Year: Rs. 194.00 Lac). No provision is made in books of accounts for the above interest claim as the

Company expects that such a claim of GIIC is not tenable.

2. As the Company's business activity falls within a single primary business segment viz. Motorcycles Parts and single geographical segment, the disclosure requirements of Accounting Standard (AS-17) "Segment Reporting", issued by the Institute of Chartered Accountants of India are not applicable.

3. The Company as well as various industrial units in Waghodia have disputed their liability to pay octroi duty and hence the company deposited the amount of Rs. 15.45 lac under protest which is held in a separate bank account in the name of Sarpanch, the Waghodia Gram Panchayat and the Company as the second party under a Court directive. By virtue of a subsequent notification of the State Government of Gujarat, the company, like other industrial units in the notified area of Waghodia, is not required to pay the octroi Duty from 19th July,1997. The company believes it has no liability for octroi duty even for the earlier period. Association for Industrial Units in Waghodia has filed a suit for recovery of amounts paid under protest, which is still pending for final decision. Therefore, the said amount of Rs.15.45 Lac (Previous Year Rs.15.45 lac) is included in Balance Sheet under the head "Loans & Advances" and no provision is made for liability of octroi in this respect. In the absence of clarity regarding rights of respective parties, interest credited by the bank amounting to Rs.11.42 Lac (Previous Year: Rs.10.50 Lac) on the aforesaid amount till 31st March 2010 is not accounted for.

4. Company has paid excise duty of Rs.23.61 lacs (previous year Rs.23.61 lacs) which is claimed by the company to be refundable and shown under loans and advances. The company has filed an appeal and the matter is pending with the Custom, Excise & Service tax Appellate Tribunal.

5. Expenditure on insurance includes Rs.NIL Lacs (previous year Rs.17.91 Lacs) being premiums paid under Key man Insurance scheme to cover risks on life of Key Management personnel (Total premium paid Rs. 112.68 lacs until 31.03.2010). Benefits to the Company under the said scheme depend on various factors including resignation/survival of the said personnel or premature surrender of the policy. Such benefits will be accounted in the year in which they become due.

6. Figures of the previous year have been regrouped and/or recast, wherever considered necessary to conform to the groupings of the current year.

7. The company has amounts dues to Micro, Small and Medium Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 as at 31st March, 2010

(Rs. In Lacs)

	2009-10	2008-09
I) The Principal amount and interest due thereon remaining unpaid as at 31st March, 2010		
- Principal Amount	0.33	1,20.88
- Interest	4.21	4.49
II) Amount of interest paid by company along-with the amounts of payments made beyond the appointed day for the year ending on 31st March, 2010	-	-
III) Amount of interest due and payable for the period of delay in making payment beyond appointed day during the year	4.21	4.49
IV) Amount of interest accrued and remaining unpaid	4.21	4.49
V) Amount of further interest remaining due and payable for earlier year	4.49	-

The information in respect of dues to suppliers who are Micro or small enterprises is given to the extent they could be identified on the basis of information available with the company.

8. The company has taken premises under cancellable operating leases. These lease agreements are normally for a period of less than one year. Minimum future lease payments, payable as on March 31, 2010, are nil. Rental expenses towards cancellable operating leases charged to profit & loss account amounts to Rs.1,04,98,982/- (previous year Rs.1,08,37,176/-)

9. Depreciation for the year ended 31st March, 2009 included a sum of Rs.1,23,17,835/- on account of change in estimate of useful life of vehicles.

NOTES ON ACCOUNTS (Continued)

10 Details of Prior Period Adjustments

(Amount in Rs.)

	2009-10	2008-09
Income Tax	(176,713)	183,940
Depreciation	-	(1,480,897)
Others	(134,658)	(353,686)
Prior Period Adjustments (Net)	**(311,371)**	**(1,650,643)**

(Amount Rs. in Lacs)

11 Details of Contingent Liabilities	As at 31st March, 2010	As at 31st March, 2009
I Unexpired letters of credit (Net of margin money)	-	135.38
II Unexpired Bank Guarantee (Net of margin money)	4.46	3.96
III Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	2,157.82	890.70
IV Estimated amount on account of pending cases under the Labour Laws	25.90	25.19
V Income Tax matters in dispute	80.03	78.25
VI Sales Tax matters in dispute	31.89	31.89
VII Excise matters	59.01	0

(Amount in Rs.)

12 Managerial Remuneration	As at 31st March, 2010	As at 31st March, 2009
Salaries	7,650,000	5,500,000
Commission	7,958,664	5,473,046
Contribution to PF and Other Funds	1,685,814	1,210,000
Other Allowances	7,650,000	5,500,000
Value of Perquisites	125,895	123,142
	25,070,373	**17,806,188**
Sitting Fee and allowances	405,000	342,000
	25,475,373	**18,148,188**

In determination of remuneration, certain perquisites have been valued in accordance with the provisions of Income Tax Rules, 1962 applicable when these were taxable. Expenses towards gratuity and leave encashment provisions are determined acturially on an overall company basis at the end of the each year and accordingly, have not been considered in the above.

