MUNJAL SHOWA

2021-22 ANNUAL REPORT

www.munjalshowa.net

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Yogesh Chander Munjal
(Chairman & Managing Director)
Mr. Shigeki Kobayashi
(Joint Managing Director, resigned w.e.f April 10, 2021)
Mr. Yasuhiro Ashiki
(Joint Managing Director, appointed w.e.f June 23, 2021)
Mr. Ashok Kumar Munjal
Mrs. Charu Munjal
Mr. Devi Singh
Mrs. Kavita Venugopal *(appointed w.e.f May 17, 2022)*
Mr. Kazuhiro Nishioka *(appointed w.e.f June 23, 2021)*
Mr. Nand Lal Dhameja
Mr. Vinod Kumar Agrawal
Ms. Geeta Anand *(resigned w.e.f February 17, 2022)*
Mr. Surinder Kumar Mehta *(ceased w.e.f February 22, 2022)*
Mr. Yasuhiro Yamamoto *(resigned w.e.f. June 29, 2021)*

AUDIT COMMITTEE

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

SHARE TRANSFER/ STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. Nand Lal Dhameja-Chairman
Mr. Yogesh Chander Munjal-Member
Mr. Ashok Kumar Munjal-Member
Mr. Yasuhiro Ashiki- Member *(appointed w.e.f June 23, 2021)*

NOMINATION AND REMUNERATION COMMITTEE

Mr. Surinder Kumar Mehta *(ceased w.e.f February 22, 2022)*
Mr. Nand Lal Dhameja-Chairman *(w.e.f. April 20, 2022)*
Mr. Vinod Kumar Agrawal-Member
Mr. Devi Singh-Member
Mr. Yogesh Chander Munjal-Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. Yogesh Chander Munjal- Chairman
Mr. Vinod Kumar Agrawal- Member
Mr. Yasuhiro Ashiki- Member *(appointed w.e.f June 23, 2021)*
Mr. Shigeki Kobayashi-Member *(resigned w.e.f April 10, 2022)*

RISK MANAGEMENT COMMITTEE

Mr. Yogesh Chander Munjal- Chairman
Mr. Yasuhiro Ashiki- Member *(appointed w.e.f June 23, 2021)*
Mr. Vinod Kumar Agrawal-Member
Mr. Shigeki Kobayashi-Member *(resigned w.e.f April 10, 2022)*

CHIEF FINANCIAL OFFICER

Mr. Pankaj Gupta

COMPANY SECRETARY& COMPLIANCE OFFICER

Ms. Geetanjali Sharma *(resigned w.e.f Sep 30, 2021)*
Ms. Neha Bansal *(appointed w.e.f. Oct 29, 2021)*

STATUTORY & TAX AUDITORS

M/s Deloitte Haskins & Sells LLP, Gurugram

INTERNAL AUDITORS

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

SECRETARIAL AUDITORS

M/s Satyender Kumar & Associates, Gurugram

BANKERS

State Bank of India
Citi Bank N.A.
Kotak Mahindra Bank Limited

SHARE TRANSFER AGENT

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

TECHNICAL & FINANCIAL COLLABORATOR

Hitachi Astemo Ltd. Japan (erstwhile Showa Corporation) 1-14-1, Fujiwara –Cho Gyoda- shi Saitama-361-8506, Japan

REGISTERED OFFICE & WORKS

Gurugram Plant & Registered Office
9-11, Maruti Industrial Area, Sector-18
Gurugram-122015 Haryana

Manesar Plant
Plot No. 26 E & F, Sector 3, IMT Manesar, Gurugram-122050 Haryana

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

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Yearly Financial Results at a Glance

(₹ In lakhs)

	March'22	March'21	March'20	March'19	March'18
Share Capital	**799.93**	799.93	799.93	799.93	799.93
Reserve & Surplus	**62,938.77**	63,339.56	62,455.22	60,262.86	56,162.32
Total Shareholder's Funds	**63,938.77**	64,139.49	63,255.15	61,062.79	56,962.25
Liabilities & Provisions	**14,847.05**	16,002.29	12,856.76	18,085.08	22,367.92
Total Assets / Liabilities	**78,585.75**	80,141.78	76,111.91	79,147.87	79,330.17
Revenue from operations (Net GST & Excise duty)	**107,810.61**	110,935.48	131,277.29	169,269.32	160,210.77
(% Change year on year)	**(22.44)**	(15.50)	(22.44)	5.65	8.45
Profit Before Interest Depreciation & Tax (PBDIT)	**2,639.27**	4,785.77	7,925.32	11,158.80	13,379.62
Profit Before Interest Depreciation & Tax (PBDIT) in %	**2.45**	4.31	6.04	6.59	8.35
Interest	**5.99**	14.77	42.53	10.32	14.93
Depreciation	**1,245.67**	1,626.74	2,037.66	2,594.18	2,824.46
Profit Before Tax (PBT)	**1,387.61**	3,144.26	5,845.13	8,554.30	10,540.23
Profit After Tax (PAT)	**1,215.02**	2,614.02	4,253.70	6,259.50	7,751.42
Earnings per Share (EPS) (₹)	**3.04**	6.54	10.64	15.65	19.38
Book Value per Share (₹)	**159.86**	160.36	158.15	152.68	142.42
Dividend payout %	**225***	225	225	225	225
Dividend per share	**4.50***	4.50	4.50	4.50	4.50

**Recommended by the Board of Directors*

Notice

NOTICE IS HEREBY GIVEN THAT THE 37TH ANNUAL GENERAL MEETING (AGM) OF THE MEMBERS OF MUNJAL SHOWA LIMITED ("THE COMPANY") WILL BE HELD ON FRIDAY, THE 12TH DAY OF AUGUST, 2022 AT 11:00 A.M. (IST) THROUGH VIDEO CONFERENCING/OTHER AUDIO VISUAL MEANS ("VC/OAVM") AT THE REGISTERED OFFICE OF THE COMPANY AT 9-11, MARUTI INDUSTRIAL AREA, SECTOR-18, GURUGRAM-122015 (DEEMED VENUE) TO TRANSACT THE FOLLOWING BUSINESS(ES):

ORDINARY BUSINESS(ES):

1. To receive, consider and adopt the Audited Financial Statements of the Company including Balance Sheet as at March 31, 2022, the Statement of Profit and Loss, Statement of change in equity and Cash Flow Statement and notes thereon for the Financial Year ended March 31, 2022 together with the reports of the Board of Directors and Auditors thereon:

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

   "RESOLVED THAT the Audited Financial Statements of the Company including Balance Sheet as at March 31, 2022, the Statement of Profit and Loss and Cash Flow Statement and notes thereon for the Financial year ended March 31, 2022 together with the reports of the Board of Directors and Auditors thereon be and are hereby received, considered and adopted."

2. To consider, approve and declare final dividend on equity shares for the Financial Year 2021-22.

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

   "**RESOLVED THAT** final dividend of ₹ 4.50 per equity share of ₹ 2.00 each fully paid up for the Financial Year 2021-22 be and is hereby approved and declared."

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

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

   "RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mrs. Charu Munjal (DIN: 03094545), who retires by rotation and being eligible, offers herself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

4. **To appoint a Director in place of Mr. Yogesh Chander Munjal (DIN: 00003491), who retires by rotation and, being eligible, offers himself for re-appointment.**

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

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

5. **To re-appoint M/s. Deloitte Haskins & Sells LLP, Chartered Accountants as statutory auditors of the Company and to fix their remuneration**

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

   "RESOLVED THAT pursuant to Section 139, 142 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof) and applicable provisions of Securities and Exchange Board of India (Listing

Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to the recommendations of the Audit Committee and the Board of Directors of the Company, M/s Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Registration No. 117366W/ W-100018) be and are hereby re-appointed as the Statutory Auditors of the Company for a second term of five consecutive years, who shall hold office from the conclusion of this 37th Annual General Meeting till the conclusion of the 42nd Annual General Meeting to be held in the financial year 2027-28 on such remuneration and out of pocket expenses as may be decided by the Board of Directors in consultation with the Statutory Auditors of the Company."

RESOLVED FURTHER THAT the Board of Directors of the Company (including the Audit Committee thereof) be and are hereby authorized to decide and/ or alter the terms and conditions of the appointment, including the remuneration of the Statutory Auditors, for the relevant year during the aforesaid term of their appointment."

SPECIAL BUSINESS(ES):

6. **Change of category of Mr. Ashok Kumar Munjal (DIN: 00003843) as a Non-Executive Director to Non- Executive Independent Director of the Company**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), read with the Companies (Appointment & Qualification of Directors) Rules, 2014 and other applicable rules made thereunder, and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), on the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Mr. Ashok Kumar Munjal (DIN: 00003843), who was appointed as an Non-Executive Director of the Company by the Board of Directors with effect from January 02, 1989 and who has submitted a declaration that he meets the criteria for independence as provided in the Act and Listing Regulations and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, be and is hereby appointed as an Non Executive Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five consecutive years with effect from May 17, 2022 till May 16, 2027 ("Period of appointment")

RESOLVED FURTHER THAT pursuant to Regulation 17(1A) and other applicable regulations of Listing Regulations, the consent of the members be and is hereby accorded to continue the office of Mr. Ashok Kumar Munjal (DIN: 00003843) as Independent Director of the Company even after attaining the age of 75 years during his period of appointment.

RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof) be and is hereby authorized to do all such things, deeds, matters and acts, as may be required to give effect to this resolution and to do all things incidental and ancillary thereto."

7. **Appointment of Mrs. Kavita Venugopal (DIN: 07551521) as a Non- Executive Independent Women Director of the Company**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), the Companies (Appointment & Qualification of Directors) Rules, 2014 and other applicable rules made thereunder, and Regulation 17 and other and the applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), on the recommendation of the Nomination and Remuneration Committee and

the Board of Directors, Mrs. Kavita Venugopal (DIN: 07551521) who was appointed as an Additional Director in the category of Non-Executive Independent Women Director of the Company by the Board of Directors with effect from May 17, 2022 and who has submitted a declaration that she meets the criteria for independence as provided in the Act and Listing Regulations, and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, be and is hereby appointed as an Independent Women Director of the Company to hold office for a term of five consecutive years with effect from May 17, 2022 till May 16, 2027.

RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof) be and are here by authorized to do all such things, deeds, matters and acts, as may be required to give effect to this resolution and to do all things incidental and ancillary thereto."

8. CHANGE IN DESIGNATION AND REMUNERATION PAYABLE TO MR. AVI MUNJAL, (AVP) BUSINESS DEVELOPMENT DEPARTMENT.

To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Sections 2(76), and 188(1)(f) read with Companies (Meeting of Board and its Powers) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013 and Regulation 23, and the other applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, and based on the recommendation of the Audit Committee and Nomination and Remuneration Committee, consent of the members of the Company be and is hereby accorded to promote and change the designation of Mr. Avi Munjal, being relative of Mr. Yogesh Chander Munjal and Mrs Charu Munjal from AVP to Senior Vice President and revise the remuneration from existing ₹ 2,49,358/- per month to ₹ 3,88,004/- per month plus other facilities and perquisites applicable in his grade "E6", as per the details mentioned in explanatory statement, subject to a maximum of ₹ 6,00,000/- per month, inclusive of all the perquisites and other benefits with effect from date of passing of resolution.

RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof) be and are hereby authorized to change the designation and/ or increase or alter the above mentioned remuneration payable to Mr. Avi Munjal, from time to time, in accordance with the Company's policy on performance measurement and appraisal and such other policies, if any, subject to the maximum remuneration of ₹ 6,00,000/- per month inclusive of all perquisites and other benefit at his grade."

RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof) be and are here by authorized to do all such things, deeds, matters and acts, as may be required to give effect to this resolution and to do all things incidental and ancillary thereto."

By Order of the Board of Directors,
For MUNJAL SHOWA LIMITED

(Neha Bansal)
Company Secretary
Membership No. A38848
Email: cs@munjalshowa.net
Phone: +91 124 4783000

Place: Gurugram
Date: May 30, 2022

Registered Office:
9-11, Maruti Industrial Area
Sector- 18, Gurugram, Haryana – 122 015
Email: msladmin@munjalshowa.net
Website: www.munjalshowa.net
CIN: L34101HR1985PLC020934

IMPORTANT NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act") setting out material facts concerning the special businesses under Item No. 5, 6, 7 and 8 of the accompanying Notice, is annexed hereto.

2. **General instructions for accessing and participating in the 37th AGM through VC/OAVM Facility and voting through electronic means including remote e-Voting:**

a. In view of the COVID-19 pandemic, the Ministry of Corporate Affairs ('MCA') issued General Circular Nos. 14/2020, 17/2020 and 20/2020 dated April 08, 2020, April 13, 2020, May 05, 2020 and May 05, 2022, respectively and by General Circular No. 02/2021 dated January 13, 2021 ("MCA Circulars"), allowed companies whose Annual General Meetings (AGMs) were due to be held in the year 2022, to conduct their AGM's on or before December 31, 2022, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020.

