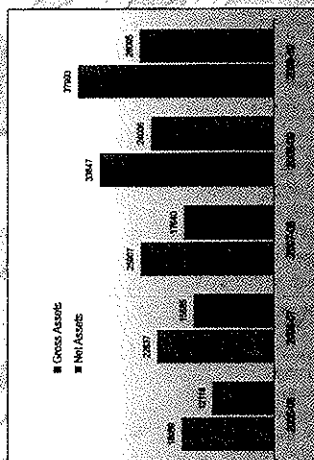
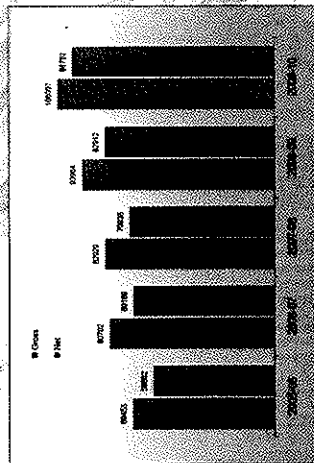


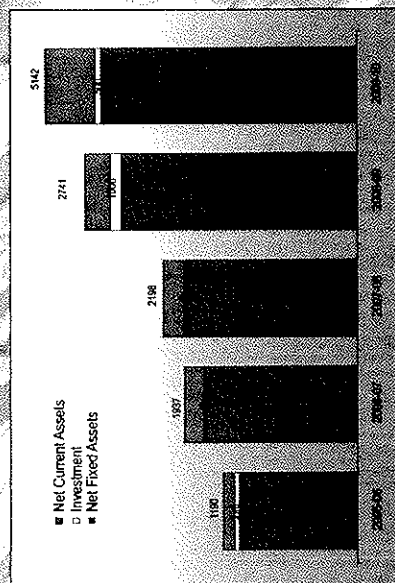
Fixed Assets (Rs. in Lacs)



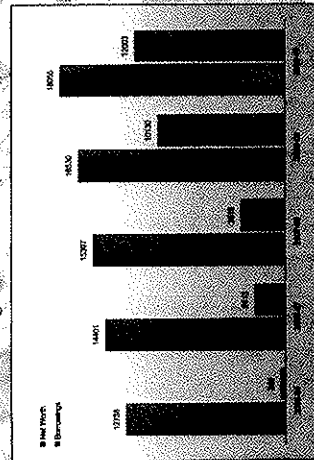
Sales (Rs. in Lacs)



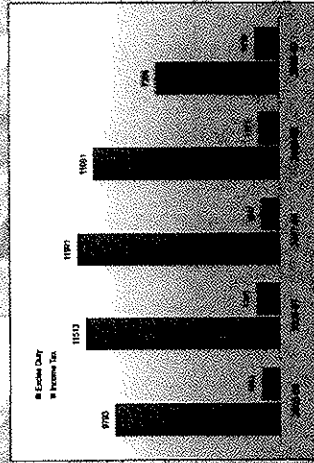
Application of Funds (Rs. in Lacs)



Borrowings & Net Worth (Rs. in Lacs)



Contribution to Exchequer (Rs. in Lacs)



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Chief Financial Officer

Company Secretary

Statutory Auditors

Internal Auditors

Cost Auditors

Bankers

Technical & Financial Collaborator

Registered Office & Works

Share Transfer Agents

BOARD OF DIRECTORS

Brijmohan Lal Munjal (Chairman)
Yogesh Chander Munjal (Managing Director)
Kazuhiko Nishioka (Joint Managing Director)
(Upto 23.03.2010)

Tetsuo Terada (Joint Managing Director)
(w.e.f. 18.05.2010)

Mitsuhiko Nishida (Upto 10.08.2009)

Akira Kadoya (w.e.f. 10.08.2009)

Ashok Kumar Munjal

Pankaj Munjal

Krishan Chand Sethi

Vinod Kumar Agarwal

Anil Kumar Vadehra

Surinder Kumar Mehta

Nand Dhameja

Devi Singh

Mahesh Taneja

Pankaj Gupta

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

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

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

The Bank of Tokyo- Mitsubishi UFJ Limited

Standard Chartered Bank

Citi Bank N.A.

State Bank of India

Punjab National Bank

Canara Bank

HDFC Bank Limited

Kotak Mahindra Bank Limited

The Bank of Nova Scotia

Yes Bank Limited

Showa Corporation

1-14-1, Fujiwara -Cho

Gyoda- shi Saitama Ken, Japan

Gurgaon Plant & Registered Office

9-11, Manuli Industrial Area, Gurgaon-122015

Manesar Plant

Plot No. 26 E & F, Sector 3,

IMT Manesar, Gurgaon- 122 050

Hardwar Plant

Plot No. 1, Industrial Park-2, Phase-1

Salampur Mehdoor Hardwar- 249403

Uttarakhand

MCS Limited

F-65, Okhla Industrial Area, Phase I,

New Delhi- 110 020

Tel: 011-41406149-52; Fax: 41709881

Email: admin@mcsdel.com

YEARLY FINANCIAL RESULTS AT A GLANCE

	March'10	March'09	March'08	March'07	March'06
	(Rs. in lacs)				
Share Capital	799.92	799.92	799.92	799.92	799.92
Reserve & Surplus	17254.96	15729.81	14597.07	13601.00	11938.18
Total Shareholder's Funds	18054.88	16529.73	15396.99	14400.92	12738.10
Unsecured Loans	3124.14	-	-	-	-
Secured Loan	8878.67	10129.52	3515.68	2413.36	386.64
Deferred Payment Liability	362.75	-	-	-	-
Total Term Liability	12365.56	10129.52	3515.68	2413.36	386.64
Total Assets	31919.78	27774.86	19878.49	17704.60	13778.26
Net Sales	98791.55	82912.47	70937.85	69189.95	59662.37
(% Growth year on year)	19.15%	16.88%	2.53%	15.97%	14.41%
Profit Before Interest Depn. & Tax (PBDIT)	7385.35	5,521.53	4741.94	5331.67	4207.17
Profit Before Interest Depn. & Tax (PBDIT)-%	7.48	6.66	6.68	7.71	7.05
Interest	1206.84	546.02	227.25	60.59	79.24
Depreciation & Amortisation	2307.64	1685.70	1536.23	1307.62	1051.84
Profit Before Tax (PBT)	3870.87	3289.81	2978.46	3963.46	3076.08
Profit After Tax (PAT)	2461.00	2068.58	1931.92	2598.65	2023.97
Earnings per Share (EPS) (Rs.)	6.15	5.17	4.83	6.50	5.06
Book Value per Share (Rs.)	45.14	41.33	38.50	36.01	31.85
Dividend %	# 100.00%	100.00%	100.00%	100.00%	100.00%
# Recommended by Board of Directors					

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY FIFTH ANNUAL GENERAL MEETING OF THE MEMBERS OF MUNJAI SHOWA LIMITED WILL BE HELD ON WEDNESDAY THE 11TH DAY OF AUGUST 2010 AT 11:00 AM AT THE COMPANY'S PLANT SITUATED AT 26 E & F, SECTOR 3, IMT MANESAR, GURGAON, HARYANA 122050 TO TRANSACT THE FOLLOWING BUSINESS:-

ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended on that date together with the reports of Directors and Auditors thereon.
- To declare a dividend of Rs. 2/- per equity shares on 3,99,95,000 equity shares of Rs. 2/- each for the financial year 2009-10.
- To appoint a Director in place of Mr. Pankaj Munjal, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Mr. Anil Kumar Vadehra, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Mr. Surinder Kumar Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint M/s S. R. Balitbol & Co., Chartered Accountants, Gurgaon the retiring Auditors of the Company as Auditors, who shall hold that office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

As Ordinary Resolutions

- Appointment of Mr. Akira Kadoya as a Director of the Company**
"RESOLVED THAT Mr. Akira Kadoya who has been appointed by the Board of Directors as an additional director of the Company w.e.f. August 10, 2009 in terms of section 260 of the Companies Act, 1956 and Article 89 of the Articles of Association of the Company and in respect of whom the Company has received a notice from a member proposing his candidature for the office of director under section 257 of the Companies Act, 1956 together with a deposit of Rs. 500/- as required under the Act, be and is hereby appointed as a Director of the Company and that he shall be liable to retire by rotation."
- Appointment of Mr. Tetsuo Terada as a Director of the Company**
"RESOLVED THAT Mr. Tetsuo Terada who has been appointed by the Board of Directors as an Additional Director of the Company with effect from May 18, 2010 in terms of Section 260 of the Companies Act, 1956, and Article 89 of the Articles of Association of the Company and in respect of whom the Company has received a notice from a member proposing his candidature for the office of director under section 257 of the Companies Act, 1956, together with a deposit of Rs. 500/- as required under the Act, be and is hereby appointed as a Director of the Company."
RESOLVED FURTHER THAT pursuant to the recommendation by the Remuneration Committee of the Company and Sections 269, 309, 198 and Schedule XIII of the Companies Act, 1956, and all other applicable provisions, if any, of the said Act and subject to the approval of the Central Government, if required, Mr. Tetsuo Terada be and is hereby appointed as the Joint Managing Director of the Company for a period of five years with effect from May 18, 2010, on such terms and conditions and remuneration as set out in the Explanatory Statement annexed hereto.
RESOLVED FURTHER THAT in terms of Article 116 of the Articles of Association of the Company, so long as Mr. Tetsuo Terada continues to act as Joint Managing Director, he shall not be liable to retire by rotation."
- Variation in the Terms of Appointment of Mr. Yogesh Chander Munjal- Managing Director**
"RESOLVED THAT pursuant to the recommendations of the Remuneration Committee and in partial modification of the earlier Resolution passed in the Twenty fourth Annual General Meeting held on August 07, 2009, the consent of the Company be and is hereby accorded under Sections 198, 269 and 309 read

Munjal Showa Limited

Financial year ended	Date of declaration of Dividend	Last date upto which claim can be lodged for unpaid Dividend
31.03.2004	24.08.2004	30.08.2011
31.03.2005	30.08.2005	05.09.2012
31.03.2006	28.08.2006	03.09.2013
31.03.2007	07.08.2007	13.08.2014
31.03.2008	07.08.2008	13.08.2015
31.03.2009	07.08.2009	13.08.2016

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

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

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

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

08) **Electronic Clearing Service (ECS) Facility**

The Company has provided a facility to the Members for remittance of dividend through Electronic Clearing System (ECS). The ECS facility is available at locations identified by Reserve Bank of India from time to time and covers most of the major cities and towns. Members holding shares in the physical form who wish to avail ECS facility may authorize the Company with their ECS mandate in the prescribed Form which can be obtained from the Company upon request.

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

10) As per the Circular Number MRD/Dop/cir-05/2009 dated May 20, 2009 issued by the Securities and Exchange Board of India (SEBI) it is mandatory to quote Permanent/Account Number (PAN) for transfer of shares in physical form. Therefore, the transferee(s) are required to furnish a copy of their PAN to the Registrar & Transfer Agent of the Company.

11) Members are requested to bring their copy of the Annual Report and Attendance Slip duly filled in to the Annual General Meeting.

Munjal Showa Limited

with Schedule- XIII and other applicable provisions, if any, of the Companies Act, 1956 that the Basic Salary payable to Mr. Yogesh Chander Munjal- Managing Director be increased to Rs. 7,50,000/- per month from Rs. 6,00,000/- per month with effect from September 01, 2010 for the remaining period of his tenure.

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

Place: New Delhi
Dated: May 18, 2010

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

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

PANKAJ GUPTA
DGM (F&A) & COMPANY SECRETARY

NOTES:

01) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote (on a poll only) instead of himself/herself and the proxy need not be a member of the Company. The Proxies in order to be valid must be deposited at the Company's Registered Office not later than 48 hours before the commencement of the Meeting. A PROXY FORM IS SENT HERewith.

02) The Explanatory Statement setting out the material facts concerning Special Business at Item Nos. 7 to 9 of the accompanying notice as required by Section 173(2) of the Companies Act, 1956, is annexed hereto. The relevant details of persons seeking re-appointment under Item No. 3 to 5, as required by clause 49 IV (G) (i) of the listing agreement with the Stock Exchanges are also annexed.

03) Pursuant to section 154 of the Companies Act, 1956, the Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, July 24, 2010 to Wednesday, August 11, 2010 (both days inclusive).

04) The dividend as recommended by the Board of Directors, if approved at the Twenty Fifth Annual General Meeting, shall be paid to those members whose names appear on the Company's Register of Members of the Company on Wednesday August 11, 2010. In respect of the shares held in electronic form, the dividend shall be paid on the basis of beneficial ownership as per details furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited, depositories for this purpose.

05) Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the financial year 2003-04 and thereafter, which remains unclaimed for a period of 7 years would be transferred by the Company to the "Investor Education and Protection Fund (IEPF)" established by the Central Government pursuant to Section 205C of the Companies Act, 1956. Dividends declared for the financial years 1994-95 to 2003-02 remaining unpaid/ unclaimed have already been transferred to the Investor Education and Protection Fund. Dividend declared for the financial year 2002-03 is in the process of transfer to IEPF.

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

ANNEXURE TO THE NOTICE

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

ITEM NO. 7

Mr. Akira Kadoya has been nominated by the Technical and Financial Collaborator M/s Showa Corporation, Japan to be appointed as a Director in place of Mr. Mitsuhiro Nishida. In pursuance of the above, Mr. Akira Kadoya was appointed as an additional director with effect from August 10, 2009, by the Board of Directors in terms of the provisions contained under Section 260 of the Companies Act, 1956, and Article 89 of the Articles of Association of the Company.

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

ITEM NO. 8

Mr. Tetsuo Terada has been nominated by the Technical and Financial Collaborator M/s Showa Corporation, Japan to the Board of the Company. In pursuance of the above the Board of directors in its meeting held on May 18, 2010 appointed Mr. Tetsuo Terada as an additional Director w.e.f. May 18, 2010 as per the provision contained under section 260 of the Companies Act, 1956 and Article 89 of the Articles of Association of the Company.

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

Pursuant to the recommendation of remuneration committee in their meeting held on May 17, 2010; the Board of directors in its meeting held on May 18, 2010 also appointed Mr. Tetsuo Terada as Joint Managing Director of the Company, subject to the approval of the shareholders in the ensuing General Meeting and Central Government, if required, for a period of five years w.e.f. May 18, 2010.