13 Computation of net profit in accordance with the provisions of section 349 of the Companies Act, 1956

	2009-10		2008-09	
	Amount	Amount	Amount	Amount
Profit as per Profit & Loss Account		**157,541,023**		**110,875,414**
Add :				
Managerial Remuneration	25,070,373		17,806,188	
Directors' Sitting Fee	405,000		342,000	
Provision for Taxation				
- Current	67,800,600		55,547,000	
- Deferred	(287,443)		(8,014,823)	
- Fringe Benefit Tax	-		1,111,000	
- Wealth Tax	157,610		142,000	
Loss on Sale of Fixed Assets	16,659	93,162,799	253,093	67,186,458
Less :				
Profit on Sale of Fixed Assets	96	96	-	-
		250,703,727		**178,061,872**
Net Profit pursuant to section 349 for the purpose of Directors' Remuneration		**250,703,727**		**178,061,872**

NOTES ON ACCOUNTS

(Amount in Rs.)

	Amount Rs.	Restricted to Rs.	Amount Rs.	Restricted to Rs.
Directors' Commission : (Restricted in terms of the Agreements with reference to salaries, allowances and limits prescribed under the Companies Act, 1956)				
5% of Net Profit to Mr. Sudhir Munjal, Managing Director (Previous Year : 5%)	12,535,186	1,780,685	8,903,094	1,231,952
5% of Net Profit to Mrs. Anju Munjal, Whole-time Director (Previous Year : 5%)	12,535,186	6,177,979	8,903,094	4,241,094
	25,070,373	**7,958,664**	**17,806,188**	**5,473,046**

14 Computation of Earning Per Share

	2009-10	2008-09
Profit attributable to Equity Share Holders	157,852,394	112,526,057
Basic/Weighted average number of Equity Shares outstanding during the year	10,000,000	10,000,000
Nominal Value of Equity Shares Rs.	10.00	10.00
Basic Earnings per Share Rs.	**15.79**	**11.25**
Diluted Earnings per Share Rs.	**15.79**	**11.25**

15 Related Party Disclosure

a) Key Management Personnel

Mr. Satyanand Munjal	Chairman
Mr. Sudhir Munjal	Managing Director
Mrs. Anju Munjal	Whole-time Director

b) Enterprises which are able to exercise significant influence over the Company

Hero Cycles Limited

c) Enterprises over which key management personnel and their relatives are able to exercise significant influence

Hero Honda Motors Limited
Rockman Cycle Industries Limited
Highway Cycles Industries Limited
Chopra Industries Private Limited
Majestic Auto Limited
Hero Corporate Services Limited
Satyam Auto Components Limited
Amarsons
Shivam Autotech Limited
Bhagyoday Investments Pvt. Ltd.
Munjal Investments Pvt. Ltd.
Puja Investments Pvt. Ltd.
Anadi Investments Pvt. Ltd.
Dayanand Munjal Investments Pvt. Ltd.
Hero Investments Pvt. Ltd.
Bahadur Chand Investments Pvt. Ltd.
Thakurdevi Investments Pvt. Ltd.
Munjal Acme Packaging Systems Ltd.

NOTES ON ACCOUNTS (Continued)

(Amount in Rs. Lac)

d) Transactions with the related parties during the year : Nature of Transactions	As at 31st March, 2010	As at 31st March, 2009
a) Key Managerial Personnel		
Remuneration	171.25	123.33
Commission	79.41	54.73
Sitting Fee	0.04	0.03
Balance Outstanding at the end of the year		
- Payables (Other than Commission)	14.00	11.50
b) Enterprises which are able to exercise significant influence over the Company		
Purchase of Goods	3,477.32	3,877.97
Dividend Paid	124.43	74.66
Rent, Miscellaneous Purchase and Other Services		
Balance Outstanding at the end of the year		
- Receivables	-	-
- Payables	855.07	693.93
c) Enterprises over which key management personnel and their relatives are able to exercise significant influence		
Sale of Goods (net of discount and returns)	30,358.52	24,235.80
Purchase of Goods	6,947.75	5,759.43
Dividend paid	62.07	37.53
Rent, Miscellaneous Purchase and Other Services	-	-
Balance Outstanding at the end of the year		
- Receivables	3,467.38	1,841.49
- Payables	481.71	970.20

16 Disclosure pursuant to Accounting Standard - 15 (Revised) 'Employee Benefits'

i Defined Contribution Plans Contributions to defined contribution plan recognised as expenses for the year are as under.

(Amount in Rs.)

	2009-10	2008-09
Employer's contribution to Provident Fund	6,133,320	4,980,522
Employer's contribution to Superannuation Fund	1,945,285	1,421,433

ii Defined Benefit Plans

The employees' gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of the obligation is determined based on actuarial valuation using Projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to biuld up final obligation. The obligation for leave encashment is recognized in the same manner as gratuity. The related details are as under;

NOTES ON ACCOUNTS (Continued)

(Amount in Rs.)