In view of continuing social distancing norms due to Covid-19, the Ministry of Corporate Affairs (MCA) vide its General Circular Nos. 14/2020 dated 8th April, 2020, 17/2020 dated 13th April, 2020, 20/2020 dated 5th May, 2020 read with Circular No. 02/2021 dated January 13, 2021, General Circular No. 19/2021 dated December 21, 2021, General Circular No. 21/2021 dated December 14, 2021 ("MCA Circulars"), and 02/2022 dated 5th May, 2022 and Securities and Exchange Board of India (SEBI) vide its SEBI Circular dated May 12, 2020 and SEBI Circular no SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 read with SEBI Circular no. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 and Circular No. SEBI/HO/CFD/CMD2/CIRP/P/2022/62 dated 13th May, 2022, (SEBI Circulars) and other applicable Circulars issued in this regard, have allowed the companies to conduct AGM through VC/OAVM till 31st December, 2022 without physical presence of Members at a common venue. In accordance with the applicable provisions of the Act and the said Circulars of MCA and SEBI, the 37th AGM of the Company shall be conducted through VC/OAVM facility, which does not require physical presence of members at a common venue.

b. In terms of the MCA Circulars since the physical attendance of Members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by Members to attend and cast vote on their behalf under Section 105 of the Act will not be available for the 37th AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However, in pursuance of Section 112 and Section 113 of the Act, representatives of the Corporate Members may be appointed for the purpose of voting through remote e-Voting, for participation in the 37th AGM through VC/OAVM facility and e-Voting during the 37th AGM.

c. Pursuant to Section 113 of the Act, Institutional/ Corporate Shareholders (i.e. other than individuals/ HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or Governing Body Resolution or Authorization Letter or Power of attorney authorizing its representative to attend the AGM through VC/OAVM and to vote on their behalf through remote e-voting or through e-voting at the AGM. The said Resolution or Authorization Letter shall be sent to the Scrutinizer by email through its registered email address to satyenderfcs@gmail.com with a copy marked to helpdesk.evoting@cdslindia.com and cs@munjalshowa.net.

d. Pursuant to Section 72 of the Act, member(s) of the Company may nominate a person in whom the shares held by him/them shall vest in the event of his/ their unfortunate death. Member(s) holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's RTA, MCS Share Transfer and Agent Limited ("MCS"). In respect of shares held in dematerialized form, the nomination form may be filed with the respective Depository Participant.

e. Central Depository Services (India) Limited ("CDSL") will be providing facility for voting through remote e-Voting, for participation in the 37th AGM through VC/OAVM Facility and e-Voting during the 37th AGM.

f. In line with the MCA Circulars and SEBI Circulars, the Notice of the 37th AGM will be available on the website of the Company at www.munjalshowa.net, on

the website of NSE Limited at www.nseindia.com, on the website of BSE Limited at www.bseindia.com and also on the website of CDSL at www.evotingindia.com.

g. Since the AGM will be held through VC/OAVM facility, the Route Map is not annexed in this Notice.

h. Members may join the 37th AGM through VC/OAVM facility by following the procedure, as mentioned below, which shall be kept open for the Members from 10:30 a.m. IST i.e. 30 minutes before the time scheduled to start the 37th AGM and the Company may close the window for joining the VC/OAVM Facility 30 minutes after the scheduled time to start the 37th AGM.

i. Members may note that the VC/OAVM facility provided by CDSL, allows participation of at least 1,000 Members on a first-come-first-served basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and auditors, etc. can attend the 37th AGM without any restriction on account of first-come-first-served principle.

j. Attendance of the Members participating in the 37th AGM through VC/OAVM Facility shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

k. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India ("ICSI") and Regulation 44 of SEBI Listing Regulations read with MCA Circulars and SEBI Circulars, the Company is providing remote e-Voting facility to its Members in respect of the businesses to be transacted at the 37th AGM and facility for those Members participating in the 37th AGM to cast vote through e-Voting system during the 37th AGM.

3. **Instructions for Members for Remote e-Voting are as under:**

a. The remote e-Voting period will commence on Tuesday August 09, 2022 (9:00 am IST) and end on Thursday August 11, 2022 (5:00 pm IST). During this period, members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of August 05, 2022, may cast their vote by remote e-Voting. The remote e-Voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

b. A person who is not a Member as on the cut-off date should treat this Notice of 37th AGM for information purpose only.

c. Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 09, 2020,** under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions.

d. In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants.** Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

e. In terms of SEBI circular **no. SEBI/HO/CFD/CMD/CIR/P/2020/242** dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. **Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.**

f. Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for **Individual shareholders holding securities in Demat mode** are explained herein below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with **CDSL**	1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi/ Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting Menu. On clicking the E voting menu, the user will be able to see his/her holdings along with links of the respective e-Voting service provider i.e. CDSL/NSDL/KARVY/LINK INTIME as per information provided by Issuer / Company. Additionally, we are providing links to e-Voting Service Providers, so that the user can visit the e-Voting service providers' site directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasinew/Registration/EasiRegistration
	4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be provided links for the respective ESP where the E Voting is in progress.
Individual Shareholders holding securities in demat mode with **NSDL**	1) If you are already registered for NSDL IdeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "**Beneficial Owner**" icon under "**Login**" which is available under '**IdeAS**' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "**Access to e-Voting**" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider

Type of shareholders	Login Method
	website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IdeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IdeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/ OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders (holding securities in demat mode) login through their **Depository Participants**	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with **CDSL**	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33
Individual Shareholders holding securities in Demat mode with **NSDL**	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

g. Login method of e-Voting for **shareholders other than individual shareholders & physical shareholders.**

1) Visit the e-Voting website of CDSL. Open web browser by typing the following URL: https://www.evotingindia.com/ either on a Personal Computer or on a mobile.

2) Once the home page of e-Voting system is launched, click on the "Shareholders/ Members module.

3) Now enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

4) Next enter the Image Verification as displayed and Click on Login.

5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

6) If you are a first time user follow the steps given below:

For Shareholders holding shares in Dematerialised Form or Physical Form	
PAN	Enter your 10-digit alpha-numeric PAN issued by the Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (3).

h. After entering these details appropriately, click on "SUBMIT" tab.

i. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

j. If Demat account holder has forgotten the login password, then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

k. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

How to cast your vote electronically on CDSL e-Voting system?

I. After successful login at Step 1, you will be able to see the Home page of e-Voting.

II. Click on the EVSN for the Munjal Showa Limited.

III. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

IV. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

V. After selecting the Resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

VI. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

VII. You can also take out print of the voting done by you by clicking on "Click here to print" option on the voting page.

VIII. If a demat account holder has forgotten the login password, then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

4. **Note for Non-Individual Shareholders & Custodians:**

a. Non-Individual shareholders (i.e. other than Individuals, HUF and NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporate and Custodians respectively in the "Corporates" module.

b. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

c. After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.

d. The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

e. A scanned copy of the Board Resolution/ Authorization and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

f. In case of any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (FAQs) and e-voting user manual for shareholders available under the help section at www.evotingindia.com, or write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33Members may also write to the Company Secretary at the Company's email address at .

5. **Process for those members whose e-mail IDs are not registered for procuring user id and password for e-voting on the resolutions set out in this Notice:**

a. For shareholders holding shares in physical form - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company/RTA's email ID at cs@munjalshowa.net or helpdeskdelhi@mcsregistrars.com respectively.

b. For shareholders holding shares in dematerialised form - please provide Demat account details (CDSL 16-digit beneficiary ID or NSDL-16 digit DPID + CLID), Name of shareholder, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company/RTA's email ID at cs@munjalshowa.net or helpdeskdelhi@mcsregistrars.com respectively.

c. The Company/RTA shall co-ordinate with CDSL and provide the login credentials to the aforesaid shareholders.

6. **Instructions for members for attending the 37th AGM through VC/OVAM are as under:**

a. Members will be able to attend the 37th AGM through VC/OAVM through the CDSL e-Voting system at https://www.evotingindia.com by

using their remote e-voting login credentials and selecting the EVSN for Company's AGM. The link for VC/OAVM will be available in shareholder/ members login where the EVSN of Company will be displayed. Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice. Further Members can also use the OTP based login for logging into the e-voting system of CDSL.

b. Members will be required to use Internet with a good speed to avoid any disturbance during the meeting.

c. Please note that Members connecting from mobile devices or tablets or through laptops etc. connecting via mobile hotspot, may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

d. Members can submit questions in advance with regard to the financial statements or any other matter to be placed at the 37th AGM, from their registered email address, mentioning their name, DP ID and Client ID number/folio number and mobile number, to reach the Company's email cs@munjalshowa.net by Friday, August 05, 2022. The views/questions of those shareholders will only be taken up who has mailed it to the Company within time and the same will be replied by the Company suitably.

e. Members, who would like to ask questions during the 37th AGM with regard to the financial statements or any other matter to be placed at the 37th AGM, need to register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID number/folio number and mobile number, to reach the Company's email address cs@munjalshowa.net by Friday August 05, 2022. Those Members who have registered themselves as a speaker shall be allowed to ask questions during the 37th AGM, depending upon the availability of time.

f. Institutional Investors who are Members of the Company, are encouraged to attend and vote in the 37th AGM through VC/OAVM Facility.

7. Instructions for Members for e-Voting during the 37th AGM are as under:

a. Members may follow the same procedure for e-Voting during the 37th AGM as mentioned above for remote e-Voting.

b. Only those Members, who will be present in the 37th AGM through VC/OAVM Facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the 37th AGM. The Members can opt for only one mode of voting i.e. remote e-Voting or e-Voting at the AGM. In case of voting by both the modes, vote cast through remote e-Voting will be considered final and e-Voting at the AGM will not be considered.

c. Members who have cast their vote by remote e-Voting prior to the 37th AGM may also participate in the 37th AGM through VC/OAVM Facility but shall not be entitled to cast their vote again.

d. Member needing assistance with the use of technology, before or during the 37th AGM may contact Mr. Rakesh Dalvi, Sr. Manager CDSL on helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33.

8. Other Guidelines for Members

a. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

b. The voting rights of Members for remote e-voting and for e-voting at AGM shall be in proportion to their share in the paid up equity share capital of the Company as on the cut- off date i.e. Friday 5th August, 2022.

c. Any person, who acquires shares of the Company and becomes Member of the Company after the Company sends the Notice of the 37th AGM by email and holds shares as on the cut-off date i.e.

Friday 5th August, 2022, may obtain the User ID and password by sending a request to the email address helpdesk.evoting@cdslindia.com. However, if you are already registered with CDSL for remote e-Voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot Password" option available on www.evotingindia.com.

d. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting or casting vote through e-Voting system during the meeting.

e. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM and the dividend will be paid in the name of such first holder in the order of names.

f. Mr. Satyender Kumar, Company Secretary (Membership No. FCS 4087), Proprietor of M/s. Satyender Kumar & Associates, Company Secretaries, Gurugram has been appointed as the Scrutinizer to scrutinize the remote e-Voting process and casting vote through the e-Voting system during the meeting in a fair and transparent manner.

g. During the 37th AGM, the Chairman shall, after response to the questions raised by the Members in advance or as a speaker at the 37th AGM, formally propose to the Members participating through VC/OAVM Facility to vote on the resolutions as set out in the Notice of the 37th AGM and announce the start of the casting of vote through the e-Voting system. After the Members participating through VC/OAVM Facility, eligible and interested to cast votes, have cast the votes, the e-Voting will be closed after considerintg all the agenda items.

h. The Scrutinizer shall after the conclusion of e-Voting at the 37th AGM, first download the votes cast at the AGM and thereafter unblock the votes cast through remote e-Voting and shall make a consolidated scrutinizer's report of the total votes cast in favour or against, invalid votes, if any, and whether the resolution has been carried or not, and such Report shall then be sent to the Chairman or a person authorized by him, within 2 (two) working days in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or 3 (three) days in terms of the Companies Act, 2013 (whichever is earlier) from the conclusion of the 37th AGM, who shall then countersign the same and declare the result of the voting forthwith.

i. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company at www.munjalshowa.net and on the website of CDSL at www.evotingindia.com immediately after the declaration of Results by the Chairman or a person authorized by him. The results shall also be immediately forwarded to the National Stock Exchange of India Limited and BSE Limited, where the shares of the company are listed.

j. Subject to the receipt of requisite number of votes, the resolutions as set out in this Notice shall be deemed to be passed on the date of the AGM.