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

The appointment and remuneration payable to Mr. Tetsuo Terada with effect from May 18, 2010 is subject to the approval of the Central Government, pursuant to Sections 198, 269, 309 and Schedule XII of the Companies Act, 1956. His remuneration is stated hereunder:-

1. **Basic Salary:** Rs. 5,00,000/- (Rs. Five lakh only) p.m.
2. **Commission:** He shall also be allowed commission in addition to Basic Salary, perquisites and any other allowances, benefits, or amenities subject to the condition that the amount of commission shall not exceed 1% of the net profits of the Company in a particular financial year as computed in the manner referred to in Section 198 read with sections 349 and 350 of the Companies Act, 1956.
3. **Perquisites and Allowances:** In addition to the above Basic Salary and Commission, he shall be entitled to the following perquisites and allowances:
 - a) **Residential Accommodation:** Rent-free furnished residential accommodation with free use of all the facilities and amenities which shall be provided by the Company.
 - b) **Medical Reimbursement:** Reimbursement of actual medical insurance premium and medical expenses incurred by him and his family.
 - c) **Leave Travel Concession:** For him and his family once in a year incurred in accordance with any Rules specified by the Company.
 - d) **Club Fees:** Actual fees of clubs will be reimbursed;
 - e) **Gas, Electricity & Water:** Actual Expenses on Gas, Electricity and Water will be paid by the Company;
 - f) **Personal Accident Insurance:** Actual premium to be paid by the Company;
 - g) **Car:** Facility of car with driver.

h) **Telephone:** Free telephone facility at Residence including mobile phone facility;

i) **Leave:** One month's leave with full salary for every 11 months of service subject to the condition that the leave accumulated but not availed will not be en-cashed;

j) **Reimbursement of shifting expenses:** Reimbursement of expenses incurred for joining duty and returning to home country after completion of tenure: Actual expenses incurred on travel and packing, forwarding, loading/unloading as well as freight, insurance, custom duty, clearing expenses, local transportation and installation expenses in connection with the moving of personal effects for self and family for joining duty in India. On completion of the tenure, all the expenses referred to herein above for travel and forwarding the personal effects to Japan shall also be allowable to the appointee on his finally leaving the employment of Company, if however, they join another branch of the same/ related multinational Company, the branch to which they are transferred shall bear these expenses.

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

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

4. Minimum Remuneration

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

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

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

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

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

ITEM NO. 9

The Members had approved increase in basic salary of Mr. Yogesh Chander Munjal, Managing Director from Rs. 5,00,000/- to Rs. 6,00,000 with effect from September 01, 2009 in the Twenty-Fourth Annual General Meeting held on August 07, 2009. The job responsibilities of Managing Director have considerably increased in view of increase in the volume of business and fully operational of Irid Plant at Handwar (Uttarakhand). Keeping in view the above and on the basis of recommendation of Remuneration Committee, your Board of Directors have, by passing a Resolution in their meeting held on May 18, 2010, revised the basic salary of Managing Director to Rs. 7,50,000/- per month from Rs. 6,00,000/- per month with effect from September 1, 2010 for the remaining period of his tenure. All other terms and conditions of his appointment will remain same.

Except Mr. Yogesh Chander Munjal, no other director is interested /concerned in the Resolution under item no. 9.

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

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

a) **Mr. Pankaj Munjal**

Mr. Pankaj Munjal is a young industrialist of 47 years and belongs to Munjal Family, the founders and promoters of Hero Group. Mr. Munjal graduated in Science and then underwent specialized training in Automotive Manufacturing at General Motors Institute, Flint in USA. Thereafter, he attended the executive program in Strategic Marketing Management at London Business School, Harvard University. Mr. Munjal takes an active interest in the promotion of business domestically and globally.

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

Name of Company	Nature of Office
Hero Cycles Limited	Managing Director
Munjali Kiri Industries Private Limited	Managing Director
Hero Motors Limited	Member Audit Committee
Satyam Auto Components Limited	Member Shareholders Grievance Committee
Hero Global Design Limited	Director
Hero Associates Limited	Director
Hero Financial Services Limited	Chairman Audit Committee
Sunbeam Auto Limited	Chairman Remuneration Committee
Anadi Investment Private Limited	Director
Thakurdevi Investment Private Limited	Director
Bhagyaudaya Investment Private Limited	Director
Munjali Brothers Private Limited	Director
Munjali Investment Private Limited	Director
VE care Gym Private Limited	Director
Power Plate India Private Limited	Director
Hero Chassis System Private Limited	Director
Hero Aviation Private Limited	Director
Haromvi Alternate Fuels Private Limited	Director
Hero Transmission Private Limited	Director

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

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

b) Mr. Anil Kumar Vadehra

Mr. Anil Kumar Vadehra, aged 66 years, holds a Bachelor Degree in Mechanical Engineering from University of Roorkee, U.P. and an M.B.A. from Faculty of Management Studies, Delhi. Presently Mr. Vadehra is Professor in the area of Finance and Project Management at Jaypee Business School, Noida and is also offering Project & Management Consultancy Services for new/existing projects including rehabilitation of sick units. He has served as General Manager at IFCI Ltd, Professor at Management Development Institute (MDI), Gurgaon and President at HB Estate Developers Ltd. Mr. Vadehra has also been an adjunct/visiting faculty at ICFAI Business School, Gurgaon, MDI Gurgaon, NILM, SRIRAM Centre, EMPI, JIMS in the areas of Project Appraisal/Management, Investment Banking & Financial Services, Financial Management, Working Capital Management, Management of Financial Institutions etc. He does not hold directorship/committee membership in any other Company.

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

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

c) Mr. Surinder Kumar Mehta

Mr. Mehta, aged 75 years Born on December 6, 1934 at Peshawar (Pakistan) in the family of educationists. He graduated from A S College, Khanna in 1954 and passed out from Punjab University Law College, Jalandhar with high merit in 1957, Enrolled as advocate of Punjab and Haryana High Court, Chandigarh in 1959. He received intensive training in taxation/accounts from M/s Vasudev & Co., Income Tax Advisors, New Delhi and M/s K C Khanna, Chartered Accountants, New Delhi. Joined Hero Group in 1962 with

responsibility for group accounts, internal audit, taxation, finance and legal matters and retired from this position in December 2003 as Sr. Vice President. He is Trustee cum General Secretary of Sant Ashram Dhablan Trust (District Patiala) since 1976 and Gurudwara Karamsar Rara Sahib, Trust since 1978 and general secretary of Sant Ishar Singh Ji Memorial Public School, Karamsar since 1985. He is looking after as manager since 1995, all educational institutions run by Lala Bahadur Chand Munjal Foundation, Ludhiana, which have student strength of 10000.

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

Sl. No.	Name of Company	Nature of Office
1	Sunbeam Auto Limited	Director
2	Rockman Industries Limited	Director

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

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

d) Mr. Akira Kadoya

Mr. Akira Kadoya aged 54 years, is technical college graduate, Japan. He started his career in 1976 in Production Department, Saitama Plant, Showa Corporation, Japan. He was promoted as a Manager in Production of Saitama plant in October 1990 and again promoted to Plant Manager in 1996. In 2001, he was stationed to United Kingdom and appointed as President of Nissin Showa UK Limited. In 2003 he was transferred to United States of America and served as Executive Vice President of American Showa Inc. In June 2005, he was appointed as Director of Showa Corporation, Japan. Presently he is holding the position of Managing Director, Showa Corporation, Japan.

He does not hold directorship/committee membership in any other Company in India. Mr. Akira Kadoya does not hold any share in the Company.

None of the directors except Mr. Akira Kadoya himself is concerned or interested in the above Resolution under item No. 7.

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

e) Mr. Tetsuo Terada

Mr. Tetsuo Terada aged 54 years, holds a Degree of Bachelor of Arts in Business Administration from St. Andrew's University of Momoyama Gakuin University, Japan. He started his career in 1982 in parts distribution group of production control department, Asaba Plant, Showa Corporation, Japan. He was promoted as group leader and transferred to production distribution group of production control department in 1996. In 2001 he has been designated as manager and looked after Distribution planning division, production control department and casting department.

He does not hold directorship/committee membership in any Company. Mr. Tetsuo Terada does not hold any share in the Company.

None of the directors except Mr. Tetsuo Terada himself is concerned or interested in the above Resolution under item No. 8.

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

Inspection

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

Place: New Delhi
Dated: May 18, 2010
By order of the Board
For MUNJAL SHOWA LTD.

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

DGM (F&A) & COMPANY SECRETARY
PANKAJ GUPTA

DIRECTOR'S REPORT

Dear Members,

Your Directors have great pleasure in presenting the 25th Annual Report together with the Audited Statement of Accounts for the financial year ended March 31, 2010.

FINANCIAL RESULTS AND APPROPRIATIONS

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

	Year Ended	(Rs. in Lacs)
	31.03.10	31,03.08
Sales and other Income	108092.61	95392.24
Profit before Depreciation & Tax	6178.52	4975.51
Depreciation	2307.64	1685.70
Profit before Tax	3870.88	3289.81
Provision for Taxation	1409.88	1221.24
Profit after Tax	2461.00	2068.58
Net Profit brought forward	1821.96	1689.23
Profit available for appropriation	4282.96	3757.81
Dividend (Recommended)	799.90	799.90
Dividend Tax	135.94	135.94
Transfer to General Reserve	1000.00	1000.00
Surplus carried to Balance Sheet	2347.12	1821.96

OPERATIONS

The Company has achieved a record sales turnover of Rs. 108,962.61 lacs registering a growth of 14.23 per cent vis-a-vis Rs. 95,392.24 lacs in the previous year. The profit before tax in the current year was at Rs. 3,870.87 lacs as compared to Rs. 3,289.81 lacs in the previous year registering a growth of 17.66 per cent.

FUTURE PROSPECTS

Auto Component Industry is gathering speed as it has direct bearing to Auto Companies. Robust automobile sales should translate into strong order inflows for auto component manufacturers. In the year 2009-10 Auto component Industry has registered encouraging results and growth, which augur well for the year ahead. The company recorded an impressive growth of 19.15 per cent in value and 21.67 per cent in volume.

India has emerged as one of the favorite destinations of global auto majors considering huge demand growth potential driven by substantially low penetration. Entrance of new players into the small car market and with new launches of cars, motor cycles and scooters by existing players to capture the share of growing segment is indicator for favorable growth of Auto Component Industry.

Our existing customers have targeted to meet predetermined sales targets with around 20 per cent growth, with the support of new models likely to be launched both in 2 Wheeler and 4 Wheeler segment in the coming year i.e. 2010-11. In brief, all customers of the Company are on growth path and Company is confident to meet their increased demand.

TRANSFER TO GENERAL RESERVE

The Board proposes to transfer an amount of Rs. 1,000.00 lacs to General Reserve, having regard to the requirements of section 205 (2A) of the Companies Act, 1956. The balance amount of Rs. 2,347.12 lacs (previous year Rs. 1,821.96 lacs) will be retained in the Profit and Loss Account.

DIVIDEND

Your directors are pleased to recommend a dividend of 100 per cent (i.e. Rs. 2/- Per equity share of Rs. 2/- each) for the year ended March 31, 2010 amounting to Rs. 799.90 lacs in aggregate. Dividend will be tax free in the hands of shareholders, as the Company will bear the dividend distribution tax of Rs. 135.94 lacs. The dividend, if approved, at the Annual General Meeting shall be payable to the shareholders registered in the books of the Company and the beneficial owners whose names are furnished by the depositories, determined with reference to the book closure from July 24, 2010 to August 11, 2010 (both days inclusive).

DIRECTORS

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

Mr. Akira kadoya and Mr. Tetsuo Terada have been appointed additional directors under section 260 of the Companies Act, 1956 read with Article 89 of the Articles of Association of the Company.

Brief resumes of Mr. Pankaj Munjal, Mr. Anil Kumar Vadehra, Mr. Surinder Kumar Mehta, Mr. Akira kadoya and Mr. Tetsuo Terada have been appended to the Notice of the Annual General Meeting.

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

CORPORATE GOVERNANCE

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

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

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

AUDITORS

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

The Board recommends their re-appointment.

AUDITORS REPORT

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

- b) that such accounting policies have been selected and applied consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2010 and of the profit of the Company for the year ended on that date;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) that the annual accounts have been prepared on a going concern basis;

AUDIT COMMITTEE RECOMMENDATION

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

RATINGS

The rating agency CRISIL Limited has reviewed and reaffirmed the AA/Stable for Company's long term loans & cash credit loans and P1+ to its Letter of Credit limits, Bank guarantees limits & Commercial Paper.

FIXED DEPOSIT

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

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

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

ENVIRONMENT COMPLIANCE

"One planet, one earth, one nature" is the slogan of the Company which propagates "Save the earth for a better tomorrow".

Safety and environment performance is integral to the business performance of the Company and received continued focus throughout the year. "Zero accidents" is acceptable standard of safety performance which was achieved during the financial year 2009-10. Now, to put more focus on safety, we have made "Zero incidents" as our acceptable standard. The Company regularly organizes training for staff and workers to prevent incidents related to mechanical, electrical, chemical, physiological and psychological safety.

For all manufacturing facilities, which require environmental consents such as air, water and hazardous waste, proper authorizations from respective Pollution Control Boards have been obtained and are in compliance with the present Environmental Legislation. The Company initiated many programmes to improve the health and safety of employees by way of Internal Environment Management Programmes. These initiatives and the improvements are monitored and reviewed through structured audits and management reviews.

The Company is a member of Haryana Environment Management Society. Government of Haryana has identified and notified a site in District Faridabad for use of disposal facility for hazardous waste.

The Company believes waste is a precious resource kept in a wrong place. We have started collection of all kind of waste paper and giving it to authorized agency, who is recycling and reusing it. By doing this activity we are able to save around four to five trees per month. Company believes there is no waste as per the "law of nature". Manufacturing of machines from old or scrapped machine is a unique initiative by our Company. A lot of machines were overhauled and rebuilt by incorporating all the best practices in the world like lean manufacturing, easy to clean, easy to maintain, zero accident, zero defect, zero breakdown, cockpit concept etc. Experts from overseas plant of Japan, China, Indonesia, Thailand, Vietnam and Brazil including CII delegates are the regular visitors to our plants and understand the cost effectiveness of new technology.

The Company has started a new project for improvement in its performance in environment management. The project is specifically designed and named as Green Vendor Development Programme (GVDP). As a part of the project, six pillars named as Water, Energy, Waste, Chemical Substitution, Pollution Prevention and Legal Compliances have been constituted.

Basic objectives of GVDP are:

- 100 per cent compliance of legal requirements
- To conserve Water and Energy through process mapping
- To minimize generation of Waste including hazardous waste and effectuate 3R principles i.e. Reduce, Recycle and Reuse.
- To terminate hazardous chemicals with less hazardous or non-hazardous chemicals.
- To understand and minimize carbon foot print.
- To generate pollution prevention awareness throughout the plant and to control & monitor all the pollution control devices to operate at optimum level within the Company and amongst the suppliers also.

ISO/TS 16949 ACCREDITATION

Your Company's manufacturing facilities at both the plants at Gurgaon and Manesar continue to maintain and uphold the prestigious ISO/TS 16949:2009, ISO 14001:2004 and OHSAS 18001:2007 (Occupational Health & Safety Assessment Series) certifications from reputed leading Indian and International Certification Institutions. These certifications help in continuous improvements, besides emphasis being laid on prevention of defects, reduction of wastes and variation in supply chain management. For the new facility at Haridwar, the Company will be able to take the certification by the end of this financial year i.e. March, 2011.