	2009-10		2008-09	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
I Change in benefit obligation				
Opening benefit obligation	19,845,143	8,150,418	14,440,860	6,045,473
Service cost for the year	2,252,748	1,503,927	1,911,851	1,104,625
Interest cost for the year	1,637,224	672,409	1,083,065	453,410
Actuarial losses / (gains) on curtailments	1,856,989	3,589,135	2,764,228	2,130,303
Benefits paid	(369,461)	(1,015,839)	(354,860)	(1,583,393)
Closing defined benefit obligation	**25,222,643**	**12,900,050**	**19,845,144**	**8,150,418**
II Fair Value of Plan Assets				
Opening fair value of plan assets	15,559,578	-	13,233,257	-
Expected Return on Plan Assets	1,472,196	-	1,241,147	-
Contribution by employer	1,965,781	-	1,469,385	-
Benefits paid	(369,461)	-	(354,860)	-
Actuarial (loss) / gain on plan assets	(50,999)	-	(29,351)	-
Closing balance of fair value of plan assets	**18,577,095**	**-**	**15,559,578**	
III Actual Return on Plan Assets				
Actual Return on Plan Assets	1,421,197	-	1,211,796	-
Expected Return on Plan Assets	1,472,196	-	1,241,147	-
Actuarial gain / (loss) on Plan Assets	**(50,999)**	**-**	**(29,351)**	**-**
IV Amount Recognised in the Balance Sheet				
Present value of defined benefit obligation	25,222,643	12,900,050	19,845,143	8,150,418
Plan Assets at the end of the period at fair value	18,577,095	-	15,559,578	-
Liability recognised in the balance sheet	**6,645,548**	**12,900,050**	**4,285,565**	**8,150,418**
V Amount Recognised in Statement of Profit and Loss				
Current Service Cost	2,252,748	1,503,927	1,911,851	1,104,625
Interest on Obligation	1,637,224	672,409	1,083,065	453,410
Expected Return on Plan Assets	(1,472,196)	-	(1,241,147)	-
Net Actuarial Loss / (Gain) recognised in the year	1,907,988	3,589,135	2,793,578	2,130,303
Total included in 'employee benefit expense'	**4,325,764**	**5,765,471**	**4,547,347**	**3,688,338**
VI Investment Details (% invested)				
Policy of insurance	100%	-	100%	-
VII Acturial Assumptions				
Discount Rate Current	8.25%	8.25%	7.50%	7.50%
Rate of Return on Plan Assets Current	9.00%	-	9.00%	-
Annual increase in salary costs	7.50%	7.50%	6.00%	6.00%

NOTES ON ACCOUNTS (Continued)

III. Additional Information pursuant to the provisions of 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956 :

1 Particulras in respect of licensed and installed capacities :

Class of Goods	Units	Licensed Capacity		Installed Capacity	
		2009-10	2008-09	**2009-10**	2008-09
Mufflers	Nos.	*NOT APPLICABLE*	*NOT APPLICABLE*	6,000,000	3,600,000
Motorcycle Rims	Nos.			3,750,000	3,750,000
Scooter Wheels	Nos.			600,000	600,000

(I) The installed capacity is as certified by the management and relied upon by the auditors being a technical matter. The installed capacity is calculated on triple shifts basis.

(ii) Actual production of various items depends on exact specifications of the products. The quantities are indicative of production with specifications, which are considered representative of estimated average product mix.

2 Particulars in respect of opening and closing stock of finished goods produced :

(Amount in Rs. Lacs)

Class of Goods	Units	Opening Stock				Closing Stock			
		2009-10		2008-09		**2009-10**		2008-09	
		Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
Mufflers	Nos.	6,044	31.69	1,488	8.55	8,180	56.00	6,044	31.69
Motorcycle Rims	Nos.	4,005	7.09	1,039	2.11	6,320	12.53	4,005	7.09
Scooter Wheels	Nos.	3,585	5.86	210	0.45	2,865	4.95	3,585	5.86
Others Components	Nos.	-	-	4	0.00	1,660	0.98	-	-
			44.64		**11.11**		**74.46**		**44.64**

3 Details of production and sales :

(Amount in Rs. Lacs)

Class of Goods	Units	Production		Sales			
		2009-10	2008-09	**2009-10**		2008-09	
		Qty.	Qty.	Qty.	Value	Qty.	Value
Mufflers	Nos.	3,637,831	2,866,046	3,635,695	27,858.49	2,861,490	22,952.68
Motorcycle Rims	Nos.	1,541,110	1,403,343	1,538,795	3,299.44	1,400,377	3,550.36
Scooter Wheels	Nos.	436,675	320,842	437,395	869.10	317,467	728.41
Others Components	Nos.	613,281	489,637	611,621	509.35	489,641	399.78
					32,536.38		**27,631.23**

NOTES ON ACCOUNTS (Continued)

4 Raw materials and components consumption :

(Amount in Rs. Lac)

Class Of Goods	Units	2009-10 Qty.	2009-10 Value	2008-09 Qty.	2008-09 Value
CR and SS Strips	M.T.	10,888.434	5,155.27	9,066.976	4,611.56
Nickel	M.T.	244.272	2,153.58	228.417	2,061.71
Catalytic Converter	Nos.	16,753	105.77	-	-
Paints & Chemicals			1,788.05		1,631.54
Components and BOPs			9,468.02		7,073.33
Others (Net of Scrap Sales)			395.51		274.94
			19,066.20		15,653.08

5 Value of Imported and Indigenous Raw Materials and stores consumed and percentage thereof :

	2009-10 Qty.	2009-10 Value	2008-09 Qty.	2008-09 Value
Raw Materials and Components :				
Imported	1,151.87	6.04%	788.99	5.04%
Indigenous	17,914.33	93.96%	14,864.09	94.96%
	19,066.20	100.00%	15,653.08	100.00%
Stores & Spares :				
Imported	-		-	
Indigenous	1,262.52	100.00%	914.17	100.00%
	1,262.52	100.00%	914.17	100.00%