9. Pursuant to the MCA Circulars and SEBI Circulars, the Notice of the 37thAGM and the Annual Report for the financial year 2021-22 including therein the Audited Financial Statements for the financial year 2021-22, are being sent only by email to the Members. Therefore, those Members, whose email address is not registered with the Company or with their respective Depository Participant/s, and who wish to receive the Notice of the 37thAGM and the Annual Report for the financial year 2021-22 and all other communication sent by the Company, from time to time, can get their email address registered by following the steps as given below:

a. For Members holding shares in physical form, please send scan copy of a signed request letter mentioning your folio number, complete address, email address to be registered along with scanned

self-attested copy of the PAN and any document (such as Driving License, Passport, Bank Statement, AADHAR) supporting the registered address of the Member, by email to the Company's email address cs@munjalshowa.net or at RTA email address at helpdeskdelhi@mcsregistrars.com.

b. For the Members holding shares in demat form, please update your email address through your respective Depository Participant/s.

10. The Notice of the 37th AGM and the Annual Report for the financial year 2021-22 including therein the Audited Financial Statements for the financial year 2021-22, will be available on the website of the Company at www.munjalshowa.net and on the website of National Stock Exchange of India Limited at www.nseindia.com, on the website of BSE Limited at www.bseindia.com and also on the website of CDSL at www.evotingindia.com.

11. The Register of Members and the Share Transfer books of the Company will remain closed from Saturday July, 30, 2022 to Friday, August 12, 2022, both days inclusive, for closing and determining the entitlement of the Members to the Dividend for the financial year 2021-22.

12. The Board of Directors has recommended Dividend of ₹ 4.50 per Equity Share of ₹ 2.00 each for the year financial ended March 31, 2022 that is proposed to be paid subject to the approval of the shareholders at the 37th AGM.

13. The Company has fixed Friday July 29, 2022 as the 'cut-off date' for determining entitlement of members to dividend for the financial year 2021-2022, if approved at the AGM.

14. Pursuant to the amendments in the Income Tax Act, dividend income is taxable in the hands of the shareholders from April 01, 2021 and the Company is required to deduct tax at source ("TDS") from dividend paid to the Members at prescribed rates in the Income Tax Act, 1961 ("the IT Act"). In general, to enable compliance with TDS requirements, Members are requested to complete and / or update their Residential Status, PAN, Category as per the IT Act with their Depository Participants or in case shares are held in physical form, with the Company by sending email to the Company's email address at cs@munjalshowa.net.

15. The dividend/s, if any, approved by the Members or declared by the Board of Directors of the Company from time to time, will be paid as per the mandate registered with the Company or with their respective Depository Participants as under:

a. To all Beneficial Owners in respect of shares held in dematerialized form as per the data as may be made available by the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL"), collectively "Depositories", as of the close of business hours on Friday July 29, 2022;

b. To all Members whose names stand in the Register of Members in respect of shares held in physical form after giving effect to valid transmission or transposition requests lodged with the Company as of the close of business hours on Friday July 29, 2022.

16. Further, in order to receive dividend/s in a timely manner, Members holding shares in physical form who have not updated their mandate for receiving the dividends directly in their bank accounts through Electronic Clearing Service or any other means ("Electronic Bank Mandate"), can register their Electronic Bank Mandate to receive dividends directly into their bank account electronically or any other means, by sending scanned copy of the following details/documents by email to reach the Company's email address cs@munjalshowa.net by Saturday July 30, 2022.

a. signed request letter mentioning your name, folio number, complete address and following details relating to bank account in which the dividend is to be received:

i) Name and Branch of Bank and Bank Account type;

ii) Bank Account Number allotted by your bank after implementation of Core Banking Solutions;

iii) 11-digit IFSC Code;

b. self-attested scanned copy of cancelled cheque bearing the name of the Member or first holder, in case shares are held jointly;

c. self-attested scanned copy of the PAN Card; and

d. self-attested scanned copy of any document (such as AADHAR Card, Driving Licence, Election Identity Card, Passport) in support of the address of the Member, as registered with the Company.

17. For the Members holding shares in demat form, please update your Electronic Bank Mandate through your Depository Participant/s.

18. In the event the Company is unable to pay the dividend to any Member directly in their bank accounts through Electronic Clearing Service or any other means, due to non-registration of the Electronic Bank Mandate, the Company shall dispatch the dividend warrant/ Bankers' cheque/ demand draft to such Member, as soon as possible.

19. Pursuant to the provisions of Section 124 of the Act, Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") read with the relevant circulars and amendments thereto, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company, is required to be transferred to the Investor Education and Protection Fund ("IEPF"), constituted by the Central Government. The Company had, accordingly, transferred ₹ 8,95,937/- being the unpaid and unclaimed dividend amounts pertaining to Dividend for the financial year 2013-14, during the financial year 2021-22 to the IEPF.

20. The Company has been sending reminders to Members having unpaid/ unclaimed dividends before transfer of such dividend(s) to IEPF. Details of the unpaid/ unclaimed dividend are also uploaded on the website of the Company at www.munjalshowa.net. Members who have not encashed dividend for the final year 2014-15 or any subsequent dividends declared by the Company, are advised to write to the Company immediately.

21. Pursuant to the provisions of IEPF Rules, all shares in respect of which dividend has not been paid or claimed for seven consecutive years shall be transferred by the Company to the designated Demat Account of the IEPF Authority ("IEPF Account") within a period of thirty days of such shares becoming due to be transferred to the IEPF Account. Accordingly, 15,295 Equity Shares of ₹ 2.00 each on which the dividend remained unpaid or unclaimed for seven consecutive years, were transferred during the financial year 2021-22, to the IEPF Account, after following the prescribed procedure.

22. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on www.iepf.gov.in.

23. Further, Members who have not claimed/encashed their dividends in the last seven consecutive years from FY 2014-15 are advised to claim the same at earliest. In case valid claim is not received, the Company will proceed to transfer the respective shares to the IEPF Account in accordance with the procedure prescribed under the IEPF Rules.

24. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised to not leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified from time to time.

25. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.

26. In terms of Regulation 40 of Listing Regulations, securities of listed Companies can only be transferred in dematerialized form with effect from April 01, 2019

except in case of request received for transmission or transposition of securities. In view of the above, Members are advised to dematerialize shares held by them in physical form.

27. All documents referred in the Notice and explanatory statement and Statutory Registers i.e. Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which Directors are interested maintained under Section 189 of the Act, will be available for inspection in electronic mode from the date of circulation of this Notice upto the date of AGM and will also be available for inspection during the AGM. Members may request the same by sending an email at cs@munjalshowa.net from their registered email addresses.

28. Details, as required in sub-regulation (3) of Regulation 36 of the SEBI Listing Regulations and Secretarial Standard on General Meeting (SS-2) of ICSI, in respect of the Director seeking appointment/re-appointment at the 37thAGM, forms integral part of the Notice of the 37thAGM. Requisite declarations have been received from the Director for seeking appointment/ re-appointment.

By Order of the Board of Directors,
For MUNJAL SHOWA LIMITED

(Neha Bansal)
Company Secretary
Membership No. A38848
Email: cs@munjalshowa.net
Phone: +91 124 4783000

Place: Gurugram
Date: May 30, 2022

Registered Office:
9-11, Maruti Industrial Area
Sector- 18, Gurugram, Haryana – 122 015
Email: msladmin@munjalshowa.net
Website: www.munjalshowa.net
CIN: L34101HR1985PLC020934

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 ("THE ACT")

As per the requirement by Section 102 of the Companies Act, 2013 (Act), the following explanatory statement sets out all the material facts relating to the business mentioned under Item No. 5, 6, 7 and 8 of the accompanying Notice:

Item No. 5

Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm Registration Number 117366W/W-100018), (hereinafter referred to as Deloitte) were appointed as statutory auditors of the Company at the 32nd AGM held on August 24, 2017 to hold office from the conclusion of the said meeting till the conclusion of the 37th AGM to be held in the year 2022. In terms of the provisions of Section 139 of the Companies Act, 2013, the Companies (Audit and Auditors) Rules, 2014, and other applicable provisions, the Company can appoint or reappoint an audit firm as statutory auditors for not more than two (2) terms of five (5) consecutive years. Deloitte are eligible for reappointment for a further period of five years. Based on the recommendations of the audit committee, the Board of Directors, at its meeting held on May 30, 2022, approved the reappointment of Deloitte as the statutory auditors of the Company to hold office for a second term of five consecutive years from the conclusion of the ensuing AGM until the conclusion of the 42nd AGM to be held in the year 2027. The reappointment is subject to approval of the shareholders of the Company.

The proposed remuneration to be paid to Deloitte for audit services for the financial year ending March 31, 2023, is ` 48,00,000 (Rupees Forty Eight lakh) plus applicable taxes and out-of-pocket expenses. Besides the audit services, the Company would also obtain certifications from the statutory auditors under various statutory regulations and certifications required by clients, banks, statutory authorities, audit related services and other permissible non-audit services as required from time to time, for which they will be remunerated separately on mutually agreed terms, as approved by the Board of Directors in consultation with the Audit Committee.

The Board of Directors, in consultation with the Audit Committee, may alter and vary the terms and conditions of appointment, including remuneration, in such manner and to such extent as may be mutually agreed with the statutory auditors.

Considering the evaluation of the past performance, experience and expertise of Deloitte and based on the

recommendation of the Audit Committee, it is proposed to appoint Deloitte as statutory auditors of the Company for a second term of five consecutive years till the conclusion of the 42nd AGM of the Company in terms of the aforesaid provisions.

Brief profile of Deloitte

Deloitte Haskins & Sells was constituted in 1997 and was converted to a Limited Liability Partnership, Deloitte Haskins & Sells LLP ("DHS LLP" or "Firm"), in November 2013. DHS LLP is registered with the Institute of Chartered Accountants of India (Registration No. 117366W/W-100018). The Firm has around 4000 professionals and staff. DHS LLP has offices in Mumbai, Delhi, Gurugram, Kolkata, Chennai, Bangalore, Ahmedabad, Hyderabad, Coimbatore, Kochi, Pune, Jamshedpur and Goa.

None of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested, financially or otherwise, in passing the proposed Resolution.

The Board recommends the resolution as set out in Item No. 5, to the members for their approval as an Ordinary Resolution.

Item No. 6

The Board of Directors of the Company, upon the recommendation of the Nomination and Remuneration Committee on May 16, 2022, changed the category of Mr. Ashok Kumar Munjal (DIN: 00003843) from non-executive Director to non-executive independent director of the Company for five years with effect from May 17, 2022 to May 16, 2027 ("period of appointment"), subject to approval of Members.

In terms of the provisions of Section 149 of the Act and Listing Regulations, the Company has received requisite disclosures / declarations from Mr. Ashok Kumar Munjal including (i) consent to act as Director in prescribed format Form DIR-2; (ii) declaration in Form DIR- 8 to effect that he is not disqualified to become a Director; (iii) declaration of independence; (iv) declaration that he is not debarred from holding the office of Director by virtue of any SEBI order or any other such authority; (v) a notice under Section 160 of the Act proposing his candidature as an Independent Director of the Company; and all other necessary information/ declarations. Further based on the declarations/disclosures received from Mr. Ashok Kumar Munjal, the Board is of the opinion that Mr. Ashok Kumar Munjal fulfils the conditions specified in the Act and the rules made thereunder and Listing Regulations, Mr. Ashok Kumar Munjal is independent of the management

Mr. Ashok Kumar Munjal, aged 71 years, having 48 years of vast experience in the field of Engineering, Production. He is currently Managing Partner of Munjal Holdings and he was Managing Director of M/s. Sunbeam Auto Pvt. Ltd.

Further Mr. Ashok Kumar Munjal will attain the age of 75 years during his period of appointment, and in terms of Regulation 17(1A) of Listing Regulation, approval of members of the Company is sought by way of special resolution for continuing the office of Mr. Ashok Kumar Munjal as Non-Executive Independent Director of the Company during his period of appointment.

Keeping in view the rich and varied experience of Mr. Ashok Kumar Munjal in the Industry, it would be in the interest of the Company to consider the appointment of Mr. Ashok Kumar Munjal as the Independent Director of the Company.

The terms and conditions of the appointment of Mr. Ashok Kumar Munjal as Non-Executive Independent Director of the Company is being uploaded on the website of the Company.

In compliance with the provisions of Secretarial Standard 2 and Regulation 36(3) of SEBI Listing Regulations, the detail of the director is attached with the notice as Annexure A.

Except Mr. Ashok Kumar Munjal being an appointee, none of the Directors, Key Managerial Personnel (KMPs) and their relatives is interested /concerned either financially or otherwise, except to the extent of their shareholding in the Company, in passing of the Resolution under Item No. 6 of the notice.

Mr. Ashok Kumar Munjal does not hold by himself or for any other person on a beneficial basis, any shares in the Company as on the date of this notice.

Mr. Ashok Kumar Munjal shall be entitled to sitting fee for attending meetings of the Board or Committee thereof.