TPM

The Company has taken up the journey of Total Productive Maintenance (TPM) with the help of JIPM (Japan Institute of Plant Maintenance) Japan and CII, India. Major objectives of TPM are to increase Productivity, to improve Quality, to reduce Costs, to ensure Delivery in time, to increase Safety, to increase profitability, to build Moral by formation of cross functional work groups (PQCDSM) and to improve overall effectiveness of equipment and processes within their areas. The other objectives are to procure and install maintenance free plant and machinery; and to achieve zero defects, zero break down, zero losses and zero accidents. In nut shell convert all the losses into Profit.

a) Gurgaon Plant:

We have challenged the TPM excellence award with JIPM Japan and were honored with TPM Excellence Award category A at Kyoto on 12th March 2009. We are now going to challenge the next level of TPM Excellence Award by end of 2011. For the same the TPM Kick - Off Ceremony for 2nd stage was held on 23rd of April 2009.

b) Manesar Plant:

For Manesar Plant we have challenged the TPM Excellence Award & successfully cleared the health check - up Audit on 21st December 2009 & will clear the final Audit by end of December 2010.

Lean Activities:

We are in the process of clubbing TPM with lean manufacturing system in the near future. Our Company has conducted Lean Manufacturing System (Value Stream Mapping) Work Shop in the month of July 2008. We have converted lots of huge & complicated machines to Lean Machines & manufactured Lean machines in house. We receive many visitors not only from India and from all over the World to see our TPM & Lean machine manufacturing activity.

LISTING

The shares of your Company are listed at National Stock Exchange of India Limited and Bombay Stock Exchange Limited, and pursuant to Clause 38 of the Listing Agreement, the Annual Listing fees for the year 2010-2011 have been paid to them well before the due date i.e. April 30, 2010. The Company has also paid the annual custodian fees for the year 2010-11 in respect of Shares held in dematerialized mode to NSDL & CDSL.

PARTICULARS OF EMPLOYEES

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

HUMAN RESOURCES

Your Company believes that employees form the fulcrum of growth and differentiation for the organization. The Company recognizes that people are its principal assets and that its continued growth is dependent upon the Company's ability to attract and retain quality people. The total headcount increased to 3012 at the end of the year

as compared to 2343 of the previous year. The Company encourages long-term commitment to the Company by rewarding its people for the opportunities they create and the value generated for customers and shareholders. The Company conducts several training programmes to upgrade the skills of the workforce.

ACKNOWLEDGEMENT

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

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

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

For and on behalf of the Board

Place: New Delhi

Dated: May 18, 2010

Brijmohan Lal Munjal
Chairman

ANNEXURE-A TO DIRECTORS' REPORT

AUDITORS' CERTIFICATE

To

The Members of Munjal Showa Limited

We have examined the compliance of conditions of corporate governance by Munjal Showa Limited, for the year ended on March 31, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

For S. R. BATLIBOI & CO.

Firm Registration No. 301003E

Chartered Accountants

per Anil Gupta

Partner

Membership No.: 87921

Place : Gurgaon

Date : May 18, 2010

Report on Corporate Governance

The Directors have pleasure in presenting the Corporate Governance Report for the year ended March 31, 2010.

Company's Philosophy on Corporate Governance

Munjal Showa Limited, as a constituent of Hero Group, believes in the concept of good Corporate Governance involving transparency, empowerment, accountability, equity and integrity with a view to enhance stakeholders' value.

I. BOARD OF DIRECTORS

A. Composition of Board

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

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

The details of the composition of the Board, number of meetings held during their tenure and attended by Directors during financial year 2009-10 are as follows:

Name of Director	Number of Board Meetings held during his tenure and attended by him		Atten- dance at last AGM	No. of Committee Memberships (including Chairmanships) held	Number of Committee Chair- manships held	Number of Outside Directorships held
	Held	Attended				
Executive Directors						
Mr. Yogesh Chander Munjal	4	4	YES	4	None	5
Mr. Kazuhiro Nishioka 1*	4	4	YES	None	None	None
Mr. Tatsuo Terada 2*	NIL	NIL	NA	None	None	None
Non-Executive Directors						
Mr. Brijmohan Lall Munjal	4	3	NO	None	None	9
Mr. Mitsuhiko Nishida 3*	2	NIL	NO	None	None	None
Mr. Akira Kadoya 4*	2	NIL	NA	None	None	None
Mr. Pankaj Munjal	4	1	YES	3	1	7
Mr. Ashok Kumar Munjal	4	2	YES	2	None	9

Human Resources and Compensation Committee									
Mr. Krishan Chand Sethi	Mr. Vinod Kumar Agrawal	Mr. Ashok Kumar Munjal	Mr. Anil Kumar Vadehra	Mr. Krishan Chand Sethi	Mr. Vinod Kumar Agrawal	Mr. Ashok Kumar Munjal	Mr. Anil Kumar Vadehra	Mr. Krishan Chand Sethi	Mr. Vinod Kumar Agrawal
Chairman	Member	Member	Member	Chairman	Member	Member	Member	Chairman	Member
1	1	1	1	1	1	1	1	1	1
2	2	2	2	2	2	2	2	2	2
3	3	3	3	3	3	3	3	3	3
4	4	4	4	4	4	4	4	4	4
5	5	5	5	5	5	5	5	5	5
6	6	6	6	6	6	6	6	6	6
7	7	7	7	7	7	7	7	7	7
8	8	8	8	8	8	8	8	8	8
9	9	9	9	9	9	9	9	9	9
10	10	10	10	10	10	10	10	10	10
11	11	11	11	11	11	11	11	11	11
12	12	12	12	12	12	12	12	12	12
13	13	13	13	13	13	13	13	13	13
14	14	14	14	14	14	14	14	14	14
15	15	15	15	15	15	15	15	15	15
16	16	16	16	16	16	16	16	16	16
17	17	17	17	17	17	17	17	17	17
18	18	18	18	18	18	18	18	18	18
19	19	19	19	19	19	19	19	19	19
20	20	20	20	20	20	20	20	20	20
21	21	21	21	21	21	21	21	21	21
22	22	22	22	22	22	22	22	22	22
23	23	23	23	23	23	23	23	23	23
24	24	24	24	24	24	24	24	24	24
25	25	25	25	25	25	25	25	25	25
26	26	26	26	26	26	26	26	26	26
27	27	27	27	27	27	27	27	27	27
28	28	28	28	28	28	28	28	28	28
29	29	29	29	29	29	29	29	29	29
30	30	30	30	30	30	30	30	30	30
31	31	31	31	31	31	31	31	31	31
32	32	32	32	32	32	32	32	32	32
33	33	33	33	33	33	33	33	33	33
34	34	34	34	34	34	34	34	34	34
35	35	35	35	35	35	35	35	35	35
36	36	36	36	36	36	36	36	36	36
37	37	37	37	37	37	37	37	37	37
38	38	38	38	38	38	38	38	38	38
39	39	39	39	39	39	39	39	39	39
40	40	40	40	40	40	40	40	40	40
41	41	41	41	41	41	41	41	41	41
42	42	42	42	42	42	42	42	42	42
43	43	43	43	43	43	43	43	43	43
44	44	44	44	44	44	44	44	44	44
45	45	45	45	45	45	45	45	45	45
46	46	46	46	46	46	46	46	46	46
47	47	47	47	47	47	47	47	47	47
48	48	48	48	48	48	48	48	48	48
49	49	49	49	49	49	49	49	49	49
50	50	50	50	50	50	50	50	50	50
51	51	51	51	51	51	51	51	51	51
52	52	52	52	52	52	52	52	52	52
53	53	53	53	53	53	53	53	53	53
54	54	54	54	54	54	54	54	54	54
55	55	55	55	55	55	55	55	55	55
56	56	56	56	56	56	56	56	56	56
57	57	57	57	57	57	57	57	57	57
58	58	58	58	58	58	58	58	58	58
59	59	59	59	59	59	59	59	59	59
60	60	60	60	60	60	60	60	60	60
61	61	61	61	61	61	61	61	61	61
62	62	62	62	62	62	62	62	62	62
63	63	63	63	63	63	63	63	63	63
64	64	64	64	64	64	64	64	64	64
65	65	65	65	65	65	65	65	65	65
66	66	66	66	66	66	66	66	66	66
67	67	67	67	67	67	67	67	67	67
68	68	68	68	68	68	68	68	68	68
69	69	69	69	69	69	69	69	69	69
70	70	70	70	70	70	70	70	70	70
71	71	71	71	71	71	71	71	71	71
72	72	72	72	72	72	72	72	72	72
73	73	73	73	73	73	73	73	73	73
74	74	74	74	74	74	74	74	74	74
75	75	75	75	75	75	75	75	75	75
76	76	76	76	76	76	76	76	76	76
77	77	77	77	77	77	77	77	77	77
78	78	78	78	78	78	78	78	78	78
79	79	79	79	79	79	79	79	79	79
80	80	80	80	80	80	80	80	80	80
81	81	81	81	81	81	81	81	81	81
82	82	82	82	82	82	82	82	82	82
83	83	83	83	83	83	83	83	83	83
84	84	84	84	84	84	84	84	84	84
85	85	85	85	85	85	85	85	85	85
86	86	86	86	86	86	86	86	86	86
87	87	87	87	87	87	87	87	87	87
88	88	88	88	88	88	88	88	88	88
89	89	89	89	89	89	89	89	89	89
90	90	90	90	90	90	90	90	90	90
91	91	91	91	91	91	91	91	91	91
92	92	92	92	92	92	92	92	92	92
93	93	93	93	93	93	93	93	93	93
94	94	94	94	94	94	94	94	94	94
95	95	95	95	95	95	95	95	95	95
96	96	96	96	96	96	96	96	96	96
97	97	97	97	97	97	97	97	97	97
98	98	98	98	98	98	98	98	98	98
99	99	99	99	99	99	99	99	99	99
100	100	100	100	100	100	100	100	100	100

Notes:

1. Mr. Kazuhiro Nishiohara has resigned from his directorship on March 23, 2010.
2. Mr. Tetsuo Terada was appointed as an additional director and Joint Managing Director w.e.f. May 18, 2010.
3. Mr. Mitsuhiko Nishida has resigned from his directorship on August 10, 2009.
4. Mr. Akira Kadoya was appointed as an additional director w.e.f. August 10, 2009.

*Representative of Showa Corporation, Japan based at Japan

B Meetings held in financial year 2009-10 and Attendance of Directors

The Board meets at least once in a quarter to consider, amongst other business, the quarterly performance of the Company and its financial results. The Board held four meetings during the financial year 2009-10 on May 29, 2009, July 27, 2009, October 29, 2009 and January 27, 2010.

Information supplied to the Board inter alia includes:

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

C. Code of Conduct

The Company has a Code of Conduct for the members of the Board of Directors and of the Senior Management. The code of conduct is available on the website of the Company www.munjalshowa.net. All members of the Board and senior management affirm compliance of code on annual basis. They have affirmed compliance of the code for the year ended March 31, 2010. A declaration signed by the Chief Executive Officer (CEO) to this effect is attached to the Annual Report.

II. AUDIT COMMITTEE

The Audit Committee consists of four Directors namely Mr. Krishan Chand Sethi, Mr. Ashok Kumar Munjal, Mr. Vinod Kumar Agrawal and Mr. Anil Kumar Vadehra, being Non-Executive Directors, to review various areas of

audit and accounts. Mr. Vinod Kumar Agrawal is the Chairman of the Committee. All the members are having expertise in financial matters. All these Directors have good knowledge of Corporate & Project Finance, Accounts and Company Law. Mr. Vinod Kumar Agrawal, Mr. Ashok Kumar Munjal and Mr. Anil Kumar Vadehra are having accounting and related financial management expertise. The terms of reference of the Audit Committee have been restated so as to bring them in line with the amendments in the Listing Agreement and the Companies Act. The Audit Committee assures to the Board the adherence of adequate internal control and financial disclosures and other acts conforming to the requirements of Listing Agreement with the Stock Exchanges. The Quarterly Financial Statements of the Company are reviewed by the Committee before submission to the Board for approval.

The terms of Reference of this Committee are wide enough covering the matters specified for Audit Committees under the Listing Agreement. The Audit Committee regularly reviews related party transactions, internal audit reports, appointment of Auditors, management letters issued by the statutory auditors, management discussion and analysis of financial condition and results of operations apart from other items of financial management and Company's business. The Constitution of Audit Committee also meets with the requirement of Section 292A of the Companies Act, 1956. The Company Secretary acts as the secretary of the Committee. The Auditors and Head of Finance generally attend the meetings on invitation by the Chairman. During the financial year 2009-10, the Audit Committee met four times, on May 28, 2009, July 25, 2009, October 28, 2009 and January 25, 2010.

Attendance of Members at the meetings of the Audit Committee held during 2009-10 was as under:

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

III. REMUNERATION COMMITTEE

The Remuneration Committee was constituted on July 21, 2003. The said Committee has been empowered to consider and recommend to the Board the remuneration of Managing Director/Whole Time Director. The present Remuneration Committee consists of the following three non-executive & independent directors:

Mr. Krishan Chand Sethi-Chairman
Mr. Vinod Kumar Agrawal-Member
Mr. Anil Kumar Vadehra - Member

The meeting of the Remuneration Committee was held on May 28, 2009 under the Chairmanship of Mr. Krishan Chand Sethi. The meeting was attended by Mr. Krishan Chand Sethi, Mr. Vinod Kumar Agrawal and Mr. Anil Kumar Vadehra. The meeting was held to consider and recommend increase in the remuneration payable to Mr. Yogesh Chander Munjal, Managing Director and Mr. Kazuhiro Nishiohara, Joint Managing Director.

IV. REMUNERATION OF DIRECTORS

The Recommendations of the Remuneration Committee are considered and approved by the Board subject to the approval of shareholders and Central Government, if required. The remuneration structure of Executive Directors comprises of basic salary, commission, perquisites and other allowances. The Chairman and Non-executive Directors do not draw any remuneration from the Company except Sitting Fee for attending the meetings of Board of Directors and Committees thereof as may be determined by the Board of Directors from time to time and approved by the shareholders. Payments of sitting fee to non-executive directors are made within the limits prescribed under the Companies Act, 1956. The details of the remuneration paid to Directors for the financial year 2009-10 are as under:

Name	Salary, Allowances and Perquisites*	Commission**	Sitting Fee***	Total
Mr. Bijmohan Lal Munjal	Nil	Nil	45000	45000
Mr. Yogesh Chander Munjal	10274496	4455917	Nil	14730415
Mr. Kazuhiro Nishioka	8693420	4358253	Nil	13051673
Mr. Pankaj Munjal	Nil	Nil	15000	15000
Mr. Ashok Kumar Munjal	Nil	Nil	105000	105000
Mr. Kishan Chand Sethi	Nil	Nil	135000	135000
Mr. Vinod Kumar Agrawal	Nil	Nil	105000	105000
Mr. Anil Kumar Vadehra	Nil	Nil	180000	180000
Mr. Surinder Kumar Mehta	Nil	Nil	45000	45000
Mr. Nand Dhameja	Nil	Nil	45000	45000
Mr. Devi Singh	Nil	Nil	60000	60000

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

** Commission is calculated @ 1% of the net profit calculated in accordance with Section 188 read with Sections 348 & 350 of the Companies Act, 1956.