6 Expenditure in foreign currency (on cash basis):

(Amount in Rs. Lacs)

	2009-10	2008-09
Foreign Travels	-	12.14
Interest	44.65	-
	44.65	12.14

7 CIF Value of Imports :

	2009-10	2008-09
Raw Materials, BOP & Spares	1,151.87	490.81
Capital Goods	115.74	
	1,267.61	490.81

As per our report of even date
For VAKIL JAIN & HINDOCHA
Chartered Accountants

Surendra Modiani
Partner
Membership No. 47966
Firm Registration No. 112894W

Vadodara
August 12,2010

S.K. Sharma
GM (Finance)

Rakesh Johari
Company Secretary

For & on behalf of the Board

Vikram Shah	Director
Naresh Chawla	Director
Mahendra Sanghvi	Director
Ramkisan Devidayal	Director
Sudesh Duggal	Director
Jal Ratanshaw Patel	Director
Anuj Munjal	Director
Sudhir Munjal	Managing Director
Anju Munjal	Whole Time Director

Gurgaon
August 12,2010

ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956

Balance Sheet Abstracts and Company's General Business Profile

I. Registration Details

Registration No.	7958	State Code	04
Balance Sheet Date	31 03 2010		

II. Capital raised during the year (Amount in Rs.'000)

Public Issue	NIL	Rights issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs.'000)

Total Liabilities	1672488	Total Assets	1672488
Sources of Funds			
Paid up capital	100209	Reserve & Surplus	666854
Secured Loans	371411	Unsecured Loans	-
Deferred Tax Liability	23515		

Application of Funds

Net Fixed Assets	891098	*Investments*	275231
Net Current Assets	53973	Misc. Expenditure	-

IV Performance of Company (Amount in Rs.'000)

Turnover	3253639	Total Expenditure	3028427
Profit Before Tax	225212	Profit After Tax	157852
Earning Per Share in Rs.	15.79	Dividend in %	50 %

V Generic Name of Three Principal Products of Company (as per monetary terms)

Item Code No.	87141900
Product description	MOTOR CYCLE PARTS

CORPORATE GOVERNANCE REPORT

A. Company's Philosophy on code of Corporate Governance

Munjal Auto Industries Limited is committed to executing sustainable business practices and creating long term value for all its stakeholders. To pursue this objective, the Company remains steadfast in its value systems that incorporate integrity, transparency and fairness across all its business activities. Corporate governance strengthens investors' trust and long term parternership that help in fulfilling a company's quest for higher growth and profits. The Company's Philosophy on Code of Corporate Governance is to ensure that the members on the Board exercise their fiduciary responsibilities towards all stakeholders by ensuring high accountability with transparency. It also ensures that the core values of the Company are adhered to and protected.

B. Board of Directors

1. Composition of the Board

As on March 31, 2010, the Company's Board of Directors consisted of twelve Directors. Two Directors are Executive, four Directors, including Chairman are Non-Executive and six are Non-Executive and Independent. As fifty percent of the Board consists of Independent Directors, the composition of the Board is in consonance with the Clause 49 of the Listing Agreement. Details of the composition of the Board, number of meeting held during their tenure and attended by them etc. are given in Table 1.

TABLE – 1: DETAILS ABOUT BOARD OF DIRECTORS DURING FINANCIAL YEAR 2009-10

Name of Director	Number of Board Meeting held during his / her tenure and attended by him/her		Attendance at AGM	No. of Outside Directorship Held	No. of Committee Membership (including Chairmanships) held	Number of Committee Chairmanship held
	Held	Attended		(excluding Private Compnies, Foreign Companies and Section 25 Companies)		
Executive Directors						
Mr. Sudhir Munjal	5	5	Yes	None	None	None
Mrs. Anju Munjal	5	5	Yes	None	None	None
Non-Executive Directors						
Mr. Satyanand Munjal	5	None	No	4	None	None
Mr. Brijmohan Lall Munjal	5	None	No	7	None	None
Mr. Om Prakash Munjal	5	None	No	10	None	None
Mr. Vijay Munjal*	5	None	No	6	1	None
Mr. Anuj Munjal**	None	None	N.A.	None	None	None
Non-Executive and Independent Directors						
Mr. Vikram Shah	5	5	Yes	None	None	None
Mr. Naresh Chawla	5	4	No	None	None	None
Mr. Mahendra Sanghvi	5	3	No	2	None	None
Mr. Ramkisan Devidayal	5	5	No	3	6	1
Mr. Sudesh Kumar Duggal	5	4	Yes	1	None	None
Mr. Jal Ratanshaw Patel	5	3	Yes	6	8	2

Note:

* Mr. Vijay Munjal has resigned from the Company w.e.f. May 25, 2010.

** Mr. Anuj Munjal has been appointed as an Additional Director w.e.f. June 01, 2010.

2. Board Meetings

During 2009-10, the Board of Directors met 5 (five) times on May 21, 2009, June 24, 2009, July 29, 2009, October 28, 2009 & January 30, 2010.