This Explanatory Statement together with the accompanying Notice may also be regarded as a disclosure under Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings (SS-2) of ICSI.

The Board recommends the resolution as set out in Item No. 6, to the members for their approval as Special Resolution.

Item No. 7

The Board of Directors upon the recommendation of Nomination and Remuneration Committee appointed Mrs. Kavita Venugopal (DIN: 07551521) as the Additional non-executive independent director of the Company for five years with effect from May 17, 2022 to May 16, 2027 ("period of appointment"), subject to approval of Members.

In accordance with the provisions of Section 149 read with Schedule IV to the Act, appointment of an Independent Director requires approval of Members of the Company.

The Company has received(i) consent to act as Director in prescribed format Form DIR-2; (ii) declaration in Form DIR- 8 to effect that she is not disqualified to become a Director; (iii) a declaration from Mrs. Kavita Venugopal that she meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act and under SEBI Listing Regulations; (iv) declaration that she is not debarred from holding the office of Director by virtue of any SEBI order or any other such authority; (v) a notice under Section 160 of the Act proposing her candidature as an Independent Director of the Company. In the opinion of the Board, Mrs. Kavita Venugopal fulfills the conditions for her appointment as an Independent Director as specified in the Act and the Listing Regulations. Mrs. Kavita Venugopal is independent of the management and possesses appropriate skills, experience and knowledge.

Mrs. Kavita Venugopal, aged 65 years is having the following experience in the field of banking sector:

Sl. No	Bank	Designation
1.	Abu Dhabi Commercial Bank India	Former Chief Executive Officer
2.	Yes Bank	Former Group President & Chief Risk Officer
3.	Kotak Mahindra Bank	Former President & Head of Corporate Banking
4.	KMCC (Kotak Investment Bank).	Former Executive Director Investment Banking
5.	Standard Chartered & ANZ Grindlays	Former Leadership roles (Mancom Member and Head of Risk)

Presently she is on the Board of Rockman Industries Ltd (Hero Group) and A.G. Industries Pvt. Ltd. She had undergone Independent Director training as part of the FICCI Women on Corporate Boards Mentorship Program and Hunt Partners Directors' Club.

Except Mrs. Kavita Venugopal being an appointee, none of the Directors, Key Managerial Personnel (KMPs) and their relatives is interested /concerned either financially or otherwise, except to the extent of their shareholding in the Company, in passing of the Resolution under Item No. 7 of the notice.

This Explanatory Statement together with the accompanying Notice may also be regarded as a disclosure under Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings (SS-2) of ICSI.

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

ITEM NO.8

CHANGE IN DESIGNATION AND REMUNERATION PAYABLE TO MR. AVI MUNJAL, (AVP) BUSINESS DEVELOPMENT DEPARTMENT.

Mr Avi Munjal is grandson of Mr. Yogesh Chander Munjal, Chairman & Managing Director and the son of Mrs. Charu Munjal, Non-Executive Director of the Company. He has completed the Bachelor Degree of science in Business Administration from American University, Kogod School of Business from Washington DC in May 2018. During this period, he has taken extensive training from American Showa, Mitsubishin Corporation (America), U.S. Chamber of Commerce, Storganize, Pricewaterhouse Coopers in various field like Risk management, Customer Development, communication and management etc.

He has inherited an enormous legacy and shouldered higher assignments during his training. His sincerity, commitment and ideas have resulted in opening up of new opportunities for the Company.

Currently Mr. Avi Munjal had been drawing a remuneration of ₹ 2,49,357 p.m.

In terms of the Corporate Governance Guidelines of the Company and upon the recommendation of the Audit and Nomination and Remuneration Committee, the Board of Directors of the Company, passed a resolution on May 30, 2022 approving change of designation and remuneration of Mr. Avi Munjal. This is subject to the approval of the shareholders at this Annual General Meeting.

Mr. Avi Munjal was appointed as an Asst. General Manager, General & Administration on November 03, 2018. On the recommendation of the Nomination and Remuneration Committee and Audit Committee, and in the board meeting held on July 31, 2020 the Board of Directors of the Company, revised the designation and remuneration of Mr. Avi Munjal from Assistant General Manager to Deputy General Manager, with effect from April 01, 2020.

On the recommendation of the Nomination and Remuneration Committee and Audit Committee and in the board meeting held on February 08, 2022, Board approved the change in designation of Mr. Avi Munjal from Deputy General Manager to Assistant Vice President (AVP), Business Development Department of the Company.

Mr. Avi Munjal is presently designated as AVP of the Business Development Department of the Company. Further, considering his contribution towards the growth of the Company, it is recommended by Nomination and Remuneration Committee and Audit Committee to promote and change the designation of Mr. Avi Munjal AVP to Senior Vice President on the remuneration details as mentioned below:

₹:

Particulars	Existing Remuneration (per month)	Revised Remuneration (per month)
Basic Salary	1,00,000	1,50,000
House Rent Allowance	75,000	1,27,500
Children Education Allowance	1,200	1,600
Conveyance Allowance/ Reimbursement	11,450	14,450
Maintenance Allowance	2,400	3,700
Servant Allowance	1,100	1,700
Uniform Washing Allowance	500	500
Leave Travel Allowance	16,667	25,000
Medical Reimbursement	16,667	25,000
Provident Fund (Employer's Contribution)	12,000	18,000
Other Allowance	-	2,830
Ex-Gratia	1961	2,020
Superannuation	10,000	15,000
Diwali Gift	413	413
Mediclaim	-	291
Total	**2,49,358**	**3,88,004**

Mr. Avi Munjal is an employee of the company so tenure of employment is not specified.

Except Mr. Avi Munjal, Mr. Yogesh Chander Munjal and Mrs. Charu Munjal, none of the Directors, Key Managerial Personnel (KMPs) and their relatives is interested /concerned either financially or otherwise, except to the extent of their shareholding in the Company, in passing of the Resolution under Item No. 8 of the notice.

This Explanatory Statement is regarded as a disclosure under SEBI Circular dated November 22, 2021 SEBI/HO/CFD/CMD1/CIR/P/2021/662.

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

By Order of the Board of Directors,
For MUNJAL SHOWA LIMITED

(Neha Bansal)
Company Secretary
Membership No. A38848
Email: cs@munjalshowa.net
Phone: +91 124 4783000

Place: Gurugram
Date: May 30, 2022

Registered Office:
9-11, Maruti Industrial Area
Sector- 18, Gurugram, Haryana – 122 015
Email: msladmin@munjalshowa.net
Website: www.munjalshowa.net
CIN: L34101HR1985PLC020934

Annexure A

Details of the Directors seeking appointment/re-appointment in the 37th Annual General Meeting/ variation of the terms of remuneration in pursuance of Regulation 3b(2) SEBI Listing Regulations and Secretarial Standard-2 on General Meeting's issued by the Institute of Company Secretaries of India:

Name of the Director	Mrs. Charu Munjal	Mr. Yogesh Chander Munjal	Mr. Ashok Kumar Munjal	Mrs. Kavita Venugopal
DIN	03094545	00003491	00003843	09132637
Date of Birth & age	04/06/1972 50 years	13/02/1940 82 Years	14/02/1951 71 Years	06/03/1957 65 Years
Qualification	Diploma in Textile Designing	B. Arch.	L.L.B, B.COM	MBA– Faculty of Management Studies, Delhi University
Experience and Expertise/brief resume	Wide managerial experience	58 years of experience in the field of engineering industry, investment, finance and auto component skills	48 years of experience in the field of Engineering, Production, Planning, operations and new development in Automobile Industry.	35 years of experience in field of Banking.
Remuneration proposed to be paid	NIL	Payment of the remuneration is already been approved by shareholder's in the 36th AGM on August 25, 2021.	NIL	NIL
Date of first appointment on the Board	23/05/2014	16/05/1985	02/01/1989 (change in category as an Independent Director w.e.f. May 17, 2022)	17/05/2022
Number of Meetings of Board attended during the year	3	4	4	N.A.
Directorships held in other companies	1. Munjal Showa Limited 2. Shivam Autotech Limited	1. Hero Cycles Limited 2. Dayanand Munjal Investments Private Limited	1. List Attached	1. Rockman Industries Ltd 2. A.G.Industries Pvt. Ltd
Listed entities in which director has resigned in past 3 years	Nil	Nil	Nil	Nil

Name of the Director	Mrs. Charu Munjal	Mr. Yogesh Chander Munjal	Mr. Ashok Kumar Munjal	Mrs. Kavita Venugopal
Board Membership of Listed Companies as on March 31, 2022	1. Munjal Showa Limited 2. Shivam Autotech Limited	Munjal Showa Limited	Munjal Showa Limited	Munjal Showa Limited
Chairman/ Member of the Committee of the Board of directors as on March 31, 2022	NIL	Munjal Showa Limited – Member of Stakeholders Relationship Committee & Chairman of CSR Committee Hero Cycles Limited- Chairman of Audit Committee and Member of Nomination and Remuneration Committee	Member of Audit Committee	NIL
Number of Shares held in the Company as on March 31, 2022	NIL	NIL	NIL	NIL
Relationship with other directors, manager and other Key Managerial Personnel of the company	Daughter-in-Law of Mr. Yogesh Chander Munjal, Chairman & Managing Director of the Company	Father in Law of Mrs. Charu Munjal, Non-Executive Director of the Company	NIL	NIL
Terms and Conditions of appointment or re-appointment along with details of remuneration last drawn by such person	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. The last sitting fees drawn is ₹ 1,80,000.	As per Nomination and Remuneration Policy of the Company as displayed on the Company's website www.munjalshowa.net An amount of ₹ 5,31,94,364 p.a. is paid as remuneration.	T&C of Independent Director is uploaded on the website. Being ID they are eligible for sitting fees.The last sitting fees drawn is ₹ 4,20,000.	T&C of Independent Director is uploaded on the website. ID they are eligible for sitting fees. The last sitting fees drawn is Nil.

LIST OF DIRECTORSHIP OF MR. ASHOK KUMAR MUNJAL

S.No.	Name of the Companies/Bodies Corporate/Firms/Association of Individuals
1.	Munjal Showa Limited
2.	Sunglow Industries Private Limited
3.	A and N Autocast Private Limited
4.	Krishna Ishizaki Auto Limited
5.	Ledpra Infracon Private Limited
6.	H & H Real Estate Private Limited
7.	Radha Kishan Buildwell Private Limited
8.	Radhe Shyam Merchandising Private Limited
9.	Privilege Estates Private Limited
10.	Ram Propmart Private Limited
11.	Chandernagar Chemicals And Minerals Private Limited
12.	SKH Education Private Limited

Board's Report

DEAR MEMBERS,

The Board of Directors of your Company are pleased to present the Thirty Seventh (37th) Board Report on the business and operations of Munjal Showa Limited (the Company) together with the Audited Financial Statements and the Auditors Report thereon for the financial year ended March 31, 2022 ("year under review").

FINANCIAL SUMMARY AND HIGHLIGHTS

The salient features of the Company's financial performance for the Financial Year ended March 31, 2022 are as follows:

(₹ in Lakhs)

	Year Ended 31.03.22	Year Ended 31.03.21
Sales and other Income (Net of GST)	**107,810.61**	110,935.48
Profit before Interest, Depreciation & Tax	**2,639.27**	4,785.77
Financial Cost	**5.99**	14.77
Depreciation	**1,245.67**	1,626.74
Profit before Tax	**1,387.61**	3,144.26
Tax Expenses		
- Current tax	**87.90**	500.80
- Deferred tax	**84.69**	29.44
Total Tax Expense	**172.59**	530.24
Profit after Tax	**1,215.02**	2,614.02
Other comprehensive income net of taxes	**183.97**	70.10
Total Comprehensive Income	**1,398.99**	2,684.12
Surplus brought forward including items of other comprehensive income	**29,431.71**	30,547.37
Profit available for appropriation	**30,830.70**	33,231.49
Dividend payment	**1799.78**	1,799.78
Transfer to General Reserve	**2,000**	2,000.00
Surplus available including items of other comprehensive income	**27,030.92**	29,431.71

OPERATIONS & STATE OF THE COMPANY'S AFFAIRS

The Company has achieved a sales turnover (Net of GST) including other income of ₹ 107,810.61 lakhs as compared to ₹ 110,935.48 in the previous year. The profit before tax in the current year was at ₹ 1,387.61 as compared to ₹ 3,144.26 in the previous year.

The State of affairs of the Company is detailed in the "Management Discussion & Analysis Report" annexed as ***Annexure-A*** and forms part of this report.