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

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

V. SHARE TRANSFER AND INVESTOR GRIEVANCES COMMITTEE

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

During the year, the Company received 41 requests/complaints from the shareholders. All the requests/complaints were attended promptly and resolved to the satisfaction of the shareholders. The Company endeavors to reply to all complaints received from the shareholders within a period of ten days. As on date no complaints are pending except those, which are under litigation, dispute or court orders. There was no other pending share transfer case as on March 31, 2010.

List of requests/complaints received from shareholders during the financial year 2009-2010 is as under:

Sr. No.	Nature of request/complaint received	Received	Solved	Pending
1.	Transfer of shares	10	10	Nil
2.	Non receipt of Annual Report	5	5	Nil
3.	Non- receipts of dividend warrants/ Revalidation of dividend warrants	22	22	Nil
4.	Miscellaneous	4	4	Nil
	TOTAL	41	41	Nil

VI. SHARE TRANSFER SYSTEM

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

VII. GENERAL BODY MEETINGS

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

For the Year	Location	Day and Date	Time	No. of Special Resolutions passed
2008-2009	26E & F, Sector 3, IMT Manesar, Gurgaon	Friday, August 07, 2009	11:00 A.M.	NIL
2007-2008	26E & F, Sector 3, IMT Manesar, Gurgaon	Thursday, August 07, 2008	11:00 A.M.	NIL
2006-2007	26E & F, Sector 3, IMT Manesar, Gurgaon	Tuesday, August 07, 2007	11:00 A.M.	NIL

No resolution has been passed by the Company's shareholders through postal ballot during the Financial Year 2009-10 and there is no resolution proposed to be passed through postal ballot in the ensuing Annual General Meeting.

VIII. DISCLOSURES

- A statement in summary form of transactions with related parties in the ordinary course of business is placed periodically before the Audit Committee. There were no materially significant related party transactions during the year having potential conflict with the interest of the Company. The transactions with related parties are disclosed in Note No. 4 of schedule 23 notes to accounts in the Annual Report.
- The Company has complied with all the requirements of the listing agreement with the Stock Exchanges as well as regulations and guidelines of SEBI. No penalties or strictures have been imposed by SEBI, Stock Exchanges or any statutory authorities in matters relating to the capital markets during the last three years.
- In the preparation of financial statements, all the prescribed Accounting Standards have been followed.
- The Company is consulting foreign exchange experts on day-to-day basis for hedging / booking the import bill to manage the foreign exchange risks.
- The Company has not raised any money from public issues, right issues or preferential issues etc. during the year.

IX. MEANS OF COMMUNICATION

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

X. MANAGEMENT

Management Discussion and Analysis Report

Industry Structure and Development

The Automotive industry, which is virtual engine of growth, is always the first to be hit hard when ever the economy passes through a turbulent phase, it is also the first to bounce back with redoubled vigor when the crises all over. Having fully recovered from the recession that ravaged economies across the world for over a year, The Indian Automobile Industry has not merely been restored to health but is set to achieve unprecedented growth.

Cumulative production of vehicles of all categories for the financial year 2009-10 registered an impressive growth of 25.76 per cent over the same period of last year. Passenger cars sales grew by 26.84 per cent and two wheeler sales soared by 24.52 per cent.

Of course, the Auto Sector owes a lot to the stimulus packages announced by the Government, followed by excise and other duty reliefs offered by the Central Budget last year, for its exceptional performance. Without stimulus packages, lower interest rates and duty cuts, it won't have posted such growth. However, there is a feeling that if suppliers of key components had met the full requirement of Vehicle manufacturers particularly tyres, then sales would have been still better.

Indian Auto Component Manufacturers have registered healthy growth on the strength of higher volumes arising from the domestic market. Strong rural demand and higher credit availability due to higher disposable income as the Government of India raised minimum support price (MSP) for most crops, laid impetus on high employment generation through incremental allocations to schemes such as Mahatma Gandhi National Rural Employment Guarantee Scheme and diversification of rural income will drive demand. India has been emerging as an automobile manufacturing hub for global auto majors, especially for small cars. Additionally, existing manufacturers are also increasing their capacities in India to source small cars. This should give a big opportunity for Indian Auto Component Manufacturers.

M/s Hero Honda Motors Limited being a major customer led the motorcycle segment by registering a market share of 58.50 per cent in domestic market and overall growth of 23.61 per cent. Whereas, M/s Honda Motorcycles and Scooters India Private Limited, registered a market share little over 50 per cent and depicted a growth of 12.75 per cent in scooter segment during the period under review in the year 2009-10.

During financial year 2010-11, Hero Honda Motors Limited has chalked out impressive plan to introduce variety of new models to counter competition and thus maintain supremacy in the market.

Opportunities and Threats

The pace of economic recovery in India is reflective of the transitory impact of the global financial crisis on the Indian Economy. The Indian economy has registered a 7.4% GDP growth in 2009-10, with quarter-4 growth pegged at 8.6%. India's strong domestic fundamentals are expected to remain operative over the long term, with the twin drivers of consumption and investment supporting sustained high growth for the economy. The Indian economy may achieve 8.5% growth during the year 2010-11 despite economic recovery is expected to strengthen and assume a broad based nature, the management of inflation expectations, the pace of withdrawal of stimulus measures and the management of systematic liquidity in view of the large government borrowing programme and the impact of volatile global markets on capital flows will be key factors impacting the economy and financial markets.

Crude oil prices influence Auto Sector significantly, any volatility and escalation can dampen market appetite indefinitely. The crude oil price increased from around US Dollar 50 a barrel to US Dollar 85 a barrel, if we compare current price from April 2009 level. There may be some negative impact due to increase in petrol & diesel prices from February 27, 2010 and further increase from April 1, 2010 in 13 major cities on account of supply of cleaner Euro-IV fuel. There may be further increase in Petrol & Diesel prices due to de-regulation of the oil prices as per the recommendation of Kirti Parikh Committee. However, the international prices of crude oil is hovering between US Dollar 70 a barrel to US Dollar 85 a barrel during last three quarters and in spite of this sales of auto sector are continuously on growth path.

The Company was clear gainer in terms of increase in market share, due to continuously handsome growth of its customer's base. In brief, we expect stability on price front which is expected to stimulate demand and thus register higher sales for the Company.

The Company continues to be a leader in Shock Absorber industry with unmatched quantity and quality level in OEM segment. As all our customers are on growth path, the Company can confidently look forward to an overall growth of more than ten per cent.

Product-wise performance

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

Outlook

The outlook of the company appears promising with positive indication for healthy growth both in terms of value and volume. Our key customers Hero Honda Motors Limited, Honda Motorcycles and Scooters India Private Limited and Maruti Suzuki India Limited have firm plans to register growth in the region of ten to fifteen per cent.

Our customers have chalked out wide range of new products to be introduced in the market on or before festive season with a view to harness higher market share and thus register healthy sales. Honda Sael Cars India Limited has planned to launch small car for the first time in India by 2011. It is expected that post Europe crisis the economy will stabilize which in turn will offer conducive environment to the industry for growth and prosperity.

Risk and Concerns

The major risk associated with the Automobile Industry continues to be dependency largely on timely monsoon and availability of credit especially from public sector banks. The growth of rural economy is in the list of top priority of the Government. Scheduled Commercial Banks and Regional Rural Banks are expected to extend financing in line with Government decision to increase credit allocation to rural and farm sector in 2010-11.

During the second half of the year 2009-10, the inflationary pressures increased driven largely by food price inflation, as measured by Wholesale Price Index (WPI) increased from a low of -1% in June 2009 to 9.9% in March 2010. Following the recovery in economic activity and increased inflationary concerns, the Reserve Bank of India (RBI) commenced its exit from the monetary policy stance adopted in response to the global financial crisis by increasing the SLR, CRR, repo rate and reverse repo rate from time to time. In addition to the increase in policy rates, RBI also withdrew the special liquidity support measures instituted in the year 2009-10 in response to the global crisis. Currently, the inflation is hovering around two digit and RBI may further tighten the policy rates in order to curb the inflation and consequently, the interest rates may go up which will affect the sale of vehicles in India.

The Company's growth is primarily determined by overall growth of Automotive Industry. In India, both Auto and Auto Component industries are on growth path and this trend is likely to persist. The Concentration of business with few customers, may adversely affect the profitability of the Company. However, to mitigate these risks, your Company is constantly working on this front and widening its customer base as and when an opportunity arises and also by reviewing prices with existing customers to balance the additional raw material cost impact on account of price increase in metals and other inputs & expenditure.

The profitability of the Company may further be affected by changes in Government Policies regarding excise duty, import duty, Income Tax, VAT, Service Tax, GST regime, Direct Tax Code and any other Central / State levy etc. The growing cut-throat competition in the two-wheeler industry being price sensitive may squeeze the margins further in future. The import content in the product constitutes around 8 % of the raw material cost. Though, the rupee is getting stronger and stable against USD and Japanese Yen is Volatile against USD, any sudden change due to rupee depreciation or Yen appreciation may affect adversely the profitability of the Company. Any further hike in interest rate may also affect adversely on one hand bottom line and on the other hand demand of vehicles, resulting slowdown.

Internal Control System and their adequacy

The Company has in place an adequate system of internal controls to ensure efficacy of operations, compliance with applicable legislation, safeguarding of assets, adherence to management policies and promotion of ethical conduct. Audit Committee is reviewing the internal control systems & procedures periodically. An external firm of Chartered Accountants has been appointed for conducting the internal audit. The key elements of internal control system are:

- Revenue and Capital Budget monitoring system
- Management Information System
- Proper authorization for conducting business
- Periodical presentation by managerial personnel

Discussion on financial performance with respect to operational performance

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

The turnover of the Company for the year under review has increased to Rs. 1,08,092.61 lacs as against the corresponding previous year Rs.95,392.24 lacs, and profit before tax increased to Rs. 3,870.88 lacs as against the corresponding previous year of Rs. 3,289.81 lacs.

Material developments in Human Resources/Industrial Relations, including number of people employed
Your Company firmly believes in human capital and deeply believes that quality and positive attitude of the people are the keys to face the ever-growing competition. Accordingly, change of mindset, innovation, cost and process optimization, anticipation and management of change, culture of trust and transparency have been our major HR Initiatives.

The Company had 3012 employees, as on 31st March, 2010. The Industrial relations remained cordial throughout the year.

Cautionary Statement

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

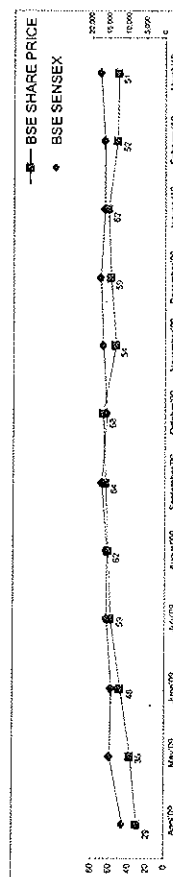
XI. GENERAL SHAREHOLDER INFORMATION:

1)	Annual General Meeting	-Day, Date and Time Wednesday, August 11, 2010, 11:00 A. M. -Venue 26 E&F, Sector-3, IMT Manesar, Gurgaon-122050 (HR)
2)	Financial Calendar	April to March End July 2010 End October 2010 End January 2011 End May 2011 End September 2011
3)	Face Value of the Equity Share	Rs. 2 per share
4)	Date of Book Closure	July 24, 2010 to August 11, 2010 (both days inclusive)
5)	Dividend Payment Date	30 days from the date of AGM
6)	Listing on Stock Exchanges	Bombay Stock Exchange Limited, Mumbai Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001 National Stock Exchange of India Limited "Exchange Plaza", Bandra- Kurla Complex, Bandra (E), Mumbai- 400 051
7)	Stock Code	520043
	-The Stock Exchange, Mumbai	MUNJALSHOW
	-National Stock Exchange	INES77A01027
	-International Securities Identification number (ISIN) for NSDL & CDSL	L34101HR1985PLC020934
	- Company Identification Number (CIN)	AAACM0070D
	- Permanent Account Number (PAN)	

8) Monthly Highs, Lows and volume for the year 2009-2010 on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

YEAR - 2009-10	Bombay Stock Exchange			National Stock Exchange		
	High (Rs)	Low (Rs)	Volume (Nos.)	High (Rs)	Low (Rs)	Volume (Nos.)
April 09	29	22	143988	31	23	145024
May 09	36	26	216346	36	26	277756
June 09	48	37	835750	48	38	895298
July 09	59	40	936487	59	40	1346846
August 09	62	48	886318	62	47	1140611
September 09	54	54	1403884	65	54	1489254
October 09	68	51	1447493	68	51	1604355
November 09	54	46	789968	53	46	935034
December 09	59	50	328745	59	50	1097489
January 10	62	47	2240879	61	49	2218686
February 10	52	43	539060	54	40	646043
March 10	51	44	883081	54	43	1017113

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



10) Registrar and Share Transfer Agents :

MCS Limited
F-65, Okhla Industrial Area,
Phase I,
New Delhi-110 020
Tel: 41406149, 51, 52
Fax: 41409881
E-mail: admin@mcsdel.com

11) Share Transfer System:

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

The total number of shares transferred in physical form during the year under review was 12005 shares.

12) A. Distribution of Shareholding as on March 31, 2010:

No. of shares	Shareholders	% Shareholders	No. of shares	% Shareholding
Upto 500	7313	67.88	1404793	3.51
501-1000	1685	15.64	1558776	3.90
1001-2000	975	9.05	1716779	4.30
2001-3000	279	2.59	734841	1.84
3001-4000	142	1.32	536070	1.34
4001-5000	144	1.34	689518	1.72
5001-10000	125	1.16	929192	2.32
10001-50000	93	0.86	1892900	4.73
50001-100000	4	0.04	306124	0.77
100001 and above	13	0.12	30225907	75.57
Total	10773	100.00	39995000	100.00

B. Shareholding pattern as on March 31, 2010

Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares
Indian Promoters	5	15604000	12600000	39.01
Foreign Promoters	1	10400000	0	26.00
Public Shareholding				
Institutions				
Mutual Funds/ UTI	6	506000	502500	1.27
Financial Institutions/ Banks	6	8500	1500	0.02
Insurance Companies	0	0	0	0.00
Foreign Institutional Investors	1	50000	50000	0.13
Non-institutions				
Bodies Corporate	541	4340986	4327986	10.85
Individuals -				
i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	10079	8158050	7213592	20.40
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	7	825353	825353	2.06
Any Other-NRI	125	95611	90611	0.24
Any Other-Trust & foundation	2	6500	6500	0.02
GRAND TOTAL	10773	39995000	25618042	100.00
% of Dematerialization			64.05%	

No shares have been pledged by the promoters

13) Nomination Facility:

The Company offers facility of nomination. The members are requested to refer to Section 109A of the Companies Act, 1956 as amended. The facility is made available folio-wise and for the entire shares registered under the folio. The members holding shares in dematerialized form may contact and consult their respective Depository Participant (DP) for availing the nomination facility.

14) Dematerialization of shares and liquidity :

As on March 31, 2010 a total of 25,618,042 equity shares of the Company, which forms 64.05 % of share capital of the Company have been dematerialized.