Details of the Directors' attendance record and Directorships / Committee Membership are given in **Table 1.**

3. Availability of information to the members of the Board

The Board has unfettered and complete access to any information within the company, and to any of our employee. At meetings of the Board, it welcomes the presence of managers who can provide additional insights into the items being discussed.

The information regularly supplied to the Board includes:

- Annual operating plans and budgets, capital budgets and updates;
- Quarterly results;
- Minutes of meetings of audit, remuneration, investor grievance and share transfer committees, as well as abstracts of circular resolutions passed;
- Information on recruitment and remuneration of senior officers just below the Board level, including appointment or cessation of Finance head and the Company Secretary;
- General notices of interest;
- Dividend data;
- Materially important litigations, show cause, demand, prosecution and penalty notices;
- Fatal or serious accidents or dangerous occurrences, any material effluent or pollution problems;
- Details of foreign exchange exposure and the steps taken by the management to limit the risks of adverse exchange rate movement;
- Any materially relevant default in financial obligations to and by us;
- Any issue that involves possible public or product liability claims of a substantial nature;
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme, etc., if any.
- Insurance claims data;
- Details of any joint venture or collaboration agreement, and
- Non-compliance of any regulatory, statutory or listing requirements as well as shareholder services such as non-payment of dividend and delays in share transfer.

4. Materially significant Related Party Transactions

There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors, Management or relatives except for those disclosed in the financial statements for the year ended March 31, 2010.

C. Board Committees:

Currently, the Board has four committees; the Audit committee, Investor's grievance committee, Remuneration committee and Share transfer committee. All the committees are having majority of independent Directors.

Normally, all the committees meet four times a year except the remuneration committee and the share transfer committee, which meet as and when the need arises. The quorum for meetings is either two members or one-third of the members of the committee, whichever is higher.

1. Audit committee

Our Audit Committee comprises four Directors and all the Directors are independent. Five audit committee meetings were held on May 21, 2009, June 24, 2009, July 29, 2009, October 28, 2009 & January 30, 2010 in due compliance with the stipulated provisions. The attendance record of members of the Audit Committee is given in **Table 2.**

TABLE - 2: DETAILS OF THE AUDIT COMMITTEE

Name of Committee Member	Position held	No. of Meetings held during tenure	No. of Meetings attended
Mr. Vikram Shah	Chairman	5	5
Mr. Naresh Chawla	Member	5	4
Mr. Mahendra Sanghvi	Member	5	3
Mr. Ramkisan Devidayal	Member	5	5

Mr. Vikram Shah, the Chairman of the Committee is a Chartered Accountant.

Functions of Audit Committee

The Members of the Committee have adequate knowledge in the field of finance, accounting, and law. The role and "term of reference" of the Audit Committee includes the following:

- Overseeing the Company's financial reporting process and disclosures of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Reviewing the quarterly, half-yearly and annual financial results before submission to the Board etc.;
- Recommending appointment of the Statutory Auditors and overseeing their work (including resolving disagreements between management and the independent auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or related work;
- Reviewing the adequacy of internal control systems and the Internal Audit Reports and their compliances thereof;
- Reviewing the disclosure of Company's financial information to ensure that the financial statements are correct, sufficient and credible;
- Reviewing the Company's financial and risk management policies;
- Review of Foreign Exchange Exposure;
- Compliance with stock exchange(s) and legal requirements concerning financial statements;
- To look into the reasons of substantial defaults in payment to depositors, shareholders(in case of unpaid dividend) and creditors.

2. Investors' Grievance Committee

The Committee has the mandate to review and redress shareholder grievances. The Investor's Grievance Committee is headed by Mr. Naresh Chawla who is an independent Director. Four Investor Grievance Committee meetings were held during the year on June 24, 2009, July 29, 2009, October 28, 2009 & January 30, 2010. The attendance record of members of the Shareholder Grievance Committee is given in **Table 3**.

TABLE - 3: DETAILS OF THE SHARE HOLDER'S GRIEVANCE COMMITTEE

Name of Committee Member	Position held in the Committee	No. of meetings held during tenure	No. of meetings attended
Mr. Naresh Chawla	Chairman	4	3
Mr. Vikram Shah	Member	4	4
Mr. Mahendra Sanghvi	Member	4	2
Mr. Ramkisan Davidayal	Member	4	4

Name & designation of Compliance Officer

Mr. Rakesh Johari :Company Secretary

The Committee expresses satisfaction with the Company's performance in dealing with Investor's grievances and its share transfer system.

Details of shareholders complaints and their status are given in **Table 4**.

TABLE - 4: COMPLAINTS / REQUESTS RECEIVED AND REDRESSED DURING 2009-10

Nature of Complaint / Query	Received	Cleared	Pending
1. Inquiry pertaining to non receipt of shares sent for transfer	2	2	-
2. Non receipt of dividend	112	112	-
3. Dematerialization of shares/ Transmission of shares/ Name deletion	34	34	-
4. Letters received from SEBI / stock exchanges / other statutory bodies	2	2	-
5. Loss of Shares / Issue of duplicate certificates	14	14	-
6. Request for nominations	-	-	-
7. Exchange New Certificate	7	7	-
8. Miscellaneous queries	76	76	-

3. Remuneration Committee

The Remuneration Committee consists of non-executive Directors with the majority of them as independent Directors. One Remuneration Committee meetings was held on June 24, 2009. The attendance record of the Remuneration Committee is given in **Table 5**.