CREDIT RATING

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

Long-Term Rating	CRISIL AA-/Negative
Short-Term Rating	CRISIL A1+
₹ (in crores)	
₹ 80.75 Long-Term Loans	CRISIL AA-/Negative
₹ 10.00 Cash Credit	CRISIL AA-/Negative
₹ 53.50 Letter of Credit	CRISIL AA-/Negative
₹ 6.00 Commercial Paper	CRISIL A1+

TRANSFER TO GENERAL RESERVE

The Company has transferred an amount of ₹ 2,000/- lakhs to General Reserve during the financial year 2021-2022. The balance amount of ₹ 27030.92 lakhs (Previous year ₹ 29431. 71 lakhs) will be retained as surplus in the Statement of Profit and Loss.

DIVIDEND

Your Board of Directors are pleased to recommend a final dividend of 225% (i.e. ₹ 4.50 per equity share of ₹ 2.00/- each fully paid up) on the paid-up Equity Share Capital of the Company for the financial year ended March 31, 2022 amounting to ₹ 1799.78 lakhs.

As per Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") read with SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 dated May 05, 2021, the Company has formulated the Dividend Distribution Policy of the Company and the Dividend recommendation is in accordance with the Dividend Distribution Policy of the Company, and such policy is available at the Company's website at www.munjalshowa.net.

In view of the changes made under the Income-tax Act, 1961, by the Finance Act, 2020, Dividend Distribution Tax (DDT) which used to be payable by the Company has been abolished and the dividend paid or distributed by the Company shall be taxable in the hands of the Shareholders. Your Company shall accordingly, make the payment of the Dividend after deduction of tax at source. The final dividend, if approved by the shareholders, at the 37th Annual General Meeting shall be payable to the eligible shareholders registered in the books of the Company and the beneficial owners whose names are furnished by the depositories, as on the cutoff date for determining the name of shareholder for paying dividend i.e. July 29, 2022.

SHARE CAPITAL

The authorized share capital of the Company is ₹ 15,00,00,000 (Rupees Fifteen Crores only) divided into 7,50,00,000 (Seven Crores Fifty Lakh) equity shares of face value of ₹ 2 (Rupees Two) each. The paid-up Share Capital of the Company as on March 31, 2022 was ₹ 7,99,90,000 (Rupees Seven Crore Ninety-Nine Lakhs Ninety Thousand only) divided into 3,99,95,000 (Three Crore Ninty Nine Lakh Ninty Five Thousand only) equity shares of face value of ₹ 2 (Rupees Two) each.

During the year under review, there was no change in the authorised, subscribed and paid-up share capital of the Company from the last financial year.

During the year under review, the Company has not issued any shares with differential voting rights nor granted any stock options or sweat equity shares. The Company has not issued or repaid any Debentures, Preference Shares, Bonds and Security during the financial year. None of the Directors of the Company hold any shares or security of the Company. The Company does not have any Debentures or Preferential Shares as on March 31, 2022.

FINANCE

Cash and cash equivalent as at March 31, 2022 was ₹ 1679.96 Lakhs. The Company continues to focus on judicious management of its working capital. Receivables, inventories and other working capital parameters were kept under strict check through continuous monitoring.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, the Company has neither given any guarantee nor provided any security covered under the provision of Section 186 of the Companies Act, 2013 ("the Act"). The Company has made investments in Mutual funds, Alternative Investments Funds, Commercial Paper & Market linked debentures and has given loans/ advances to its vendors in the ordinary course of business. The details of investments made, and loans given are provided in Note No. 5A & 5B of the financial statements for the year ended March 31, 2022.

CORPORATE GOVERNANCE

Your Company has been practicing the principles of good Corporate Governance over the years. The Company has complied with the Corporate Governance requirements as stipulated under the Listing Regulations. In terms of Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on Corporate Governance along with a Certificate from M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Statutory Auditors of your Company confirming the compliance of Corporate Governance is annexed as ***Annexure-B*** and forms an integral part of the Annual Report.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 124 of the Act read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") and subsequent amendment thereof, the amount of dividends, which remained unpaid or unclaimed for a period of seven consecutive years from the date of transfer to Unpaid Dividend Account of the Company, and underlying equity shares on which dividend has not been paid or claimed by the members for seven consecutive years

are required to be transferred to the Investor Education and Protection Fund (IEPF) Authority established by the Central Government.

During the Financial Year under review, your Company has accordingly transferred unpaid/ unclaimed dividend, amounting to ₹ 8,95,937/- pertaining to financial Year 2013-14 to the IEPF Account.

Further, the Company has also transferred ₹ 3,83,886/- on August 27, 2021 for financial year 2020-21 being the dividend declared on shares already transferred to IEPF.

The Company has transferred 15,295 Equity Shares of ₹ 2.00 each on which the dividend remained unpaid or unclaimed for seven consecutive years, during the financial year 2021-22, to the IEPF Account, after following the prescribed procedure.

Further, amount of unclaimed dividend due in respect of financial year 2014-15 and shares where dividend had remained unpaid for last consecutive seven years will be transferred to the IEPF within the stipulated time period.

STATUTORY AUDITORS

Pursuant to Section 139 of the Act, read with the Companies (Audit and Auditors) Rules, 2014, the Members of the Company in 32nd Annual General Meeting ("AGM") approved the appointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Registration No. 117366W/W-100018) as the Statutory Auditors of the Company for the period of 5 years, whose term of office will come to end after conclusion of ensuing 37th Annual General Meeting (AGM) of the Company. The Board of Directors of the Company, based on the recommendation of the audit committee, at its meeting held on 30th May, 2022, recommended the reappointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Registration No. 117366W/W-100018) as the Statutory Auditor of the Company for a second term of 5 consecutive years who shall hold office from the conclusion of this 37th AGM up to the conclusion of the 42nd AGM of the Company to be held in financial year 2027-2028, subject to the approval by the shareholder.

The Company has received consent letter and eligibility certificate in terms of Section 139(1) and 141 of the Act read with Rules framed thereunder from Deloitte for proposed re-appointment as Statutory Auditors.

The Board recommends their reappointment to the shareholders. The notice convening the 37th AGM to be held on August 12, 2022 sets out the details.

There are no qualifications, reservation, adverse remark, observations, comments or disclaimer given by the Auditors in their Report. The Report given by the Statutory Auditors, M/s Deloitte Haskins & Sells LLP, Chartered Accountants on the financial statements of the Company for the financial year 2021-22, is part of the Annual Report and self-explanatory and do not call for any further comments.

Further, no fraud has been reported by the Statutory Auditors to the Audit Committee in terms of Section 143(12) of the Act during the financial year.

SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s Satyender Kumar & Associates, a proprietorship firm of Company Secretary, as the Secretarial Auditor to conduct the Secretarial Audit of the Company for the financial year 2021-22. The Secretarial Audit Report is self-explanatory and do not call for any further comments. There are no qualifications, reservation, adverse remark, observations, comments or disclaimer given by the Auditors in their Report except mentioned below:

a) *During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except that a) the Company has held its First Board/Audit Committee Meeting dated 23/06/2021 (FY 2021-22) relating to Approval of Accounts within the extended time permitted by Ministry of Corporate Affairs vide General Circular No. 08/2021 dated May 3, 2021 extending the gap between Board meetings upto 180 days for first two quarter of FY 2021-22. However, the same was beyond the maximum permissible time gap of 120 days between any two meetings as per Regulation 17 (2) and 18 (2)(a) of Listing Regulations. The Company has informed us that it has made detailed representation vide email dated May 24, 2021 before SEBI for relaxation of maximum time gap between two meetings of Board and Audit Committee due to severe COVID 19 Pandemic, for which no response was received. The above details were*

mentioned in Corporate Governance Report filed with stock exchanges, the National Stock of Exchange of India Limited vide its mail dated 16.8.2021 has sought details/ explanation for reason of gap of more than 120 days between Board/Audit Committee Meeting for which the Company had furnished clarification to NSE vide its letter dated 17.8.2021.

b) *Form IEPF 2 relating to change in Nodal Officer was filed with delay of eight days.*

Management Reply on Secretarial Auditor remark:

a) Due to severe COVID 19 Pandemic, Ministry of Corporate Affairs has issued General Circular No. 08/2021 dated May 03, 2021 with respect to extension of time gap between the two consecutive Board meeting/Audit Committee meeting upto 180 days. Apart from this due to high covid-19 positive cases in surrounding, the Company has made a detailed representation vide email dated May 24, 2021 before SEBI for relaxation of maximum time gap between two meetings of Board and Audit Committee.

   The National Stock of Exchange of India Limited (NSE) vide its mail dated August 16, 2021 has sought details/ explanation for reason of gap of more than 120 days between Board/Audit Committee Meeting for which the Company had furnished clarification to NSE vide its letter dated August 17, 2021. After that clarification, till date no communication is received.

   In accordance with the said circular, the Board Meeting and Audit Committee Meeting were held with a gap of not more than 180 days between two consecutive meetings.

b) Due to technical issues the Company has filled the IEPF-2 Form with a slight delay of eight days.

The Report given by the Secretarial Auditor for the financial year ended on March 31, 2022 is annexed as ***Annexure D*** and forms an integral part of Annual report.

The Board based on the recommendation of the audit committee, at its meeting held on 30th May, 2022 has re-appointed M/s Satyender Kumar & Associates, Company Secretary (COP No. 5189) as the Secretarial Auditors of the Company for the financial year 2022-23. Your Company had received their written consent that the appointment will be in accordance with the applicable provisions of the Act and rules framed thereunder.

Further, no fraud has been reported by the Secretarial Auditors in terms of Section 143(12) of the Act during the financial year.

INTERNAL AUDITORS

M/s. Vaish & Associates, Chartered Accountant perform the duties of internal auditors of the Company and their performance and reports are reviewed by the Audit Committee.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The details pursuant to Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 regarding Conservation of Energy, Technology Absorption and Foreign Exchange earnings & outgo is annexed as ***Annexure-E*** and forms an integral part of this report.

ANNUAL RETURN

In terms of provisions of Section 92(3), 134(3)(a) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the copy of annual return of the Company for the Financial Year ended March 31, 2022 has been placed on the website of the company and the same can be accessed by the any person through below given web-link. www.munjalshowa.net.

PARTICULARS OF EMPLOYEES

The statement of particulars of employees as per Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the year ended March 31, 2022 is annexed as ***Annexure-F*** and forms an integral part of this report.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

The CSR policy may be accessed on the Company's website i.e. https://www.munjalshowa.net/wp-content/uploads/2021/02/Corporate-Social-Responsibility-Policy.pdf

As part of its initiatives under CSR, the Company has undertaken projects in the areas of Education, Health, Water and Sanitation. These projects are largely in accordance with Schedule VII of the Act and CSR Policy of the Company. The annual report on CSR activities as required under the Companies (CSR Policy) Rules, 2014 is set out as ***Annexure-G*** and forms an integral part of this report.

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

The Company has incurred the CSR expenditure of ₹ 107.95 lakhs during the financial year 2021-22 being about 95.29% of total budget towards CSR Activities i.e. ₹ 113.28 lakhs, to be spent during the financial year. Remaining unspent amount of ₹ 5.33 Lakh is set off from previous excess spending. The CSR activities of the Company are approved by the Board and few new initiatives have been proposed that may be considered in future. For the subsequent years, the Company endeavors to spend the budgeted CSR expenditure in accordance with the statutory requirements.

BUSINESS RESPONSIBILITY REPORT

As stipulated under Regulation 34 of the Listing Regulations, the Business Responsibility Report ('BRR') for the Financial Year 2021-22 has been prepared and forms part of the annual report as ***Annexure H.*** The report provides detailed overview of initiatives taken by your Company from environmental, social and governance perspective.

MATERIAL CHANGES AND COMMITMENTS

There are no material changes and commitments affecting the financial position of the Company that have occurred between the end of financial year and the date of the report.

ENVIRONMENT COMPLIANCE

We believe that "waste is a precious resource kept in a wrong place". We further believe that "there is no waste as per the law of the nature". Hence from the solid waste like Iron & Steel from old scrap machines, we are collecting the raw material and we are manufacturing "Lean and Low cost" machines with a philosophy of Easy to run, Easy to maintain, Easy to clean and Zero accident by meeting all the quality and productivity standard. Everything is done in-house starting from design up to finishing of the machine. This concept of reuse of metallic waste is highly appreciated by CII, ACMA and international experts of our Japanese Collaborator. By Regular training for workers and staff to prevent accident related to mechanical, electrical, chemical, physiological and psychological safety the Company has made "Zero incidents" as acceptable standard. Hazard Identification and Risk Assessment (HIRA) is our primary focus to mitigate and prevent the abnormalities. Because of our dedicated and committed efforts in continual improvement of Safety, Health and Environment area, we had received two National Awards from Ministry of Labour and Employment, Government of India for safety. The Company is a regular member of Haryana Environment Management Society.