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

Not Applicable

16) Plant Locations

- 9-11, Maruti Industrial Area, Gurgaon-122 015, Haryana
- 26 E & F, Sector-3, IMT Manesar, Gurgaon-122050, Haryana
- Plot No. 1, Industrial Park-2, Phase-1

Salempur Mehdood, Handwar- 248403 Uttarakhnad

17) Address for Correspondence

9-11, Maruti Industrial Area, Gurgaon-122 015, Haryana

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.

Share Transfer Agent and Registrar M/s MCS

Limited, New Delhi may be contacted for any query related to Share Transfer and other matters.

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

The Board of Directors, Munjal Showa Limited

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

- We have reviewed financial statements and the cash flow statement for the year ended March 31, 2010 and that to the best of our knowledge and belief;
 - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- We have indicated to the auditors and the Audit Committee:
 - significant changes in internal control over financial reporting during the year;
 - significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

We further declare that all board members and senior management have affirmed compliance with the code of conduct for the year 2009-10.

Place : New Delhi,
Date : May 18, 2010

(Yogesh Chander Munjal)

Managing Director

(Mahesh Taneja)

AVP- Finance & IT

ANNEXURE-B TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

Energy conservation measures taken during the financial year 2009-10 and their impact

Measures taken	Impact
Specific fuel consumption of diesel Generator improved by 10 per cent by improving load factor and engine cooling	Reduction in Diesel fuel consumption
Maintenance of power factor throughout the year by providing capacitor banks	Reduction in power consumption
Optimizing the use of compressed air network by minimizing compressed air leakage	Reduction in power consumption
Replacement of re-winded motors with energy efficient motors	Reduction in power consumption
Providing timers on hydraulic power packs for ideal running of machines	Reduction in power consumption

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

Measures taken	Impact
Replacing of high wattage lamps with LED types of lamps	Reduction in power consumption
Switching off lights, fans and air conditioners when not required	Reduction in power consumption

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

- Fuel consumption cost will be reduced
- Power consumption cost will be reduced
- Reduction in manufacturing cost

B. TECHNOLOGY ABSORPTION

(1) RESEARCH AND DEVELOPMENT (R & D)

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

New product Technology absorption
Indigenization of CKD Parts

Benefits derived as a result of above R & D activities

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

Future plan of action

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

Expenditure on R & D

Capital Rs.2,227,627/-

Recurring Rs.1,325,869/-

Total Rs.3,553,496/-

Total expenditure as a percentage of total turnover 0.036 per cent

(II) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

The Company is not doing directly any export. However, the Company is catering to the requirement of Shock Absorbers, Struts and Window Balancers for export models of Hero Honda Motors Limited and Honda Motorcycles and Scooter India Pvt. Limited on 100% basis and partly for Maruti Suzuki India Limited.

Total Foreign Exchange used and earned

The foreign exchange earnings during the year were Rs. 31,34,949/- and foreign exchange outgo during the year was Rs. 88,56,99,744/-.

For and on behalf of the Board

Place: New Delhi

Dated: May 18, 2010

Brijmohan Lal Munjal
Chairman

For and on behalf of the Board
Brijmohan Lal Munjal
Chairman

Sl. No	Name	Age (Years)	Designation	Nature of duties	Qualification	Experience (Years)	Date of Commencement of Employment (Rs.)	Gross remuneration of last employment, designation, particulars of last employment, share as per clause (a) (iii) of section 217(2A)	Other conditions / Terms & Conditions
1	Yogesh Munjal	70	Managing Director	Overall management of the affairs of the Company	B. Arch.	46	01.09.1986	1,47,30,415	Chief Executive - Rockman Cycle Inds. Ltd.
2	Kazuhiko Nishikawa	46	Joint Managing Director	Overall management of the affairs of the Company	Graduate Engineer	23	01.08.2005	1,30,51,673	Manager Showa Corporation, Japan
Employed throughout the period and in receipt of remuneration not less than Rs. 24,00,000/- per annum									
Employed for part of the period and in receipt of remuneration not less than Rs. 2,00,000/- per month									
As per rules of the Company	As per rules of the Company	As per rules of the Company	As per rules of the Company	As per rules of the Company	As per rules of the Company	As per rules of the Company	As per rules of the Company	As per rules of the Company	As per rules of the Company

1. Gross remuneration includes Salary, Company's contribution to Provident Fund and Super Annuity Fund, Medical Reimbursement, Monetary Value of Perquisites & Value of Rent Free Accommodation.
2. All appointments are / were whole time employees of the Company and all appointments are/were on contractual basis.
3. The above employees are not related to any Director of the Company.

Place: New Delhi
Date: May 18, 2010

AUDITORS' REPORT

To

The Members of Munjal Showa Limited

- We have audited the attached Balance Sheet of Munjal Showa Limited ('the Company') as at March 31, 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.
- 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 about 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- As required by the Companies (Auditor's Report) Order, 2003 (as amended) 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 paragraphs 4 and 5 of the said Order.
- Further to our comments in the Annexure referred to above, we report that:
 - 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;
 - 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;
 - The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - In our opinion, the balance sheet, profit and 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.
 - On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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:
 - in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2010;
 - in the case of the profit and loss account, of the profit for the year ended on that date; and
 - in the case of cash flow statement, of the cash flows for the year ended on that date.

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

Place: Gurgaon
Date: May 18, 2010

Statement of particulars of employees forming part of the directors' report for the year ended March 31, 2010 pursuant to the provisions of section 217(2a) of the Companies Act, 1956 and the companies (particulars of employees) rules, 1988

ANNEXURE-C TO DIRECTORS' REPORT

Annexure referred to in paragraph 3 of our report of even date

Re: Munjal Showa Limited ("the Company")

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets were physically verified by the management during the current year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (b) to (d) of the Companies (Auditor's report) Order, 2003 (as amended) are not applicable to the Company.
- (b) As informed, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore clause 4(iii) (f) to (g) of the Order are not applicable to the Company.
- (iv) 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, no major weakness has been noticed in the internal control system in respect of these areas. The clause relating to sale of services is not applicable to the Company.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) In respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) The Company's internal audit is undertaken by an independent firm and the scope and coverage thereof is commensurate with its size and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and other material statutory dues applicable to the Company have generally been regularly deposited with the appropriate authorities though there has been a slight delay in few cases.
- Further, since the Central Government has till date not prescribed the amount of cess payable under Section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax,

wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (c) According to the information and explanation given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any bank. The Company did not have any dues from any financial institution or any outstanding debentures during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In respect of Company's investments in various schemes managed by recognized mutual funds, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. These investments have been held by the Company, in its own name.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S. R. BATLIBOI & CO.
Firm Registration No. 30/1003E

Chartered Accountants

per Anil Gupta

Partner

Membership No.: 87921

Place : Gurgaon
Date : May 18, 2010

BALANCE SHEET AS AT MARCH 31, 2010

	Schedules	As at March 31, 2010 (Rs.)	As at March 31, 2009 (Rs.)
SOURCES OF FUNDS			
Shareholders' funds	1	79,992,500	79,992,500
Share capital	2	1,725,486,272	1,572,981,001
Reserves and surplus		1,805,488,772	1,652,973,501
Loan funds	3	887,866,838	1,012,951,763
Secured loans	4	312,413,773	-
Unsecured loans		1,200,280,611	1,012,951,763
		36,274,939	-
Deferred Payment Liability (Payable within one year Rs. 24,183,293 - Previous Year Rs. Nil) (Refer Note No. 11 of Schedule 23)	5	149,933,895	111,561,296
TOTAL		3,191,978,217	2,777,486,560
APPLICATION OF FUNDS	6		
Fixed assets		3,695,633,557	2,979,022,885
Gross block		1,171,524,412	984,045,045
Less : Accumulated Depreciation		2,524,109,145	1,994,977,840
Net block		85,362,690	405,654,655
Capital work-in-progress including capital advances		2,609,471,835	2,400,632,435
Intangible assets	7	18,275,357	2,773,416
Investments	8	50,014,239	100,000,000
Current assets, Loans and Advances			
Inventories	9	304,219,026	287,575,364
Sundry debtors	10	1,282,232,039	914,621,435
Cash and bank balances	11	23,876,369	53,134,534
Other current assets	12	25,898,347	-
Loans and advances	13	345,744,063	294,047,102
(A)		1,981,969,844	1,549,378,435
Less: Current liabilities and provisions	14	1,317,272,343	1,161,077,918
Current liabilities	15	163,163,498	130,526,303
Provisions		1,480,435,841	1,291,604,221
(B)		501,534,003	257,774,214
Net Current Assets (A-B)		12,682,763	16,306,435
Miscellaneous Expenditure (Refer Note No. 2 (i) of Schedule 23)			
TOTAL	23	3,191,978,217	2,777,486,560
Notes to accounts			

The schedules referred to above and the notes to accounts form an integral part of the Balance Sheet

As per our report of even date
For S.R.Battiboi & Co.
Registration No. 301003E
Chartered Accountants

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

per Anil Gupta Brijmohan Lall Munjal Vinod Kumar Agrawal
Partner Chairman Managing Director Director
Membership Member 87921

Place: Gurgaon Mahesh Taneja Pankaj Gupta
Date: May 18, 2010 A/P-Finance and IT DGM (F&A) & Company Secretary

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

	Schedules	For the year ended March 31, 2010 (Rs.)	For the year ended March 31, 2009 (Rs.)
INCOME			
Turnover (Gross)		10,609,749,683	9,396,380,690
Less : Excise duty		730,594,416	1,105,134,118
Turnover (Net)		9,879,155,247	8,291,246,572
Other income	16	199,510,854	142,843,700
TOTAL		10,078,666,101	8,434,080,272
EXPENDITURE			
Raw materials consumed	17	7,469,567,883	6,308,300,137
Personnel expenses	18	421,457,177	328,266,371
Operating and other expenses	19	1,449,506,342	1,270,052,347
Decrease/ (Increase) in inventories	20	460,635	(21,976,131)
Depreciation and amortization [including amortization of Rs. 19,221,148 relates to earlier years]	6 and 7	230,763,547	188,570,434
Differential excise duty on opening and closing stocks (Refer Note No. 8 of Schedule 23)		(860,690)	(2,706,352)
Financial expenses	21	120,584,102	54,602,163
TOTAL		9,691,578,996	8,105,108,959
Profit before tax		387,087,105	328,981,303
Current tax [Includes Rs. 16,500,000 for earlier years, (Previous Year Rs. Nil)]		102,500,000	104,346,795
Deferred tax charge [net of credit of Rs. 17,388,381 for earlier years, (Previous Year Rs. Nil)]		38,372,599	14,900,351
Fringe benefit tax & Wealth Tax [net of credit of Rs. 218,327 for an earlier year]		114,934	2,796,354
Total Tax Expense		140,987,533	122,123,500
Net Profit		246,099,572	206,857,804
Balance brought forward from previous year		182,196,400	168,922,897
Profit available for appropriation		428,295,972	375,780,701
Appropriations:			
Proposed final dividend		79,990,000	79,990,000
Tax on dividend		13,594,301	13,594,301
Transfer to general reserve		100,000,000	100,000,000
Surplus carried to Balance Sheet		234,711,671	182,196,400
Earnings per share			
Basic and diluted [Nominal value of shares Rs 2 (Previous year Rs. 2)]	22	6.15	5.17
Notes to Accounts	23		

The schedule referred to above and the notes to accounts form an integral part of the Profit and Loss account.

As per our report of even date

For S.R.Battiboi & Co.
Registration No. 301003E
Chartered Accountants

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

per Anil Gupta Brijmohan Lall Munjal Vinod Kumar Agrawal
Partner Chairman Managing Director Director
Membership No. 87921

Place: Gurgaon Mahesh Taneja Pankaj Gupta
Date: May 18, 2010 A/P-Finance and IT DGM (F&A) & Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	For the year ended March 31, 2010	For the year ended March 31, 2009
A. Cash flow from operating activities	Rs.	Rs.
Profit before tax	387,087,105	328,981,303
Adjustments for:		
Depreciation and amortisation	230,763,547	168,570,434
Loss on sale of fixed assets	1,507,697	159,341
Profit on sale of current non-trade investments	(4,402,706)	(4,402,706)
Provision for foreign exchange loss	69,701,248	69,701,248
Provision for doubtful debts	1,436,170	1,436,170
Dividend income	(1,405,092)	(1,405,092)
Interest income	(1,844,361)	(1,844,361)
Miscellaneous Expenditure	3,623,652	(16,306,435)
Interest expense	174,239,995	9,572,579
Operating profit before working capital changes	720,594,451	554,458,482
Movements in working capital:		
(Increase) in sundry debtors	(367,610,604)	(133,966,332)
(Increase) in inventories	(16,433,062)	(26,922,577)
(Increase) / Decrease in other current assets	(2,771,736)	7,450,000
(Increase) / Decrease in loans and advances	6,222,736	19,512,620
(Increase) / Decrease in provisions	32,650,729	(7,400,362)
Increase in current liabilities	154,114,454	173,728,896
Increase in deferred payment liability	36,274,938	-
Cash generated from operations	539,829,701	592,861,709
Direct taxes paid (net of refunds)	(150,548,161)	(154,592,086)
Net cash from operating activities	379,281,540	438,269,623
B. Cash flows from investing activities		
Purchase of fixed assets	(404,002,350)	(797,412,408)
Proceeds from sale of fixed assets	652,508	652,508
Purchase of intangible assets	(52,616,175)	(7,279,495)
Purchase of investments	(7,971,243,649)	(6,095,640,464)
(Sale) / maturity of investments	7,984,945,841	6,004,043,171
Interest received	12,435,886	1,844,361
Dividends received	350,223	1,409,092
Net cash (used in) investing activities	(390,124,223)	(895,383,237)
C. Cash flows from financing activities		
Proceeds from long term borrowings	54,482,764	542,483,159
Proceeds from short term borrowings	282,623,850	67,355,975
Repayment of long term borrowings	(150,345,574)	(18,156,843)
Interest paid	(111,335,310)	(9,572,579)
Tax on dividend paid	(79,642,810)	(78,647,758)
Net cash from financing activities	(13,594,301)	(13,594,301)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(18,415,481)	485,867,553
Cash and cash equivalents at the beginning of the year*	(29,258,165)	30,753,938
Cash and cash equivalents at the end of the year*	53,134,534	22,380,586
Components of cash and cash equivalents as at	Rs.	Rs.
Cash on hand	23,876,369	53,134,534
Balances with scheduled banks:		
On current accounts	774,849	711,376
On deposit accounts	6,197,304	-
On unpaid dividend accounts **	7,095,916	36,283,064
On cash credit accounts	2,847,385	2,500,295
On fixed deposit account (receipt pledged with a bank)	4,459,915	11,659,789
	2,500,000	-
	23,876,369	53,134,534

* As per Schedule 11 of the Accounts

** These balances are not available for use as they represent corresponding unpaid dividend liabilities.

Note: The above Cash Flow Statement has been prepared under the Indirect Method 'as set out in Accounting Standard 3 on Cash Flow Statements'.

As per our report of even date

For S.R.Bhatnagar & Co.