TABLE - 5: DETAILS OF THE REMUNERATION COMMITTEE

Name of Director	Position held in the Committee	No. of meetings held	No. of meetings attended
Mr. Mahendra Sanghvi	Chairman	1	-
Mr. Satyanand Munjal	Member	1	-
Mr. Naresh Chawla	Member	1	1
Mr. Vikram Shah	Member	1	1

Remuneration Policy:

Remuneration Committee is to discharge the Board's responsibilities relating to compensation of the Company's Executive Directors. The Committee has overall responsibility for approving and evaluating the Executive Director's compensation plans.

Remuneration Committee reviews the compensation structure for the Executive Directors and recommend to the Board for revision, if any, in remuneration of Executive Directors from time to time based on certain performance parameters, growth in business as well as profitability and in line with the practices prevailing in the industry.

The annual compensation of the Executive Directors is approved by the remuneration Committee, within the parameters approved by the Board of the Company and confirmed by the shareholders of the Company. The compensation payable to Executive Directors and the method of calculation are disclosed separately in the financial statements.

The remuneration of the Executive Directors comprises of salary, commission, perquisites and allowances, contribution to provident fund & superannuation fund and gratuity. The Executive Directors are also entitled to Leave and Leave Encashment as per the rules of the Company. The Non-Executive Directors are paid sitting fee for Board / Committee meetings and reimbursement of travelling and out of pocket expenses for attending such meetings.

Details of remuneration paid/payable to Directors for FY 2009-10 is given in **Table 6**.

TABLE - 6 : REMUNERATION TO DIRECTORS

(Amount in Rs.)

Name of Directors	Fixed salary	Variable salary	Benefits, Perquisites and allowances	Commi-ssion	Sitting Fee & allowance	Total compensat ion	Notice period (in days)
Mr. Sudhir Munjal	48,00,000	-	59,54,502	17,80,685	-	1,25,35,186	180
Ms. Anju Munjal	28,50,000	-	35,07,207	61,77,979	-	1,25,35,186	180
Mr. Brijmohan Lall	-	-	-	-	-	-	-
Mr. Satyanand Munjal	-	-	-	-	-	-	-
Mr. Om Prakash Munjal	-	-	-	-	-	-	-
Mr. Vijay Munjal	-	-	-	-	-	-	-
Mr. Vikram Shah	-	-	-	-	108,000	108,000	-
Mr. Naresh Chawla	-	-	-	-	77,000	77,000	-
Mr. Mahendra Sanghvi	-	-	-	-	55,000	55,000	-
Mr. Ramkisan Devidayal	-	-	-	-	95,000	95,000	-
Mr. Sudesh Kumar Duggal	-	-	-	-	40,000	40,000	-
Mr. Jal Ratanshaw Patel	-	-	-	-	30,000	30,000	-

** Expenses towards gratuity and leave encashment provisions are determined actuarially on an overall company basis at the end of each year and accordingly, have not been considered in the above.

Service contracts are entered into with the Executive Directors in terms of the resolutions governing their appointment and the terms of remuneration. The agreements are valid for the period of 5 years. In case of any circumstances mentioned in the service contract that entitle the Company to terminate the services of the Executive Directors, the executive Directors shall be entitled to be paid compensation or loss of office, subject to the provisions of Section 318 and other applicable provisions of the Companies Act, 1956.

The Company does not have any stock option scheme. None of the Directors hold any shares in the Company except Mr. Naresh Chawla who holds 50 shares.

S
was a party during the financial year.

4. Share Transfer Committee

The 'Share Transfer Committee' oversees the functioning of the secretarial department to render effective and satisfactory services to the investors. The meetings of share transfer committee are held every fortnight. During the year, the Committee met 15 times to consider and approve the requests pertaining to the share transfers, transmission, dematerialization, rematerialisation, issue of duplicate share certificates, etc. Details of the Share Transfer Committee members are given in **Table 7**.

TABLE - 7: SHARE TRANSFER COMMITTEE

Committee members

Name of Director	Position held in the Committee
Mr. Vikram Shah	Chairman
Mr. Satyanand Munjal	Member
Mr. Sudhir Munjal	Member

D. General Body Meetings

Location, date and time of General Meetings held during last three years and ordinary and special resolutions passed there at are given in **Table 8**:

TABLE - 8: DETAILS OF AGM'S

Financial year (ended)	Date	Time	Venue	Special resolution passed
Mar 31, 2007	Sept 22, 2007	3.00 p.m	187, GIDC Industrial Estate, Waghodia 391 760, Dist. Vadodara, Gujarat. India	Special resolution was passed for revision in salary of Managing Director and Whole time Director.
Mar 31, 2008	Sept 26, 2008	3.00 p.m.	- do -	No special resolution was passed.
Mar 31, 2009	August 29, 2009	3.00 p.m.	- do -	Special resolution was passed for reappointment of Ms. Anju Munjal as Whole Time Director for 5 Years.

E. Material disclosures and compliance

1. Disclosures

The details of material transactions entered into with related parties have been disclosed in point no. 15 in notes on accounts in schedule 14 forming part of accounts for the year ended 31st March, 2010. None of the transactions of the Company of material value with Directors or their relatives had any potential conflict with the interests of the Company.