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

TOTAL PRODUCTIVE MAINTENANCE

The Company has taken up the journey of Total Productive Maintenance (TPM) with the help of JIPM (Japan Institute of Plant Maintenance) Japan and CII, TPM Club India. Major objectives of TPM are to increase (PQCDSME) Productivity, to improve Quality, to reduce Costs, to ensure in time Delivery, to increase Safety, to increase profitability, to build Morale and to protect environment by formation of small cross functional work groups and to improve overall Plant efficiency. The other objectives are to procure and install maintenance free plant and machinery; and to achieve zero defects, zero break down, zero losses and zero accidents. In nutshell, TPM is to identify 21 types of Losses & converts them into Profit. We are able to reduce Repair & Maintenance Cost and working very aggressively towards reduction in Inventory Loss.

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

LEAN TPM ACTIVITIES

We have clubbed TPM with lean manufacturing system. Through Lean we are able to focus & control 8 types of wastes. Now we are giving more focus on 3 M's Muda, Mura & Muri. Our Company has conducted Lean Manufacturing System (Value Stream Mapping) Workshop through JMAC Japan. We have converted huge & complicated machines by using TPM & Lean Concepts. These machines consume very less Electricity, occupy less space, take very less inputs like consumables, manpower, tools, oils, compressed air, less set-up time, less cycle time, etc. These machines are 10S Machines (Safe, Simple, Small, Slim, Speed, Smart, Sturdy, Superb, Sushil & Sunder) and help us in reducing Cost of manufacturing."

Low Cost Automation is the need of hour. In this area we have achieved great success in a very short span of time by Converting 12 numbers 2W Rod CNC machines from manual to Automatic mode. Besides this Automation has been achieved in most of Damper case & Bottom tube Welding process in all the 3 Plants. Many other machines in other lines. Resulting into Quality & Productivity improvements in many folds. Another 4 major Projects are there in pipeline & very soon we will achieve them. We are also working towards Introduction & implementation of Material Flow Cost Accounting.

ISO/TS 16949/LATF16949 ACCREDITATION

Your Company's manufacturing facilities are located at Gurugram, Haridwar and Manesar and we continue to maintain and uphold the prestigious **ISO/TS 16949:2009**, **ISO 14001:2015** and **OHSAS 18001: 2007** (Occupational Health & Safety Assessment Series) certifications from reputed leading Indian and International Certification Institutions.

Further your company is now an "**ISO-45001**" certified company. This Certificate for Safety Management System is approved by International Standard Organization. This is an International Standard that specifies requirements for an occupational health and safety (OH&S) management system.

These certifications help in continuous improvements, besides emphasis being laid on prevention of defects, reduction of wastes, prevention of near misses and to ensure maximized customer delight.

LISTING

The shares of your Company are listed on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE), and pursuant to Clause C (9) (d) of Schedule V of SEBI Listing Regulations, the annual Listing fees for the year 2022-23 has been paid to them well before the due date i.e. April 30, 2022. Annual Custody/Issuer fee for the year 2022-23 has been paid by the Company to the depositories viz. NSDL and CDSL.

HUMAN RESOURCES

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

Your Company believes that employees form the fulcrum of growth and differentiation for the organization. The Company recognizes that people are its principal assets and that its continued growth is dependent upon the Company's ability to attract and retain quality people. The total headcounts were 2500 at the end of the year as compared to 2531 of the previous year. The Company encourages long-term commitment to the Company by rewarding its people for the opportunities they create, and the value generated for customers and shareholders. The Company conducts several employee engagement and training Programmes to upgrade the skills of the workforce and generate specialist in quality, maintenance and manufacturing. As desired by the Government of India we have started NEEM Scheme and NAPS Scheme in order to enhance the technical skill level of our unemployed youths.

Many initiatives have been taken to support business through organizational efficiency, process change support and various employee engagement Programmes which have helped the organization achieve higher productivity

levels. A significant effort has also been undertaken to develop leadership as well as technical/ functional capabilities in order to meet future talent requirement.

BUSINESS RISK MANAGEMENT

SEBI vide notification dated May 05, 2021 has amended Listing Regulations, pursuant to the said notification of SEBI, Risk Management ("RM") Policy is applicable on the top 1,000 listed entities by market capitalization. Erstwhile it was applicable on top 500 listed entities by market capitalization. However, the Company has already formulated the RM policy on voluntary basis and after the said SEBI notification, formulation of RM policy becomes statutory requirement of the Company.

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

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

The Board has identified following risks: -

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

The website link is given below: https://www.munjalshowa.net/wp-content/uploads/2021/06/Risk-Management-Policy.pdf.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has established a vigil mechanism for the Directors and Employees of the Company by adopting the Whistle Blower Policy to report about the genuine concerns, unethical behaviour, fraud or violation of Company's Code of Conduct. Your Company hereby affirms that no Director/ Employee of the Company have been denied access to the Chairman of the Audit Committee. The details of the Whistle Blower Policy is explained in the Corporate Governance Report which form an integral part of this Report and is also posted on the website of the Company.

The website link is given below: https://www.munjalshowa.net/wp-content/uploads/2019/06/Vigil-Mechanism-or-Whistle-Blower-Policy.pdf

RECOMMENDATION OF THE AUDIT COMMITTEE

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

CHANGES IN THE NATURE OF BUSINESS

There is no change in the nature of the business of the Company during the Financial Year 2021-22.

DIRECTORS AND KEY MANAGERIAL PERSONNELS

During the financial year 2021-22, following changes took place in the composition of Board of Directors and Key Managerial Personnel of the company:

1. Mr. Shigeki Kobayashi (DIN: 07626553), resigned as Joint Managing Director of the Company with effect from April 10, 2021 due to preoccupation somewhere else. He was not in aposition to devote time to the affairs of the Company.

2. Re-appointment of Mr. Yogesh Chander Munjal (DIN: 00003491), as Managing Director of the Company for a further term of 5 years with effect from September 01, 2021 to August 31, 2026.

3. Appointment of Mr. Kazuhiro Nishioka (DIN: 00602255) as an Additional Director of the Company w.e.f. June 23, 2021. Further shareholders of the Company in their General Meeting held on August 25, 2021 approved the appointment of Mr. Kazuhiro Nishioka as Director of the Company.

4. Appointment of Yasuhiro Ashiki (DIN: 09132637) as an Additional Director of the Company w.e.f. June 23, 2021. Further shareholders of the Company in their General Meeting held on August 25, 2021 approved the appointment of Mr. Yasuhiro Ashiki as Joint Managing Director of the Company

5. Appointment of Mr. Yasuhiro Ashiki (DIN 09132637) as Joint Managing Director of the Company for a period of five years with effect from June 23, 2021 to June 22, 2026

6. Resignation of Mr. Yasuhiro Yamamoto (DIN: 08127304), as Non-Executive Director of the Company w.e.f. June 29, 2021 due to other pre-occupations.

7. Ms. Geetanjali Sharma, Company Secretary and Compliance Officer of the Company resigned w.e.f close of business hours on September 30, 2021 and thereafter Ms. Neha Bansal (M. No. A38848) was appointed as Compliance Officer of the Company w.e.f October 01, 2021 and also Company Secretary of the Company w.e.f. October 29, 2021.

8. Mrs. Geeta Anand (DIN: 00078091), woman Non-Executive Independent Director resigned w.e.f February 17, 2022 due to her pre-occupation elsewhere and there was no material reasons other than those stated. Also Sh. Surinder kumar Mehta (DIN: 00002888) ceased to be Non-Executive Independent Director due to the death w.e.f February 22, 2022.

In accordance with the provisions of the Companies Act, 2013 not less than 2/3rd (Two-third) of the total number of Directors (other than Independent Directors) shall be liable to retire by rotation. Accordingly, pursuant to the Act read with Articles of Association of the Company, Mrs. Charu Munjal, Non-Executive Director and Mr. Yogesh Chander Munjal, Executive Director are liable to retire by rotation at the ensuing 37th AGM and being eligible they have offered themselves for re-appointment.

During the year under review, apart from the above stated facts, there is no change in the composition of Board of Directors and Key Managerial Personnel of the company.

Pursuant to the provisions of the SEBI Listing Regulations and the Act, the profiles of all the Directors, seeking appointment/re-appointment at the ensuing AGM, have been provided in the Notice of 37th AGM of the Company.

All Independent Directors have given individual declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and Listing Regulations. All the Independent Directors have registered themselves under data bank of Independent Directors created and maintained by Indian Institute of Corporate Affairs.

With regard to integrity, expertise and experience (including the proficiency) of the Independent Directors, the Board of Directors is of the opinion that all the Independent Directors are persons of integrity and possess relevant expertise and experience and their continued association as Directors will be of immense benefit and in the best interest of the Company.

All Directors of the Company have also given declarations that they are not debarred from holding the office of Director by virtue of any SEBI order or any other such statutory authority as required under the Circular dated 20th June, 2018 issued by BSE Limited and National Stock Exchange of India Limited.

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

After the closure of the financial year 2021-22, the Board, on the recommendation of Nomination and Remuneration Committee had approved the appointment of Mrs. Kavita Venugopal as Additional Director in the capacity of an Independent director w.e.f. May 17, 2022 to hold office for a term of five consecutive years, i.e. upto May 16, 2027, not liable to retire by rotation, subject to the approval of the shareholders at the ensuing Annual General Meeting.

Further Board also approved the change in category of Mr. Ashok Kumar Munjal from Non-Executive Director to Non-Executive Independent Director w.e.f. May 17, 2022 to hold office for a term of five consecutive years, i.e. upto May 16, 2027, not liable to retire by rotation, subject to the approval of the shareholders at the ensuing Annual General Meeting.

COMMITTEES OF THE BOARD

The Company has several Committees which have been established in compliance with the requirement of the relevant provisions of applicable laws and statutes. As on March 31, 2022, the Board has five committees: The Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Share Transfer/Stakeholders Relationship Committee and Risk Management Committee. A detailed note on the composition of the Board and its committees is provided in the Corporate Governance Report, which forms integral part of the Board Report.

SUBSIDIARY COMPANIES, JOINT VENTURES OR ASSOCIATE COMPANIES

During the year under review, the Company is not having any subsidiary, joint venture, Associate Company. Further no Company became or ceased to be a Subsidiary/Joint Venture/Associate of the Company.

However, Showa Corporation, technical collaborator of the Company has entered into an absorption type merger with Hitachi Automotive Systems Limited and formed Hitachi Astemo Ltd. with effect from January 01, 2021.

BOARD EVALUATION

Pursuant to the provisions of the Act and Listing Regulations, the Board in consultation with Nomination and Remuneration Committee has carried out an annual performance evaluation of its own, the Directors individually as well as its various committees and the chairman on the criteria as recommended by the Nomination and Remuneration Committee of the Company. The manner in which the formal annual evaluation has been carried out has been explained in the Corporate Governance Report, which forms an integral part of this report. The performance evaluation was found satisfactory.

NOMINATION AND REMUNERATION POLICY AND REMUNERATION TO THE DIRECTORS

The Board on the recommendation of the Nomination & Remuneration Committee has framed a policy for selection and appointment of Directors, Senior Management Personnel including Key Management Personnel and affixing their remuneration. The salient features of the Nomination and Remuneration Policy are mentioned below:

- The Nomination and Remuneration Policy of the Company is designed to attract, motivate, improve productivity and retain manpower by creating a congenial work environment, encouraging initiatives, personal growth, team work and inculcating a sense of belongingness and involvement, besides offering appropriate remuneration packages and superannuation benefits.
- The Committee shall comprise at least three (3) Directors, all of whom shall be non-executive Directors and at least two-third shall be Independent.
- The Nomination and Remuneration Committee shall meet at least once in a year.
- Quorum of the meeting shall be either two members or one-third of the members of the committee, whichever is greater, including at least one independent director in attendance.
- The Role of the Committee includes: Periodically reviewing the size and composition of the Board to have an appropriate mix of executive and independent Directors to maintain its independence and separate its functions of governance and management and to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company;
- Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board, relating to the remuneration for the Director, key managerial personnel and other employees.
- Establishing and reviewing Board, KMP and Senior Management succession plans in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management.

- The Board as per the criteria approved by the Nomination and Remuneration Committee shall carry out evaluation of performance of its own, its committees, and individual Directors and the chairman.

The Nomination and Remuneration Policy is available on the website of the Company at:

https://www.munjalshowa.net/wp-content/uploads/2020/07/NRC-Policy_Updated_24.07.2020.pdf

The details of remuneration under Section 197 of the Companies Act, 2013 paid to Directors are given in point No. IV of Corporate Governance Report which forms integral part of this Report.