Registration No. 301003E

Chartered Accountants

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

per Anil Gupta

Chairman

per Yogesh Chander Munjal

Managing Director

per Vinod Kumar Agrawal

Director

per Pankaj Gupta

DGM (F&A) & Company Secretary

per Mahesh Taneja

AVP-Finance and IT

per Membership No. 87921

Place: Gurgaon

Date: May 16, 2010

SCHEDULES TO THE ACCOUNTS

	As at March 31, 2009	As at March 31, 2009
	(Rs.)	(Rs.)
Schedule 1 : Share capital		
Authorised	150,000,000	150,000,000
Issued		
75,000,000 (Previous Year 75,000,000) equity shares of Rs.2 each	79,995,000	79,995,000
Subscribed and Paid up	79,990,000	79,990,000
39,995,000 (Previous Year 39,995,000) equity shares of Rs.2 each	2,500	2,500
Rs.2 each fully paid	79,992,500	79,992,500
Add : Share forfeited (amount originally paid up)		
SCHEDULE 2 : RESERVES AND SURPLUS		
General reserve	1,390,784,601	1,290,784,601
Balance as per last account	100,000,000	100,000,000
Add: Transfer from Profit and Loss Account	1,450,784,601	1,390,784,601
Profit and Loss Account	234,711,671	182,196,400
	1,725,496,272	1,572,981,001
SCHEDULE 3 : SECURED LOANS		
Cash credit from banks	93,328,481	121,950,596
(Secured by hypothecation of Stocks and Book debts, both present and future).		
Buyer's credit	54,482,764	21,936,766
(Secured by exclusive charge on assets funded. Amounts repayable within one year Rs. 1,94,93,614 (Previous Year Rs. 21,935,766)).		
Term loan from a bank	229,591,881	326,471,180
(Secured by mortgage charge over property at 9-11, Manaji Industrial Area, Gurgaon-122015. Amount payable within one year Rs. 76,530,636 (Previous Year Rs. 81,621,588)).		
External Commercial Borrowing from a bank	509,623,529	541,637,500
(External Commercial Borrowing (ECB) secured with an exclusive charge on the fixed assets to be procured out of the loan along with mortgage charge over property at 9-11, Manaji Industrial Area, Gurgaon-122015. Amount payable within one year Rs.127,455,884 (Previous Year Rs.63,727,941)).		
Others-Vehicle loan	640,163	906,721
(Secured by hypothecation of vehicle. Amount repayable within one year Rs. 290,097 (Previous Year Rs. 266,538)).		
SCHEDULE 4 : UNSECURED LOANS		
Short Term Working Capital Loans	887,866,838	1,012,951,763
(Amount payable within one year Rs. 300,000,000 (Previous Year Rs. Nil)).	300,000,000	-
Buyer's Credit from a bank	11,245,965	-
(Amount payable within one year Rs. 11,245,965 (Previous Year Rs. Nil)).		
Interest Accrued and due on Short Term Working Capital Loans	1,167,808	-
	312,413,773	-
SCHEDULE 5 : DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liabilities	172,625,063	135,921,881
Differences in depreciation in block of fixed assets as per tax books and financial books	172,625,063	135,921,881
Gross Deferred Tax Liabilities		
Deferred Tax Assets	14,998,034	16,370,499
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years	7,693,134	7,990,086
Provision for Doubtful debts and advances	22,691,168	24,350,585
Gross Deferred Tax Assets		
Net Deferred Tax Liabilities	149,933,895	111,561,296

SCHEDULES TO THE ACCOUNTS

SCHEDULE 6 : FIXED ASSETS

Gross block					
Land- Freehold	Buildings	Plant and machinery	Office equipment, fittings	Vehicles	Total
Previous years	Amount in Rs.				
At 01.04.2009					
423,992,315	632,635,209	1,839,216,399	52,722,298	30,456,664	2,236,931,202
Additions					
41,282,956	69,644,834	603,677,474	6,406,645	3,282,406	724,294,315
Deductions					
-	-	6,141,369	1,542,274	-	7,683,643
At 31.03.2010	465,275,271	702,280,043	2,436,752,504	57,586,669	33,739,070
423,992,315	632,635,209	1,839,216,399	52,722,298	30,456,664	2,979,022,885
Depreciation					
At 01.04.2009					
56,192,230	889,139,664	28,514,203	10,198,948	984,045,045	826,669,817
For the Year					
-	22,065,012	164,270,840	4,350,948	2,968,513	193,655,313
Deductions					
-	-	5,086,293	1,089,653	-	6,175,946
At 31.03.2010	78,257,242	1,048,324,211	31,775,498	13,167,461	1,171,524,412
For previous year	10,462,331	143,517,791	3,253,588	2,773,386	160,007,096
Net block					
At 31.03.2010					
465,275,271	624,022,801	1,388,428,293	25,811,171	20,571,609	2,524,109,145
At 31.03.2009					
423,992,315	576,442,979	950,076,735	24,208,095	20,257,716	1,994,977,840
Capital work-in-progress including capital advances					
At 31.03.2010					
-	-	-	-	-	-
At 31.03.2009					
-	-	-	-	-	-
Total					
465,275,271	624,022,801	1,388,428,293	25,811,171	20,571,609	2,524,109,145
423,992,315	576,442,979	950,076,735	24,208,095	20,257,716	1,994,977,840
Refer Note No 11 of Schedule 23					
465,275,271	624,022,801	1,388,428,293	25,811,171	20,571,609	2,524,109,145
423,992,315	576,442,979	950,076,735	24,208,095	20,257,716	1,994,977,840
Total					
465,275,271	624,022,801	1,388,428,293	25,811,171	20,571,609	2,524,109,145
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465,275,271	624,022,801	1,388,428,293	25,811,171	20,571,609	2,524,109,145
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465,275,271	624,022,801	1,388,428,293	25,811,171	20,571,609	2,524,109,145
423,992,315	576,442,979	950,076,735	24,208,095	20,257,716	1,994,977,840
Total					
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423,992,315	576,442,979	950,076,735	24,208,095	20,257,716	1,994,977,840
Total					
465,275,271	624,022,801	1,388,428,293	25,811,171	20,571,609	2,524,109,145
423,992,315	576,442,979	950,076,735	24,208,095	20,257,716	1,994,977,840
Total					
465,275,271	624,022,801	1,388,428,293	25,811,171	20,571,609	2,524,109,145
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423,992,315	576,442,979	950,076,735	24,208,095	20,257,716	1,994,977,840
Total					
465,275,271	624,022,801	1,388,428,293	25,811,171	20,571,609	2,524,109,145
423,992,315	576,442,979	950,076,735	24,208,095	20,257,716	1,994,977,840
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465,275,271	624,022,801	1,388,428,293	25,811,171	20,571,609	2,524,109,145
423,992,315	576,442,979	950,076,735	24,208,095	20,257,716	1,994,977,840
Total					
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Total					
465,275,271	624,022,801	1,388,428,293	25,811,171	20,571,609	2,524,109,145

SCHEDULES TO THE ACCOUNTS

Schedule 8 : Investments

Non-Trade
Unquoted

Current Investments (At lower of cost and market value)

4,190,236 units (Previous Year Nil units) DWS Insta Cash Plus

Fund - Super Institutional Plan Growth of Rs 11.936 each

Nil units (Previous Year 9,709,774.830) of DWS Ultra Short

Term Fund- Institutional Growth of Rs. 10.298 each

Notes:

f. Repurchase price of investments in the units of Mutual Funds amounts to Rs. 50,036,028 (Previous Year Rs. 100,113,604). Following investments were purchased and sold during the year:

[illegible]

SCHEDULES TO THE ACCOUNTS

SCHEDULE 9: INVENTORIES

(At Lower Of Cost And Net Realisable Value)

Raw materials and components

[Including stock in transit Rs. 61,681,796]

{Previous Year Rs. 57,916,542}]]

Stores and spares

[Including stock in transit Rs. 3,146,529]

(Previous Year Rs. 3,583,479)]

Work-in-progress

spoon feeding

Still a Scramble

SCHEDULE 10: SUNDRY DEBTORS

Debts outstanding for a period exceeding six months

Unsecured, considered good

Unsecured, considered good
Unsecured, considered doubtful

Other debts

Unsecured, considered good

Unsecured, considered doubtful

Less : Provision for doubtful debts

SCHEDULE 11: CASH AND BANK BALANCES

Cash on hand

Cheques in hand

Balances with scheduled banks:

On current accounts

On cash credit accounts

On unpaid dividend accounts

On fixed deposit account (receipt pledged with a bank)

SCHEDULE 12: OTHER CURRENT ASSETS

Interest accrued but not due on deposit

Unbilled revenue

SCHEDULES TO THE ACCOUNTS

SCHEDULE 13: LOANS AND ADVANCES

Unsecured considered good, except where stated otherwise
Advances recoverable in cash or kind or for value to be received (including Rs 22,805,476, Previous Year Rs 22,984,360 being considered doubtful)

Loans to suppliers and employees (including Rs 28,045, Previous Year Rs 28,045 being considered doubtful)
Balances with customs, excise, etc. (including Rs. Nil, Previous Year Rs 1,025,129 being considered doubtful)
Deposits -- others

Advance income tax/ tax deducted at source (net of provision of Rs.556,383,905, Previous Year Rs. 453,883,905)

Advance fringe benefit tax (net of provision for tax of Rs.Nil, Previous Year Rs. 11,036,155)

Less: Provision for doubtful advances

SCHEDULE 14: CURRENT LIABILITIES

Acceptances

Sundry creditors

(a) total outstanding dues of Medium and Small Enterprise*
(b) total outstanding dues of creditors other than Medium and Small Enterprise**

Interest accrued but not due on loans

Other liabilities

Investor Education and Protection Fund shall be credited by following amount (as and when due):

- Unpaid dividend

* Amount represents amounts due to medium and small enterprises, to the extent such parties have been identified from available documents/information. (Refer Note No. 7 of Schedule 23).

**including payable to directors of the Company

SCHEDULE 15: PROVISIONS

Provision for wealth tax

Provision for leave encashment

Provision for gratuity (Refer Note No. 9 of Schedule 23)

Provision for warranties (Refer Note No. 6.1 of Schedule 23)

Provision (others) (Refer Note No.6.1 of Schedule 23)

Proposed dividend

Tax on proposed dividend

SCHEDULES TO THE ACCOUNTS

SCHEDULE 16: OTHER INCOME

Interest:

Bank deposits (Gross)
On Income-tax refunds (including Rs 7,476,346 for an earlier year)

Others (Gross, tax deducted at source Rs.72,794, Previous Year Rs 252,059)

Profit on sale of current non-trade investments

Dividend on current non-trade investments (Gross)

Sale of scrap (Net of excise duty realised Rs.

11,211,747, Previous Year Rs. 16,436,503)

Exchange differences (net)

Miscellaneous income

SCHEDULE 17: RAW MATERIALS CONSUMED

Inventories as at April 1, 2009

Add: Purchases

Less: Inventories as at March 31, 2010

SCHEDULE 18: PERSONNEL EXPENSES

Salaries, wages and bonus

Contribution to provident fund

Gratuity Expense (Refer Note No 9 of Schedule 23)

Contribution to superannuation fund

Workmen and staff welfare expenses

SCHEDULE 19: OPERATING AND OTHER EXPENSES

Consumption of stores and spares

Sub-contracting expenses

Power and fuel

Freight and forwarding charges

Rent

Rates and taxes

Insurance

Repairs and maintenance

- Plant and machinery

- Buildings

- Others

Advertising and sales promotion

Cash discounts

SCHEDULES TO THE ACCOUNTS

	For the year ended March 31, 2010 (Rs.)	For the year ended March 31, 2009 (Rs.)
Royalty	265,086,135	220,248,509
Technicians fee	1,097,167	1,791,357
Warranty expenses	8,904,674	3,106,219
Legal and professional fees	9,857,139	8,214,621
Travelling and conveyance	25,013,796	27,535,765
Communication costs	3,723,708	3,254,668
Printing and stationery	2,013,292	2,733,082
Directors' sitting fees	735,000	810,000
Payment to Auditor		

As auditor		
- Audit fee	1,375,000	1,125,000
- Limited Review	675,000	675,000
- Certification etc.	527,500	-
- Out-of-pocket expenses	190,959	55,247
Donations and contributions to charitable institutions	588,153	376,052
Provision for doubtful debts		1,436,170
Exchange differences (net)		115,353,776
Loss on sale and discard of fixed assets (net)	1,507,897	159,341
Miscellaneous expenses	16,610,914	17,618,574
	1,449,506,342	1,270,052,347

SCHEDULE 20 : DECREASE/(INCREASE) IN INVENTORIES

Inventories as at March 31, 2009		
- Work-in-progress	70,784,465	50,876,683
- Scrap	143,746	2,800,462
- Finished goods	22,761,884	18,036,819
	93,690,095	71,713,964
Inventories as at March 31, 2010		
- Work-in-progress	65,535,180	70,784,465
- Scrap	1,804,392	143,746
- Finished goods	25,889,888	22,761,884
	93,229,460	93,690,095
	460,635	(21,976,131)

SCHEDULE 21: FINANCIAL EXPENSES

Interest		
- on Term Loans	81,792,434	44,270,872
- on banks	1,691,299	1,328,450
- others	30,756,262	6,055,871
Bank charges	6,444,107	2,946,970
	120,684,102	54,602,163

SCHEDULE 22: EARNINGS PER SHARE (EPS)

Net profit as per profit and loss account, basic & diluted	246,099,572	206,857,804
Weighted average number of equity shares in calculating basic and diluted EPS	39,995,000	39,995,000
EPS, basic & diluted	6.15	5.17

SCHEDULE 23: NOTES TO ACCOUNTS

1. Nature of operations

Munjal Showa Limited ("the Company") is a Company established in 1985 as result of technical and financial collaboration between Hero Group and Showa Corporation, Japan. The Company operates as an ancillary and manufactures auto components for the two-wheeler and four-wheeler industry, primary products being front forks, shock absorbers, struts, gas springs and window balancers for sale in domestic market. The Company has two manufacturing locations in the state of Haryana and one plant at Handwar where the commercial production was started on April 06, 2009.

2. Statement of significant accounting policies

a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the Notified accounting standard by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) Tangible assets and depreciation

- Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing cost relating to acquisition of fixed assets, which take substantial period of time to get ready for its intended use, are also included to the extent they relate to the period till such assets are ready to be put to use. Machinery spares which can be used only in connection with an item of fixed assets and whose use as per technical assessment is expected to be irregular, are capitalized.

- In respect of accounting periods commencing on or after 7th December, 2006, exchange differences arising on reporting of the long-term foreign currency monetary items at rates different from those at which they were initially recorded during the year, or reported in the previous financial statements are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, if these monetary items pertain to the acquisition of a depreciable fixed asset.

- Depreciation is provided using the straight line method as per the estimated useful lives of the fixed assets estimated by the management, which results in depreciation rates being equal to the corresponding rates prescribed in Schedule XIV of the Companies Act, 1956 except for certain non factory buildings like boundary wall, tubewell and road which are depreciated at 3.34%, the rate of which is higher than the rate prescribed in Schedule XIV of the Companies Act, 1956.