2. Compliance by the Company

There has neither been any non-compliance of any legal provision of applicable law, nor any penalty, stricture imposed by the stock exchanges or SEBI or any other authorities, on any matter related to capital market during the last three years.

3. Insider Trading

In compliance with the SEBI regulation on prevention of insider trading, the Company has instituted a comprehensive code of conduct for its management, staff and relevant business associates. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them on consequences of non-compliances.

4. CEO/CFO certification

As required under Clause 49 V of the listing agreement with the stock exchanges, the Managing Director and the General Manager (Finance) have certified to the Board the financial statements for the year ended March 31, 2010. They have further declared that all Board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

F. Means of communication

The Company has regularly sent, both by post as well as by fax (within 15 minutes of closure of the Board Meeting) the annual audited as well as quarterly un-audited results to both the Stock Exchanges, BSE & NSE, after they are taken on record by the Board of Directors.

Quarterly, half-yearly and annual results are published in prominent daily newspapers such as the Economic Times and Financial Express (Gujarati). The Company also informs Stock Exchanges in a prompt manner, all price sensitive information or such other matters, which in its opinion are material & relevant for the shareholders, and subsequently issues a press release on the said matters.

Moreover, pursuant to Clause 51 of the Listing Agreement, financial information like annual and quarterly financial statements and shareholding pattern etc. are available on the SEBI web-site www.sebiedifar.nic.in. The Company Secretary being the Compliance Officer ensures the correctness and authenticity of the information filed in the said website.

The Company's website www.munjalauto.com contains information on the Company and its performance. Presentations to analysts, as and when made, are immediately put on the website for the benefit of the shareholders and the public at large.

G. Compliance

1. Mandatory requirements

The Company is fully compliant with the applicable mandatory requirements of the revised Clause 49.

2. Adoption of non-mandatory requirements

The Company has not adopted the non-mandatory requirements as specified in Annexure- 3 of the Listing Agreement except Clause (b) relating to Remuneration Committee.

The Company's financial statements are free from any qualifications by the Auditors.

ADDITIONAL SHAREHOLDER INFORMATION

Annual General Meeting

Date	September 25, 2010
Day	Saturday
Time	3.00 PM
Venue	Registered Office of the Company: 187, GIDC Industrial Estate, Waghodia – 391760 Dist. Vadodara

Disclosures regarding appointment or re-appointment of Directors

According to the Articles of Association, one-third of the Directors retires by rotation and, if eligible, offer themselves for re-election at the Annual General Meeting of shareholders. Accordingly, Mr. Mahendra Sanghvi, Mr. Naresh Chawla, Mr. Sudesh Kumar Duggal and Mr. Ramkisan Devidayal will retire in the ensuing Annual General Meeting. The Board has recommended the re-appointment of all the retiring Directors.

The detailed resumes of all these Directors are provided in the Notice to the Annual General Meeting.

Financial calendar

Financial reporting for the quarter ending	
Jun 30, 2010	On or before Aug 15, 2010
Sep 30, 2010	On or before Nov 15, 2010
Dec 31, 2010	On or before Feb 15, 2011
Mar 31, 2011	On or before May 31, 2011

Dates of book closure: September 18, 2010 to September 25, 2010 (both days inclusive)

Final dividend payment: On or after September 25, 2010, but within the statutory time limit of 30 days, subject to shareholders' approval.

Listing on Stock Exchanges: Equity shares of the Company are presently listed on following stock exchanges:

Name of Stock Exchange	Address
Bombay Stock Exchange Limited (BSE)	25th floor, Sir P J Towers, Dalal Street, Mumbai – 400023.
National Stock Exchange of India Limited (NSE)	'Exchange Plaza', Bandra-Kurla Complex, Bandra (E), Mumbai – 400051

Listing Fees:

Listing fees for the year 2010-11 has been paid to the stock exchanges, wherein the equity shares of the Company are listed (i.e. BSE & NSE) within stipulated time.

Stock code

The Bombay Stock Exchange Limited (BSE)	520059
National Stock Exchange of India Limited (NSE)	MUNJALAU
International Securities Identification Number (ISIN) for NSDL & CDSL	INE 672B01024

Registered office: 187, GIDC Industrial Estate, Waghodia 391 760. Dist: Vadodara, Gujarat. India
Tel: +91 2668 262421-26, Fax: +91 2668 262427
Email: mail@munjalauto.com Website: www.munjalauto.com

Plant Locations:

Regd. Office & Unit I	Unit II	Unit III
187, GIDC Industrial Estate, Waghodia – 391 760 Dist. Vadodara, Gujarat. India Tel: +91 2668 262421-26 Fax: +91 2668 262427	Plot No.37,Sector 5 Phase II, Growth Centre Bawal – 123 501 Dist. Rewari, State : Haryana Tel: (01284) 264434-36	Plot No.11, Industrial Park -2 Village :Salempur, Mehdoot Haridwar – 243 402 Dist. Haridwar, Uttarakhand Tel:(01334)235530/ 645256-57

Corporate Office:

301, 3rd Floor, Galleria Tower, DLF Phase IV, Gurgaon- 122002, Tel: (0124) 4057891