BOARD DIVERSITY POLICY

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

The Board Diversity Policy is available on our website at:

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

MEETINGS OF BOARD OF DIRECTORS

A calendar of Meetings is prepared and circulated in advance to the Directors. During the financial year, four (4) Board Meetings were convened and held on June 23, 2021, August 03, 2021, October 29, 2021 and February 08, 2022. The details of Board and Committee Meetings and Board members and Committee members who have attended the meetings are given in the Corporate Governance Report forming part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors make the following statement in terms of Section 134(3)(c) & (5) of the Act, which is to the best of their knowledge and belief and according to the information and explanations obtained by them:

a. In the preparation of the annual accounts for the Financial Year ended March 31, 2022, the applicable accounting standards had been followed and no material departures were made from the same;

b. Appropriate accounting policies have been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end financial year ended March 31, 2022 and of the profits of your Company for that period;

c. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;

d. The annual accounts have been prepared on a going concern basis;

e. They have laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and were operating effectively; and

f. They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

RELATED PARTY TRANSACTIONS

During the year under review, all transactions entered by the Company with Related Parties as defined under the Act and Listing Regulations were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Act. Hence, requirement of Form AOC-2 as required under Section 188(1) of the Act is not applicable to the Company.

The Company has not entered into any material related party transactions, i.e. transactions exceeding 10% of the annual consolidated turnover or ₹ 1000 Crore, whichever is lower, as per the last audited financial statements.

All transactions with related parties were periodically placed before Audit Committee and Committee has also given omnibus approval for repetitive and foreseen transactions.

The Board and Audit Committee also noted these related party transactions on quarterly basis. The details of related party transactions are given in Note No. 34 of Audited Financial Statements.

During the Financial Year 2021-22, certain modifications in the policy were made and approved by the Board of Directors in their meeting held on February 08, 2022, pursuant to amendments in SEBI Listing Regulations. The revised Related Party Transactions Policy is available on the website of the Company at:

https://www.munjalshowa.net/wp-content/uploads/2022/03/RELATED-PARTY-TRANSACTION-POLICY.pdf

MAINTAINANCE OF COST RECORDS

The provisions of Section 148 of the Companies Act, 2013 is not applicable to the Company so the Company is not required to maintain cost records under the aforesaid section.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

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

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

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

The Act has introduced under Section 143(3)(i) stating that the statutory auditors of the Company shall include in his audit report whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls in addition to the reporting by Board of Directors in director's responsibility statement. The concept of reporting on internal financial controls is still new in India. This new reporting requirement has thrown up many challenges. The Company has developed the internal financial control processes and that was vetted by the internal auditors during the year. The same has also been verified by the statutory auditors and who have reported that all the material Internal financial controls exist during the financial year 2021-22.

The Company has developed a compliance tool for the purpose of legal compliance of all the applicable Acts to the Company.

COMPLIANCE OF THE SECRETARIAL STANDARDS

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards on Board and General meetings issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

MANAGEMENT DISCUSSION & ANALYSIS

The Management Discussion & Analysis Report for the year under review as stipulated under Regulation 34 of the Listing Regulations is presented in a separate section forming part of this Annual Report.

GENERAL

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

1. Details relating to deposits covered under Chapter V of the Act – **The Company did not invite/accept any deposit within the meaning of Chapter V of the Act, and the rules made thereunder**.

2. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL), ACT, 2013

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

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

Various workshops and awareness Programmes w.r.t. prevention of sexual harassment has been carried out during the F.Y. 2021-22.

PROCEEDING UNDER INSOLVENCY AND BANKRUPTCY CODE, 2016

The Company has not made any application or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) ("IBC Code") during the year. Further, at the end of the year, Company does not have any proceedings related to IBC Code.

THE DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF

During the year under review, the Company has not made one-time settlement therefore, the same is not applicable.

POLICIES

We seek to promote and follow the highest level of ethical standards in all our business transactions guided by our value system. The SEBI Listing Regulations, mandated the formulation of certain policies for all listed companies. All our corporate governance policies are available on website of the company i.e. www.munjalshowa.net

Policy	Web-link
Policy for Determination of Materiality of Information or Events	http://www.munjalshowa.net/wp-content/uploads/2019/05/Policy-for-Determination-of-Materiality-of-Information-or-Events.pdf
Boards Diversity Policy	http://www.munjalshowa.net/wp-content/uploads/2016/02/Boards-Diversity-Policy.pdf
Corporate Social Responsibility Policy	https://www.munjalshowa.net/wp-content/uploads/2021/02/Corporate-Social-Responsibility-Policy.pdf
Vigil Mechanism / Whistle Blower Policy	https://www.munjalshowa.net/wp-content/uploads/2019/06/Vigil-Mechanism-or-Whistle-Blower-Policy.pdf
Nomination and Remuneration Policy	https://www.munjalshowa.net/wp-content/uploads/2020/07/NRC-Policy_Updated_24.07.2020.pdf
Records and Archives Management Policy	https://www.munjalshowa.net/wp-content/uploads/2016/02/Records-and-Archives-Management-Policy.pdf
Related Party Transaction Policy	https://www.munjalshowa.net/wp-content/uploads/2022/03/RELATED-PARTY-TRANSACTION-POLICY.pdf

Policy	Web-link
Code of Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons	https://www.munjalshowa.net/wp-content/uploads/2022/07/Code-of-Conduct-and-Fair-Disclosure-Under-SEBI-_Insider-Trading-Regulation-_2015_compressed-1.pdf
Code of Conduct for Directors and Senior Management Personnel	https://www.munjalshowa.net/wp-content/uploads/2022/07/Code-of-Conduct-and-Fair-Disclosure-Under-SEBI-_Insider-Trading-Regulation-_2015_compressed-1.pdf
Policy on prevention of Sexual Harassment at workplace	https://www.munjalshowa.net/wp-content/uploads/2022/05/20220521123712.pdf
Quality Policy	https://www.munjalshowa.net/wp-content/uploads/2021/02/Quality-Policy.pdf
Occupational Health and Safety Policy	https://www.munjalshowa.net/wp-content/uploads/2021/02/Occupational-Health-and-Safety-Policy.pdf
Environment Policy	https://www.munjalshowa.net/wp-content/uploads/2021/02/Environment-Policy.pdf
Risk Management Policy	https://www.munjalshowa.net/wp-content/uploads/2021/06/Risk-Management-Policy.pdf
Dividend Distribution Policy	https://www.munjalshowa.net/wp-content/uploads/2021/06/Dividend-Distribution-Policy.pdf

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 Hitachi Astemo Ltd., 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: Gurugram
Date: May 30, 2022

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

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

ANNEXURE-A TO THE BOARD'S REPORT

Management Discussion and Analysis Report

Industry Structure and Development

The Indian automobile sector is one of its principal industrial catalysts, providing jobs to more than 35 million people, directly or indirectly, and contributing more than 7% to the GDP. The Indian auto industry is recognised as a 'sunrise industry' as it has emerged as one of the fastest growing sector over last few years.

Domestic automobiles production The Indian automotive industry is expected to reach US$ 300 billion by 2026. India enjoys a strong position in the global heavy vehicles market as it is the largest tractor producer, second-largest bus manufacturer, and third-largest heavy trucks manufacturer in the world. India's annual production of automobiles in FY21 was 22.65 million vehicles, and 13 million vehicles were produced between April-October 2021.

Two wheelers and **passenger vehicles** dominate the domestic Indian auto market. Passenger car sales are dominated by small and mid-sized cars. **Two wheelers** and **passenger cars** accounted for 80.8% and 12.9% market share, respectively, accounting for a combined sale of over 20.1 million vehicles in FY20.

- **Passenger vehicle** (PV) Passenger vehicle sales in India saw an increase of 14 percent in financial year 2022, with leading manufacturers having to reduce output in order to prevent inventory overloads. In fiscal year 2022, there were around 2.72 million passenger cars sold across the south Asian country. In January 2022, total production of passenger vehicles*, three-wheelers, two-wheelers and quadricycles reached 1,860,809 units.
- Overall, automobile export reached 4.13 million vehicles in FY21, growing at a CAGR of 3.47% during FY16-FY21. Two wheelers (79.38%), passenger vehicles (9.79%) and three wheelers (9.52%) made up the majority of exports from India. The Indian automotive industry is targeting to increase export of vehicles by five times during 2016-26.
- **EV sales**, In Q3 FY22, electric vehicle (EV) sales reached a new high of 5,592 units. Overall, in 2021, 329,190 EVs were sold in India, indicating a 168% YoY growth over last year's sales of 122,607 units.

The year 2020 has been full of unwelcome surprises and inescapable new realities. What started out as a health challenge escalated rapidly into an economic and humanitarian crisis. Businesses and individuals alike have had to adapt rapidly to cope with uncertainty and anxiety in a seemingly unending ordeal. And yet, the world endures. The perseverance of businesses and people has led to the emergence of a new landscape – a "next normal" in which to survive and thrive. For the automotive industry – already under a shadow cast by the sales slowdown in 2019 – COVID-19 darkened the outlook further. The pandemic came with fluctuating supply chain scenarios, reshaped people's relationship with mobility and sparked off new growth areas such as the aftermarket. As auto component manufacturers set their course for the future, strategizing to build locally to meet local and global demand, expanding to complementary sectors and optimizing costs could help regain growth momentum and shape the next normal.

While the whole nation is focusing onbecoming '***Atmanirbhar Bharat***', it is an opportunity for many sectors and contretemps for a few. The government has urged the Indian auto components manufacturers to increase localization to 100 percent and provide a push to local manufacturers to bolster the domestic supply chain and strengthen the automotive industry from its core.

Given the current scenario, most of the auto manufacturing companies have shown their interest in adopting the government's 100 percent localization movement but seeks government support in terms of infrastructure deficit, talent crunch, industry scale-up policies, access to world-class technology and practices, remaining cost-competitive and availability of cost-effective capital. The industry is facing challenges from rapid change in technology in this segment which calls for more funds for investments in research and

development. As regards the trade policy, the challenges mainly faced by Indian manufacturers are slowing down of investment in the OEM auto sector, duty on imported auto parts, and the sharp rise in imports mainly from ASEAN countries.

Market Size

The Indian auto-components industry can be broadly classified into the organised and unorganised sectors. The organised sector caters to the Original Equipment Manufacturers (OEMs) and consists of high-value precision instruments while the un-organised sector comprises low-valued products and caters mostly to the aftermarket category.

In order to keep up with the growing demand, several auto makers have started investing heavily in various segments of the industry during the last few months. The industry has attracted Foreign Direct Investment (FDI) worth US$ 24.62 billion between April 2000 and September 2020, according to the data released by Department for Promotion of Industry and Internal Trade (DPIIT).

Opportunities and Threats

- India is emerging as global hub for auto component sourcing
- Relative to competitors, India is geographically closer to key automotive markets like the Middle East & Europe
- In December 2018 India pitched to boost its exports in auto components in the market of China.
- In September 2015, Automotive Mission Plan 2016-26 was unveiled which targets a fourfold growth for the sector
- Strong support for R&D & product development by establishing NATRiP centers
- 100 per cent FDI allowed under automatic route for auto component sector
- In January 2019, The Government of India lowered the custom duty on import of parts and components of electric vehicles to 10- 15 per cent.

Auto component manufacturers are afraid of the government's aggressive plans for electric vehicles, and it seems this transition is not in harmony with the future goals of the industry. Usually, an internal combustion engine (ICE) of most of the cars works on more than 2,000 moving parts, but the engine of an electric vehicle doesn't require more than 20 similar parts/components.

Familiar with the imminent shift, many SMEs in the auto components industry are reluctant to invest in the electric vehicle expansion plans.

No doubt, an environment of fear is eclipsing the industry. But it is equally true that the industry is all set to become the third-largest in the world by 2025, and globalization is considered auspicious rather than a menace.

Despite this, a few of the industry players believe that the newer technology is apartheid to an age-old industry, which is still enjoying a growth momentum. They assume that once electric vehicles start replacing petrol/diesel based automobiles; there will be a sudden fall in the demand of auto components such as cylinder blocks, filters, transmitters, plugs, etc.

Government Initiatives

The Government of India's Automotive Mission Plan (AMP) 2006–2016 has come a long way in ensuring growth for the sector. Indian Automobile industry is expected to achieve a turnover of $300 billion by the year 2026 and will grow at a rate of CAGR 15 per cent from its current revenue of $74 billion.

In March 2021, the government announced to offer fresh incentives to companies making electric vehicles (EVs) as part of a broad auto sector scheme. The scheme is expected to attract US$ 14 billion of investment in the next five years.

Government has come out with Automotive Mission Plan (AMP) 2016-26 which will help the automotive industry to grow and will benefit Indian economy in the following ways:

- Contribution of auto industry in the country's GDP will rise to over 12 per cent
- Around 65 million incremental number of direct and indirect jobs will be created

- End of life Policy will be implemented for old vehicles

Achievements

Following are the achievements of the government in the past four years:

- Production of two wheelers, passenger vehicles, commercial vehicles and three wheelers reached 21.03 million, 3.43 million, 0.75 million, and 1.13 million, respectively, in FY20.
- FAME - India Scheme formulated by Department of Heavy Industry, led to a continuous increase in registered OEMs and vehicle models. Also, the scheme enhanced the sales of EVs and about 261,507 electric/ hybrid vehicles were supported under the scheme up to December 6, 2018. In February 2019, the Government approved FAME-II scheme with a fund requirement of ₹ 10,000 crores (US$ 1.39 billion) for FY21-22.
- Under National Automotive Testing and research and development (R&D) Infrastructure Project (NATRiP), various facilities including passive safety labs comprising of crash core facility and crash instrumentations including dummies were established at ICAT-Manesar and ARAI-Pune.
- To give a fresh thrust to E-mobility in public transport, Department of Heavy Industry announced the launch of public and shared mobility based on electric powertrain.