- Depreciation on the amount of adjustment to fixed assets on account of capitalisation of insurance spares is provided over the remaining useful life of related assets.

- All assets costing upto Rs 5,000 are fully depreciated in the year of purchase.

d) Impairment

The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on external/internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

e) Intangible assets and amortisation

Designs and Drawings

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

Computer Software

Costs relating to Software, which are acquired, are capitalized and amortised on a straight line basis over the useful lives of four years.

The period of amortisation is reassessed annually to ascertain reasonableness and appropriateness.

- f) **Leases**
Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognized as an expense in the profit and loss account on a straight-line basis over the lease term.
- g) **Investments**
Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and market value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline, other than temporary, in the value of the investments.
- h) **Inventories**
Inventories are valued as follows:

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

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

- i) **Revenue recognition**
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of goods
Revenue is recognized when the significant risks and rewards of ownership of the goods have been passed to the buyer. Sale of goods is inclusive of excise duty but exclusive of sales tax. Excise Duty deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability that arose during the year.

Interest
Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividends
Dividend income on investments is accounted for when the right to receive the payment is established.

- j) **Miscellaneous expenditure**
Costs incurred in raising funds are amortized equally over the period for which the funds are acquired. During the previous year, the Company incurred such expenditure amounting to Rs. 18,118,261 on ECB loan which is being amortized over a period of 5 years. During the year an amount of Rs. 3,623,652 (Previous year: Rs. 1,811,826) has been charged to Profit & Loss Account.

- k) **Warranty costs**
Warranty costs are provided on accrual basis determined based on past experience of claims. Exceptional warranty claims are not taken into account to determine such provisions.

- l) **Foreign currency transactions**

(i) **Initial recognition**
Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) **Conversion**
Foreign currency monetary items are reported using the closing rate. Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) **Exchange differences**

Exchange differences, in respect of accounting periods commencing on or after 7th December, 2006, arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, and in other cases, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" in the enterprise's financial statements and amortized over the balance period of such long-term asset/liability but not beyond accounting period ending on or before 31st March, 2011.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

(iv) **Forward exchange contracts not intended for trading or speculation purposes**

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year. However, exchange difference in respect of accounting period commencing on or after 7th December, 2006 arising on the forward exchange contract undertaken to hedge the long term foreign currency monetary item, in so far as they relate to the acquisition of depreciable capital asset, are added to or deducted from the cost of asset and in other cases, are accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of such long term asset/liability but not beyond 31st March, 2011.

(v) **Forward Exchange Contracts for trading or speculation purposes**

A gain or loss on such forward exchange contracts is computed by multiplying the foreign currency amount of the forward exchange contract by the difference between the forward rate available at the reporting date for the remaining maturity of the contract and the contracted forward rate (or the forward rate last used to measure a gain or loss on that contract for an earlier year). The gain or loss so computed is recognized in the statement of profit and loss for the period. The premium or discount on the forward exchange contract is not recognized separately.

m) **Retirement and other employee benefits**

(i) Retirement benefits in the form of Provident Fund contributions and superannuation fund (maintained per the scheme of Life Insurance Corporation) which are defined contribution schemes are charged to the profit and loss account of the year when the contributions to the respective funds are due. The Company does not have any other obligation other than contribution payable to the fund.

(ii) Gratuity liability under the Payment of Gratuity Act is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The gratuity plan has been funded by policy taken from Life Insurance Corporation of India.

(iii) Short term compensated absences are provided for on based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

(iv) Actuarial gains/losses are immediately taken to profit and loss account and are not deferred

n) **Income taxes**

Tax expense comprises of current and deferred tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961, enacted in India. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. At each balance sheet date, the Company reassesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Eamings de

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

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

Cash and cash equivalents of all O

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

Derivative in

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the income statement. Net gains are ignored.

Segmental information

on the guiding principles given in Accounting Standard on 'Segmental Reporting' (AS-17), issued by the Institute of Cost Accountants of India, the Company's primary business segment is manufacturing of auto components for two-wheeler and four-wheeler industry. The business comprises manufacturing and selling of various auto components, viz. of front, shock absorbers, struts, gas springs and window balancers, having similar risks and because of similar nature of these items. The Company is having negligible export and operates mainly in India. The Company is one business and geographical segment and thus no further disclosures are required to be made as per Accounting Standard (AS-17).

Accounting standard
related party disclos

Names of related parties

- Key management personnel and their relatives
- Mr. Bijmohan Lal Munjal - Chairman
 - Mr. Yogesh Chander Munjal – Managing Director
 - Mr. Kazuhiko Nishioaka - Joint Managing Director (upto 23rd March, 2010)
 - Mr. Suresh Munjal - Relative of Yogesh Chander Munjal
- Enterprise with significant influence over the Company
- Showa Corporation, Japan
- Enterprises owned or significantly influenced by key management personnel and their relatives
- Hero Honda Motors Limited
 - Sunbeam Auto Limited
 - Hero Cycles Limited
 - Hero Corporate Services Limited
 - Majestic Auto Limited
 - Dayanand Munjal Investments Private Limited
 - Thakurdevi Investments Private Limited
 - Arrow Infrastructure Limited
 - Rockman Industries Limited

The remuneration paid to directors of Rockstar Industries Limited

During the year, the Company has entered into transactions with related parties. Those transactions along with related balances as at March 31, 2010 and 2009 and for the years then ended are presented in the following table:

[illegible]

Related Party Disclosure	Influence over the Company	Key Management Personnel & their relatives	Enterprises over which Directors and their relatives have significant influence	March 31, 2010		March 31, 2009	
				March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Others	Managerial remuneration for Key Management Personnel	20,800,000	20,800,000	20,800,000	20,800,000	52,008,000	52,008,000
	Mr. Yogesh Chander Munjal	14,730,415	11,068,676	14,730,415	11,068,676	11,909,676	11,909,676
	Mr. Kazuhiro Nishio	13,051,673	10,290,135	13,051,673	10,290,135	10,290,135	10,290,135
	Mr. Kazuhiro Nishio	27,782,098	22,259,811	27,782,098	22,259,811	22,259,811	22,259,811
	Trade Payable						
	Arrow Infrastructure Limited						
	Rockman Industries Limited						
	Majestic Auto Limited, Ludhiana						
	Sunbeam Auto Limited						
	Shohe Corporation, Japan						
Commission Payable	Mr. Yogesh Chander Munjal	370,102,679	327,349,130	370,102,679	327,349,130	327,349,130	327,349,130
	Mr. Kazuhiro Nishio	4,455,917	3,458,561	4,455,917	3,458,561	3,458,561	3,458,561
	Advances Recoverable in cash or kind						
	Sunbeam Auto Limited						
	Trade Receivable						
	Hero Honda Motors Limited						
	Shohe Corporation, Japan						
	Others						
	Other Current Assets						
	Hero Honda Motors Limited						
Surreties given to Government Departments	Sunbeam Auto Limited						
	Other Current Assets						
	Hero Honda Motors Limited						
	Other Current Assets						
	Hero Honda Motors Limited						
	Other Current Assets						
	Hero Honda Motors Limited						
	Other Current Assets						
	Hero Honda Motors Limited						
	Other Current Assets						
Surreties obtained	Hero Honda Motors Limited						
	Other Current Assets						
	Hero Honda Motors Limited						
	Other Current Assets						
	Hero Honda Motors Limited						
	Other Current Assets						
	Hero Honda Motors Limited						
	Other Current Assets						
	Hero Honda Motors Limited						
	Other Current Assets						
TOTAL	1,182,630,135	1,020,256,573	38,246,005	35,184,933	11,495,446,033	10,416,786,493	12,716,322,233
	1,182,630,135	1,020,256,573	38,246,005	35,184,933	11,495,446,033	10,416,786,493	12,716,322,233
	1,182,630,135	1,020,256,573	38,246,005	35,184,933	11,495,446,033	10,416,786,493	12,716,322,233
	1,182,630,135	1,020,256,573	38,246,005	35,184,933	11,495,446,033	10,416,786,493	12,716,322,233
	1,182,630,135	1,020,256,573	38,246,005	35,184,933	11,495,446,033	10,416,786,493	12,716,322,233
	1,182,630,135	1,020,256,573	38,246,005	35,184,933	11,495,446,033	10,416,786,493	12,716,322,233
	1,182,630,135	1,020,256,573	38,246,005	35,184,933	11,495,446,033	10,416,786,493	12,716,322,233
	1,182,630,135	1,020,256,573	38,246,005	35,184,933	11,495,446,033	10,416,786,493	12,716,322,233
	1,182,630,135	1,020,256,573	38,246,005	35,184,933	11,495,446,033	10,416,786,493	12,716,322,233
	1,182,630,135	1,020,256,573	38,246,005	35,184,933	11,495,446,033	10,416,786,493	12,716,322,233

5. Capital commitments	Estimated amount of contracts remaining to be executed on capital account and not provided for	As at March 31, 2010		As at March 31, 2009	
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
		32,391,504		155,757,225	
6. Provisions and Contingencies					
6.1 Provisions					
Balance as at April 01, 2009 (Rs.)	Additions during the year	Amounts used during the year	Unused amounts reversed during the year	Balance as at March 31, 2010 (Rs.)	
				March 31, 2010 (Rs.)	
Provision for warranties	16,500,352	8,904,674	9,467,720	-	15,937,306
Provision (others)	-	32,500,000	-	-	32,500,000
Total	16,500,352	41,404,674	9,467,720	-	48,437,306

Provision for Warranty

A provision is recognized for expected warranty claims on products sold during the last two years for some models and three years for others, based on past experience of level of repairs and returns. Assumptions used to calculate the provision for warranties were based on current sales level and current information available about returns based on the warranty period for all products sold.

Provision (others)

The Company has received a show-cause notice from Haryana State Pollution Control Board ("HSPCB") towards contamination of ground water caused due to higher concentration of chromium used by the Company as compared to the minimum expected level. Pursuant to the show cause notice, the management has submitted a time bound remediation plan as per which specified milestones are to be achieved at the end of each quarter till December 2010. A bank guarantee of Rs. 50,000,000 has also been submitted to HSPCB. While currently there are delays in implementation of the plan, the management is confident of completing the plan within the overall time frame. Accordingly, provision of Rs. 32,500,000 has been made in the books as per management's assessment of the costs to be incurred.

6.2 Contingent liabilities (not provided for) in respect of:

Particulars	March 31, 2010		March 31, 2009	
	(Amount in Rs.)		(Amount in Rs.)	
a) Demands raised by Income Tax Authorities, being disputed by the Company.	151,149,021		153,805,945	
b) Show cause notices issued by Excise Authorities, being disputed by the Company.	39,228,000		39,228,000	
c) Demand raised by Employees State Insurance Recovery Officer, being disputed by the Company.	4,365,036		4,365,036	
d) Pending cases with Income Tax Appellate Authorities/High Court where Income Tax Department has preferred appeals.	Liability not ascertainable		Liability not ascertainable	
e) Land matter (refer Note no. 11 of the notes to accounts)	Liability not ascertainable		Liability not ascertainable	

a Demands raised by the Income Tax Authorities comprise of:

i) In respect of Assessment Years 1993-94, 1996-97, 1998-99 and 1999-00, allowability of certain expenses like foreign technician expenses, design and drawing fees were pending under appeal with ITAT. For the Assessment Years 1993-94 & 1996-97, ITAT has decided in favour of Company which pending for appeal effect. Further, for the Assessment Years 1998-99 & 1999-00, the issue has been set aside by the Tribunal to the file of the assessing officer to follow the order of earlier years. The Company has obtained legal opinion as per which the Company has possibility of success. The total amount involved is Rs 1,867,363 (Previous year Rs 1,867,363).

ii) In respect of Assessment Year 2000-01 and 2001-02, issues relating to some percentage of royalty has been decided by ITAT in favour of the Company which pending for appeal effect. The amount involved for the same is Rs.8,026,345. In respect of Assessment Years 2002-03, 2003-04 and 2004-05 issues relating to some percentage of expenses like royalty, technician fee, design and drawing, prior period (2004-05) is pending with ITAT. The Company has obtained legal opinion as per which the Company has possibility of success. The amount involved is Rs. 32,433,639 (Previous year Rs 40,459,984).

- iii) In respect of Assessment Year 2005-06, certain adjustments were made to the transaction values by the tax authorities based on arm's length price of international transactions entered with associated enterprises. The issue is pending with CIT (Appeals), based on which demand was raised. The Company has obtained legal opinion as per which the Company has possibility of success. The amount involved is Rs 116,648,019 (Previous year Rs 111,478,598).
- iv) a) In respect of Assessment Year 2006-07, certain adjustments were made to the transaction values by the tax authorities based on arm's length price of international transactions entered with associated enterprises and on disallowance of royalty and technical fee. The Company has preferred filing the objections against the draft assessment order and is pending before Dispute Resolution Panel (DRP) for disposal. The Company has obtained legal opinion as per which there is a possibility of success. The amount of disallowances is Rs 156,430,763, on which income tax amounts to Rs 53,191,210 (excluding interest, penalty etc).
- b) The Excise authorities have issued a Show Cause Notice (SCN) on the Company proposing to levy Service tax on the Company amounting to Rs. 39,228,000 along with interest and penalty as recipient of services under reverse charge mechanism on the royalty paid for such import of services during the period from September 10, 2004 to September 30, 2007. The aggregate exposure on account of the above matter till March 31, 2010 aggregates to Rs. 100,635,965. However, the Company can claim service tax credit in most of the above amount. The Company has filed replies for all the SCNs. However, hearing on the same is pending.
- c) Demands raised by Employee State Insurance Recovery Officer:
Contingent liabilities in respect of demands raised by the Employee State Insurance Recovery Officer represent amount demanded from the Company due to lack of records for the period 1994 to 1998 on the basis of inspections carried out at the Company. The demand has been stayed by Hon'ble Judge, Employee Insurance Court, Gurgaon.

7. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006 (as certified by the Management)

	2010 (Rs.)	2009 (Rs.)
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	174,508,780	149,671,017
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year, and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

8. In accordance with explanations below Para 10 of Notified Accounting Standard 9 - Revenue Recognition, excise duty on sales amounting to Rs. 730,594,416 (Previous Year Rs. 1,105,134,118) has been reduced from sales in Profit & Loss Account and excise duty on variation of opening and closing stock of finished goods and scrap amounting to Rs. 880,690 (Previous Year income of Rs. 2,706,352) has been considered as income in the financial statements.

9. Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service or part thereof in excess of six months. The scheme is funded with an insurance company in the form of a qualifying insurance policy. The following tables summarise the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the gratuity plan.

Profit and loss account

Net employee benefit expense (recognized as personnel expenses) in Profit and Loss Account.