SHARE PRICE DATA FOR 2009-10

Monthly high and low stock quotations during the financial year 2009-10 on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) are given in **Table 9:**

TABLE - 9: SHARE PRICE DATA (NSE & BSE)

	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
Month	High (Rs.)	Low (Rs.)	Volume (Nos.)	High (Rs.)	Low (Rs.)	Volume (Nos.)
April 2009	55.00	32.25	35863	55.90	32.50	37856
May 2009	65.00	42.25	82749	63.50	41.45	51456
June 2009	74.50	55.00	173051	75.55	55.20	205370
July 2009	69.95	48.10	139414	69.05	50.00	191905
August 2009	74.50	58.00	652148	74.50	57.60	623150
September 2009	92.90	71.00	1820936	93.00	71.00	1776076
October 2009	103.00	78.10	847311	100.75	76.15	785974
November 2009	107.40	81.00	643830	106.70	80.55	796208
December 2009	112.90	96.35	381975	115.40	96.80	454511
January 2010	132.10	99.00	569540	132.55	99.10	825257
February 2010	118.00	96.00	408718	116.85	96.00	523148
March 2010	111.00	95.20	148463	109.00	99.10	305057

COMPANY'S SHARE PRICE MOVEMENT VIS A VIS BSE SENSEX

COMPANY'S SHARE PRICE MOVEMENT VIS A VIS NIFTY

Distribution of Shareholding as on March 31, 2010

Distribution of Shareholding by number of shares held and Shareholding Pattern in percentage (pursuant to Clause 35 of the Listing Agreement) as on March 31, 2010 are given in **Table 10**

TABLE - 10 :

No. of equity shares held	No. of shareholders	%	No. of shares	%
Up to 500	8515	92.49	1049701	10.50
501 – 1000	387	4.20	314848	3.15
1001 – 2000	149	1.62	221826	2.22
2001 – 3000	54	0.59	135907	1.36
3001 – 4000	18	0.20	65176	0.65
4001 – 5000	17	0.18	80942	0.81
5001 – 10000	36	0.39	258376	2.58
10001 – 50000	19	0.21	359279	3.59
50001 – 100000	2	0.022	144000	1.44
100001 & above	9	0.098	7369945	73.70
Total	**9206**	**100.00**	**10000000**	**100.00**

Share Holding Pattern

Category	Holders (No.)	No. of shares held	Voting strength (%)
PROMOTER HOLDING Indian promoters	11	7,479,595	74.80
Total of promoter holding	**11**	**7,479,595**	**74.80**
NON PROMOTER HOLDING Institutional investors			
▪ Mutual funds	4	2100	0..02
▪ Banks, financial institutions, insurance companies	7	5141	0.05
▪ Foreign institutional investors	0	0	0
Others			
▪ Private Corporate bodies	385	510685	5.11
▪ Indian public	8664	1938436	19.38
▪ NRIs / OCBs	135	64043	0.64
▪ Co-Op Banks, Co-Op Societies, Trust	0	0	0.00
▪ Shares in transit	0	0	0.00
Total of non promoter holding	9195	2520405	25.20
Grand total	**9206**	**10000000**	**100.00**

Investors' correspondence
For queries relating to:

Shares and Dividend
Mr. Rakesh Johari
Company Secretary
Munjal Auto Industries Limited,
187, GIDC Industrial Estate,
Waghodia 391 760. Dist. Vadodara
(Gujarat)
Tel: +91 2668 262421-26
Fax: +91 2668 262427
E-mail: cs@munjalauto.com

Financial Statements
Mr. S.K. Sharma
General Manager(Finance)
Munjal Auto Industries Limited
187, GIDC Industrial Estate
Waghodia 391 760. Dist. Vadodara
(Gujarat)
Tel: +91 2668 262421-26
Fax: +91 2668 262427
E-mail: sksharma@munjalauto.com

Registrar and Transfer Agent

M/s. MCS Limited
Contact Person: Mr. S. M. Gandhi
1st floor, Neelam Apartment, 88, Sampatrao Colony,
B/h Standard Chartered Bank, Alkapuri, Vadodara – 390 007 (Gujarat)
Tel.: +91 265 2339397 / 2314757, Fax: +91 265 2341639
E-mail:mcsbaroda@yahoo.com

Share transfer system

The Share Transfer Committee meets every fortnight to consider the requests for shares sent for physical transfer / transmission etc. The transfer / transmission of shares are generally effected within 15 days of receipt of the requests, if documents are clear in all respect. Shares under objection are returned within a week's time.

The total number of shares transferred in physical form during the year 2009-10 was 2500.

Dematerialisation of equity shares

Equity shares of the Company, which are under compulsory dematerialisation list, are available for trading under National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on March 31, 2010, a total of 8461875 equity shares of the Company, forming 84.62% of the total paid up equity share capital, stands dematerialised. All requests for dematerialisation of shares are processed within the stipulated time.

Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity

Not applicable

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

TO
THE MEMBERS OF MUNJAL AUTO INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by Munjal Auto Industries Limited for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 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 VAKIL JAIN & HINDOCHA
Chartered Accountants
Firm Registration No. 112894W

Surendra Modiani
Partner
Membership No. 047966

Place :Vadodara
Date:August 12,2010