	Gratuity	
	2010 (Rs.)	2009 (Rs.)
Current service cost	2,673,198	2,391,824
Interest cost on benefit obligation	2,539,398	2,249,336
Expected return on plan assets	(1,808,690)	(1,499,555)
Net actuarial (gain) recognized in the year	(211,911)	(1,178,048)
Net benefit expense	3,192,895	1,963,557
Actual return on plan assets	2,261,127	1,817,995

Amount recognized in balance sheet

	Gratuity	
	2010 (Rs.)	2009 (Rs.)
Defined benefit obligation	36,899,589	31,742,477
Fair value of plan assets	28,601,129	22,608,621
	8,298,460	9,133,856
Less: Unrecognized past service cost	-	-
Plan (liability)	(8,298,460)	(9,133,856)
		(9,728,180)

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

	Gratuity	
	2010 (Rs.)	2009 (Rs.)
Opening defined benefit obligation	31,742,477	28,472,612
Interest cost	2,539,398	2,249,336
Current service cost	2,673,198	2,391,824
Benefits paid	(296,910)	(511,687)
Actuarial (gains)/losses on obligation	241,426	(859,608)
Closing defined benefit obligation	36,899,589	31,742,477

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

	Gratuity	
	2010 (Rs.)	2009 (Rs.)
Opening fair value of plan assets	22,608,621	18,744,432
Expected return	1,808,690	1,499,555
Contributions by employer	4,028,291	2,557,881
Benefits paid	(296,910)	(511,687)
Actuarial gains / (losses)	452,437	318,440
Closing fair value of plan assets	28,601,129	22,608,621

The Company expects to contribute Rs. 2,455,407 to gratuity fund in the year 2010-11.

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

	Gratuity	
	2010 %	2009 %
Investments with insurer	100	100

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity are shown below:

	2010 %	2009 %
Discount rate	8.00	7.90
Expected rate of return on assets	8.00	8.00
Increase in Compensation cost	7.00	7.00
Employee turnover		
- Upto 30 years	3.00	3.00
- Upto 44 years	2.00	2.00
- Above 44 years	1.00	1.00

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

Notes:

- Information relating to experience adjustment to plan assets and liabilities as required by Para 120 (n)(i) of the Accounting Standard 15 (revised) on Employee Benefits is not available with the Company.
- The current year being only the third year of adoption of AS-15 (revised) by the Company, disclosure as required by Para 120(n) of Accounting Standard 15 (Revised) have been furnished from the year of its adoption.

Defined Contribution Plan

	2010	2009	2008
Contribution to Provident Fund	15,790,152	12,068,462	10,852,874
Contribution to Superannuation Fund	2,107,991	1,751,591	1,298,621

10. Operating Lease Obligations

The Company has taken various residential under operating lease agreements. These are generally not 'non-cancellable' and are renewable by mutual consent on mutually agreed terms. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases.

Lease payments for the year are Rs. 1,754,900 (Previous Year 1,162,000)

Minimum Lease Payments:

Not later than one year – Rs. 2,342,250 (Previous Year Rs. 1,217,790)

Later than one year but not later than five years – Rs. 1,085,340 (Previous Year Rs. Nil)

Later than five years – Rs. Nil

- Hon'ble Punjab and Haryana High Court had, in an earlier year passed the order by enhancing the compensation to the tune of Rs. 15 lacs per acre in relation to Manesar Land owned by the Company, Haryana State Industrial Infrastructure Development Corporation Limited (HSIIDC) as well as the various landowners have preferred Special leave petition (SLP) before the Hon'ble Supreme Court against the order of Hon'ble High court. The Hon'ble Supreme court during the pendency of SLPs has issued interim directions for disbursement of the compensation to the land owners at the rate

of Rs. 10 lacs per acre, which is subject to the final decision by the Hon'ble Supreme Court in the SLPs. Pursuance to interim directions by the Hon'ble Supreme Court, HSIIDC has during the year demanded an amount of Rs. 60,458,233 (including interest of Rs. 19,195,277) from the Company in five equated six monthly installments. The Company has during the year, accounted for the said liability in the books. The Company has during the year paid two installments and balance unpaid amount is shown under deferred payment liability.

12. Supplementary statutory information

12.1	Directors' remuneration (excluding sitting fees)	For the year ended March 31, 2010 (Rs)	For the year ended March 31, 2009 (Rs)
	Salaries and allowances	13,245,161	11,000,000
	Commission to whole time directors	8,814,170	6,917,122
	Perquisites (actual and/or evaluated under the Income Tax Rules, 1962)	3,463,338	2,832,689
	Contribution to provident and superannuation funds	2,259,419	1,510,000
		27,782,088	22,259,811

As the future liability for gratuity is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not included above. No leave encashment is payable to the Directors.

12.2	Computation of net profit in accordance with Section 349 of the Companies Act, 1956 for calculation of commission payable to Managing Director and Joint Managing Director	For the year ended March 31, 2010 (Rs)	For the year ended March 31, 2009 (Rs)
	Profit as per profit and loss account	387,087,105	328,981,303
	Add:		
	Directors' remuneration	27,782,088	22,259,811
	Provision for doubtful debts and advances	(1,949,411)	905,802
	Provision for warranty	(563,046)	(7,417,818)
	Provision (Others)	32,500,000	(30,000)
	Provision for labour compensation		
	Directors sitting fee	735,000	810,000
	Net profit as per Section 349 of the Companies Act, 1956	445,891,736	345,856,093
	Commission to Managing Director @ 1% of the net profits	4,458,917	3,458,561
	Commission to Joint Managing Director @ 1% of the net profits upto 23rd March, 2010 of the net profits	4,358,253	3,458,561

12.3	Earnings in foreign currency (on accrual basis)	For the year ended March 31, 2010 (Rs)	For the year ended March 31, 2009 (Rs)
	Exports at F.O.B. value	3,134,949	3,077,123

12.4	Expenditure in foreign currency (on accrual basis)	For the year ended March 31, 2010 (Rs.)	For the year ended March 31, 2009 (Rs.)
	Technician fees	1,097,167	2,071,357
	Royalty	265,086,135	220,248,509
	Travelling	2,774,745	4,144,234
	Interest	14,374,991	11,609,794
	Design and drawings (considered as intangible asset)	47,150,175	7,279,495
	Miscellaneous Expenses	74,451	146,514
		330,557,664	245,489,903

12.5	Value of imports calculated on CIF basis (excluding material in transit)	For the year ended March 31, 2010 (Rs.)	For the year ended March 31, 2009 (Rs.)
	Capital goods	64,494,681	60,692,970
	Raw materials	455,586,853	459,087,056
	Consumables	3,505,0346	25,868,305
		555,142,080	545,648,331

12.6	Dividend remitted in foreign exchange (in USD)	For the year ended March 31, 2010 (Rs.)	For the year ended March 31, 2009 (Rs.)
	Year to which dividend pertains	2008-09	2007-08
	Number of non-resident shareholders (to whom dividend remitted in foreign currency)	1	1
	Number of equity shares held on which dividend was due	10,400,000	10,400,000
	Amount of dividend remitted (net in Rs.)	20,800,000	20,800,000

13. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956

13.1	Licensed Capacity, Installed Capacity and Actual Production	Class of Goods*	Unit	Installed Capacity**	Actual Production
				Current year (2010)	Previous year (2009)
	Shock absorbers	Nos	30,542,400	21,513,000	22,697,739
	Struts	Nos	2,424,000	24,24,000	938,962
	Window balancer	Nos	818,100	1,006,500	513,843
					18,622,774
					769,155
					438,651

* Licenses are not applicable since 1993-94.

** As certified by the management and relied upon by the auditors being a technical matter.

13.2 Sales

	Unit	Quantity	Value (Rs)		
		Current year	Previous year	Current year	Previous year
Shock absorbers	Nos.	22,692,641	18,630,872	9,524,139,410	8,477,512,418
Struts	Nos	938,171	772,965	845,038,131	699,606,458
Window balancer	Nos.	513,935	439,887	63,688,793	50,680,389
Others*				174,884,329	160,581,426
TOTAL				10,609,748,663	9,396,380,690

* It is not practicable to furnish quantitative information in view of the large number of items, which differ in size and nature, each being less than 10% in value of the total.

13.3 Consumption of raw materials

	Unit	Quantity	Value (Rs)		
		Current year	Previous year	Current year	Previous year
Fork pipe	Nos.	10,886,123	8,737,316	1,391,354,920	997,796,771
Bottom case	Nos.	10,293,860	8,240,776	1,431,265,202	1,209,268,579
Main spring cushion	Nos.	22,557,906	19,301,977	1,086,698,903	924,176,726
Oil seal	Nos.	24,660,215	20,111,782	571,845,838	415,397,613
Dust seal	Nos.	10,767,856	8,883,910	85,051,927	69,524,766
Other materials and components *				2,903,351,093	2,692,135,682
				7,469,567,883	6,308,300,137

* It is not practicable to furnish quantitative information in view of the large number of items, which differ in size and nature, each being less than 10% in value of the total.

13.4 Imported and indigenous raw materials, stores and spares consumed

	Percentage of total consumption	Current year	Previous year	Current year	Previous year	Value (Rs)
Raw materials and components						
Imported	7	8	8	542,395,468	513,107,593	
Indigenously procured	93	92	92	6,827,172,415	5,795,192,634	
	100	100	100	7,469,567,883	6,308,300,137	
Stores and spares						
Imported	8	9	9	34,366,737	29,139,966	
Indigenously procured	92	91	91	377,724,674	289,742,164	
	100	100	100	412,111,411	318,882,130	

13.5 Details of Finished Goods

	Quantity	Current year	Previous year	Current year	Previous year	Value (Rs)
Opening Stock						
Shock absorbers	43,665	51,783	13,159,875	15,617,471	13,159,875	
Struts	7,750	11,560	6,845,067	4,516,008	6,845,067	
Window balancer	2,695	4,031	299,346	360,936	299,346	
			22,761,884	18,036,819		
Closing Stock						
Shock absorbers	48,763	43,665	19,154,462	15,617,471	15,617,471	
Struts	8,541	7,750	6,414,372	6,845,067	6,845,067	
Window balancer	2,603	2,695	321,054	299,346	299,346	
			25,889,888	22,761,884		

14. Derivative Instruments and Unhedged Foreign Currency Exposure

Foreign Exchange Option Contracts outstanding as at balance sheet date		
Particulars of Derivatives		Purpose
Current Year	Previous Year	
JPY 66,813,005 (Notional amount)	JPY 42,860,036 (Notional amount)	Hedge against borrowing in JPY
EUR 443,363 (Notional amount)	None	Hedge against borrowing in Euro
JPY 478,416,151 (Notional amount)	JPY 637,888,199 (Notional amount)	Hedge against borrowing in JPY
JPY 1,088,470,588 (Notional amount)	JPY 1,156,500,000 (Notional amount)	Hedge against borrowing in JPY

Particulars of Unhedged foreign Currency Exposure as at the Balance Sheet date

Particulars	Current Year		Previous Year	
	Amount (Rs)	Foreign Currency	Amount (Rs)	Foreign Currency
Debtors				
USD	118,861	2,550	598,140	11,786
JPY	69,504	144,800	68,738	134,306
Advances				
THB	11,419	8,241	307,888	215,850
EUR	574,368	9,482	1,005,285	15,000
USD			105,763	2,084
Creditors				
JPY	249,635,100	520,181,496	180,415,123	352,510,986
EUR			1,070,159	15,968
USD	2,001,283	44,572	633,512	12,483

15. Previous Year comparatives

Previous year's figures have been regrouped, where considered necessary, to conform to this year's classification.
As per our report of even date

For S.R.Batlloi & Co.

Registration No. 301003E

Chartered Accountants

per Anil Gupta

Partner

Membership No. 87921

Place: Gurgaon

Date: May 18, 2010

Brijmohan Lal Munjal

Chairman

Yogesh Chander Munjal

Managing Director

Vinod Kumar Agrawal

Director

Mahesh Taneja

AVP-Finance and IT

Pankaj Gupta

DGM (F&A) & Company Secretary

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

Munjai Showa Limited

MUNJAI
SHOWA

Additional information as required under Part IV of Schedule VI to the Companies Act, 1956
Balance Sheet Abstract and Company's General Business Profile.

I Registration Details.

Registration No. 20934 State Code 55
Balance Sheet. 3103 Date Month Year 2010

II Capital raised during the Year (Amount in Rs.)

Public Issue NIL

Rights Issue NIL

Bonus Issue NIL

Private Placement NIL

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

Total Liabilities 3191978217

Total Assets 3191978217

Sources of Funds

Paid - up Capital 799925000

Secured Loans 887866838

Deferred Payment Liabilities 36274939

Reserves and Surplus 1725496272

Unsecured Loans 312413773

Deferred Tax Liabilities (Net) 149933895

Application of Funds

Net Fixed Assets 2627747192

Net Current assets 501534003

Accumulated Losses NIL

Investments 50014239

Misc. Expenditure 12682783

IV Performance of Company (Amount in Rs.)

Turnover (including other income)	10071866101	Total Expenditure	96911578996
Profit / Loss before Tax	31870871105	Profit / Loss after Tax	246099572
Earning per Share in Rs.	016.15	Dividend rate%	100

V Generic Names of Three Principal Products / Services of Company (As per monetary terms)

Item Code No. (ITC Code)	8711499000	Product Description	STOCK ABISORBERS
Item Code No. (ITC Code)	8708880000	Product Description	STRIUTIS
Item Code No. (ITC Code)	8708880000	Product Description	WINDOW BALANCERS

For and on behalf of the Board of Directors

Brijmohan Lal Munjal
ChairmanYogesh Chander Munjal
Managing DirectorVinod Kumar Agrawal
DirectorPlace : Gurgaon
Dated : 18.05.2010Mahesh Taneja
AVP-Finance and ITPankaj Gupta
DGM(F&A) & Company Secretary

Munjaj Showa Limited

MUNJAL
SHOWA

MUNJAL SHOWA LIMITED

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

ATTENDANCE SLIP

I, hereby record my presence at the 25th ANNUAL GENERAL MEETING of the Company held on Wednesday the 11th day of August 2010 at 25 E & F, Sector-3, IMT, Manesar, Gurgaon-122 050, Haryana at 11.00 A.M.

Folio No.
DP ID & Client ID No.

NO. OF SHARES HELD:

Name
Address

Signature of the member

Signature of the Proxy

ENTRY PASS

(To be retained throughout the Meeting)

Folio No.
DP ID & Client ID No.

NO. OF SHARES HELD:

Name
Address
Note:

Members/Proxy holders are requested to bring the Attendance Slip and Entry Pass with them when they come to the meeting and hand it over at the gate after affixing their signature on it.

Members/Proxy holders who come to attend the meeting are requested to bring their copy of the Annual Report for reference at the meeting.

Members are informed, in case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

MUNJAL SHOWA LIMITED

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

PROXY FORM

I/We _____ of _____ being a member/members* of Munjal Showa Limited hereby appoint _____ of _____ or failing him _____ as my/our proxy to vote for me/us and on my/our behalf at the 25th Annual General Meeting of the Company to be held on Wednesday the 11th day of August 2010 at 11.00 A.M. and at any adjournment thereof.

Signed this _____ day of _____ 2010

Folio No.
DP ID & Client ID No.

FOR OFFICE USE ONLY:

DATE & TIME OF RECEIPT:
PROXY NO:

Signature: _____

Note: The proxy form duly completed and signed should be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.

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