Road Ahead

The role of industry bodies and the government could be a critical differentiator in the recovery of the automotive sector. For instance, the government could enhance cost effectiveness in automotive manufacturing by reducing logistics and energy costs. Meanwhile, industry bodies could build on scale by working with Export Promotion Councils to expand India's share in global exports. Sustaining the momentum on the ongoing policy shifts and investing in innovation could assure growth for the entire sector. While these have been testing times, the auto component industry could rebuild by catering to shifting mobility needs and consumer sentiment. Focusing on local manufacturing, investing in innovation and collaboration with the government and automotive industry bodies could ensure that the segment emerges stronger and more resilient, ready to flourish in the next normal.

The rapidly globalizing world is opening up newer avenues for the transportation industry, especially while it makes a shift towards electric, electronic and hybrid cars, which are deemed more efficient, safe and reliable modes of transportation. Over the next decade, this will lead to newer verticals and opportunities for auto-component manufacturers, who would need to adapt to the change via systematic research and development.As per Automobile Component Manufacturers Association (ACMA) forecasts, automobile component exports from India are expected to reach US$ 80 billion by 2026.

The Indian auto-components industry is set to become the third largest in the world by 2025. Indian auto-component makers are well positioned to benefit from the globalization of the sector as exports potential could be increased by up to US$ 30 billion by 2022.

Product Wise Performance

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

Outlook

The auto component manufacturing industry in India is pegged at 3.5 lakh crore in FY 2018 and the industry is poised to grow 4 times by 2026. However, in the absence of a well-defined road map for the automobile industry, the future of the auto component segment looks bleak with disastrous consequences for many of the players. The industry will not witness growth if it continues to follow a business as usual scenario.

The possible transition of the automobile industry towards hybrids and electric vehicles will lead to disruption in the overall automotive market landscape which will also influence the product portfolios of auto component manufacturers. The alignment and the pace of this alignment to the anticipated new automotive landscape will be key for auto component manufacturers to stay relevant, survive disruption and grow over the next multiple years.

This alignment will see the rationalization of the product portfolio and even consolidation in different product segments in the auto component manufacturing pace. Recent move of Bosch to hive off its starter and generator division to SEG indicates that the company anticipates pressure on the legacy components in the realm of adoption of new technology and also regulatory push to embrace stringent emission norms in the mobility sector.

Thousands of auto component makers and aftermarket, players risk shutting down in the next 8-10 years as they are ill-prepared for a future where new and disruptive technologies like electric vehicles and autonomous or self-driving cars take over the roads. As new ideas and technologies in the automobile sector come to the fore every day, the $51 billion Indian auto component industry is waiting for the government or one of its agencies to draw up a detailed road map on the future of mobility. Unless there is some clarity on the automakers' technology play in India and the development of the ecosystem that goes along with it through some well-defined policies and notifications, both the auto and component makers will continue to live in a state of uncertainty.

Nearly 50% of the domestic auto component players are either making engine parts or the transmission drive, which will have no place in an electric car, which runs on batteries. There is also a question mark on the kind of batteries that will ultimately survive; whether it will be lithium-ion or something else will depend mostly on the cost of the battery and its safety features.

The CAF norms and BSVI implementation will further push automobile companies to embrace technology that restricts emission and this will pave way for newer technology like ISG and BSG that are likely to replace alternator and generator in the automobile. The mandatory requirement to enhance safety features and premiumization of mass selling cars will also lead to the migration of electrical architecture from 12V to 48V.

Risks and Concerns

Risk, which is the manifestation of business uncertainty affecting corporate performance and prospects, is an integral part of business. The Company follows a well-defined and exhaustive risk management process, which is integrated with its operations. This enables the Company to identify, categorise and prioritise operational, financial and strategic business risks. To address the identified risks, the Company continues to spend significant time, effort and human resources to manage and mitigate such risks.

The global pandemic caused by the corona virus comes at time when both the Indian economy and the automotive industry were hoping for recovery. COVID-19 has impacted all stakeholders in the value chain who had experienced both short and medium term impact. This includes shortage of raw material, shifting of production to other countries, liquidity crunch to delays in availability of models, deferred launches and shrinkage in consumer demand.

The India automotive industry has already seen difficult past few quarters and this pandemic led lockdown couldn't have been more ill-timed. However, a planned and concerted response, both immediate and medium to long term will ensure a V shape recovery.

Imports share a significant share of our key inputs. This pandemic has led to disruption in supply chain management that may impact business goals of the Company. We have been engaged in exploring alternative vendors for key inputs and also focusing on exploring new opportunities in sales.

The Industry would need to focus on the following areas to be future-ready:

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

- Higher interest rates;
- Monsoon dependency.

The Company is taking all necessary measures in terms of mitigating the impact of challenges being resilient in order to sail through the current situation. It is focused on controlling the fixed costs, maintaining liquidity and closely monitoring the supply chain to ensure that the manufacturing facility operate smoothly.

The Company has a well-established risk management policy and procedures based on which risks are identified and assessed across its business units and operations. To manage and mitigate the risks, mitigation plans are embedded in the various initiatives that the management hasalready executed. These plans are reviewed periodically by the Risk Management Committee of the Company. For better mitigation of Risk,the Company has made a Risk Management Committee. The Committee periodically reviews the concerned risks. The Company reviews the effectiveness of the mitigation strategies and their implementation process.

Internal Control System and its Adequacy

Your Company maintains adequate internal control systems commensurate with the nature of its business and size and complexity of its operations. The Company has implemented a SAP ERP (Enterprise Resource Planning) system. The financial authority at various management levels is clearly defined in the delegation of powers. These are regularly tested for their effectiveness by Statutory as well as Internal Auditors. In the highly networked IT environment of the Company, validation of IT Security receives focused attention from IT specialists and Statutory Auditors. Your Company has appointed reputed firm of Chartered Accountants for internal audit functions consisting of experienced and professionally qualified team. The Internal Auditor reports directly to the Board through Audit Committee. The internal auditor has covered the area of internal financial Controls, reconciliation of GST inputs, Checking of TDS compliances and GST compliances. The Audit Committee reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations.

Discussion on financial performance with respect to operational performance

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

The Company has achieved turnover (net of GST)of ₹ 105,994.62 lakhs as against ₹ 108,537.06 lakhsduring the previous year. The profit before tax was ₹ 1387.61lakhs as against ₹ 3,144.26 lakhs of previous year. The decreases in profit before tax was 55.86 percent and profit after tax was lowerby 47.87-percent at ₹ 1398.99 lakhs as against ₹ 2684.12lakhs in the previous year.

Key financial Ratios:

Ratio	2021-22	2020-21	Change %
Net capital turnover Ratio	2.72	2.77	-2%
Net profit Ratio	0.01	0.02	-52%
Return on capital employed	4.94	6.95	-29%
Debtor Turnover Ratio	5.78	6.45	-105
Inventory Turnover Ratio	13.19	13.49	-2%
Interest Coverage Ratio	0.00	0.00	0.00
Current Ratio	3.76	3.68	2%
Debt to Equity Ratio	0.00	0.00	0%
Return on Equity Ratio	0.02	0.04	-54%
Trade payables turnover Ratio	6.72	7.32	-8%

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

The strategic purpose of Human Resources is to be a catalyst and change agent for creating the Human Capital

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

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

The Company's strength of employees stood at 2252 as on March 31, 2022.

Cautionary Statement

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

For and on behalf of the Board

Place: Gurugram
Date: May 30, 2022

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

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

ANNEXURE-B TO THE BOARD'S REPORT

Corporate Governance Report

I. Report on Corporate Governance

The Directors have pleasure in presenting the Corporate Governance Report of Munjal Showa Limited ("the Company") for the year ended March 31, 2022.

Company's Philosophy on Corporate Governance

Corporate Governance is about commitment to values and ethical business conduct. We look upon good Corporate Governance practices as a key driver of sustainable corporate growth and long-term shareholders value creation. Good Corporate Governance is about enhancing value for all our stakeholders. The Company is committed to adopt best practices in Corporate Governance and disclosures thereunder. This includes its corporate structures, its culture, policies and the manner in which it deals with its various stakeholders. Timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the Company are an important part of Corporate Governance.

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

Governance Structure

Munjal Showa Limited's governance structure broadly comprises the Board of Directors, Key Managerial Personnel and the Committees of the Board at the apex level and the Management structure at the operational level. The layered structure brings about a harmonious blend in governance as the Board sets the overall corporate objectives and gives direction and freedom to the Management to achieve these corporate objectives within a given framework, thereby bringing about an enabling environment for value creation through sustainable profitable growth. This attitude of Munjal Showa Limited has strengthened the bond of trust with its stakeholders including the society at large.

II. BOARD OF DIRECTORS

A. Composition of Board

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

As on March 31, 2022, the Board of Directors of the Company consists of eight (8) Directors including 2 (Two) Executive Directors; 3 (three) Non-Executive Non-Independent Directors and 3 (three) Non-Executive Independent Directors. As per Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), since the Chairman of the Board is an Executive Director, half of the total strength of the Board should comprise of Independent Directors. As on March 31, 2022 the Company is having 3 Independent Directors on its Board instead of 4 Independent Directors due to resignation of

Ms. Geeta Anand as woman Non-Executive Independent Director on February 17, 2022 and cessation of Mr. Surinder Kumar Mehta as Non-Executive Independent Director due to death on February 22, 2022. The Board of Directors on recommendation of the Nomination and Remuneration Committee has since approved the appointment of Mrs. Kavita Venugopal as an Additional Director in the capacity of Independent Director w.e.f. May 17, 2022 to hold office for a term of five consecutive years, i.e. upto May 16, 2027, not liable to retire by rotation, subject to the approval of the shareholders at the ensuing Annual General Meeting. Further, the Board has also approved the change in category of Mr. Ashok Kumar Munjal from Non-Executive Director to Non-Executive Independent Director w.e.f. May 17, 2022 to hold office for a term of five consecutive years, i.e. upto May 16, 2027, not liable to retire by rotation, subject to the approval of the shareholders at the ensuing Annual General Meeting.

The Board has a pool of collective knowledge from various disciplines like Engineering, Finance, Taxation, 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. The Chairman of the Board is a Promoter & Executive Director.

The Board and its Committees formulate policy decisions, so as to lead and control the affairs of the Company. The Composition of the Board (after considering filling of casual vacancy of directors subsequent to year end within the time limit prescribed under the Companies Act, 2013 read with rules framed therein) is in conformity with the provisions of the Companies Act, 2013 ("the Act") and SEBI Listing Regulations.

The details of the composition and category of Directors, attendance of each Director at the Board Meetings and the last Annual General Meeting, number of other Board of Directors or Committees in which a Director is a member or chairperson during financial year 2021-22 are as follows:

Name of Director, Category, Designation and DIN	Board Meetings held during his/ her tenure and attended		Attendance at the last AGM on September 10, 2020	Memberships*	Chairperson*	No. of Directorships held in other Companies^^	Date of joining the Board
	Held	Attended					
Executive & Promoter Directors							
Mr. Yogesh Chander Munjal (Chairman & Managing Director) (DIN: 00003491)	4	4	Yes	2	1	2	16/05/1985
Mr. Yasuhiro Ashiki** (Joint Managing Director) (DIN: 09132637)	4	4	Yes	1	None	1	23/06/2021
Non-Executive Non-Independent Directors							
Mrs. Charu Munjal^ (woman Director) (DIN: 03094545)	4	3	Yes	None	None	2	23/05/2014
Mr. Kazuhiro Nishioka (DIN: 00602255)	4	1	Yes	None	None	1	23/06/2021

Name of Director, Category, Designation and DIN	Board Meetings held during his/ her tenure and attended		Attendance at the last AGM on August 25, 2021	Memberships*	Chairperson*	No. of Directorships held in other Companies^^	Date of joining the Board
	Held	Attended					
Mr. Ashok Kumar Munjal (DIN: 00003843)***	4	4	Yes	2	None	1	02/01/1989
Non-Executive Independent Directors							
Ms. Geeta Anand (DIN: 00078091) (Resigned w.e.f 17/02/2022)	4	4	Yes	None	None	1	03/11/2018
Mr. Devi Singh (DIN: 00015681)	4	4	Yes	3	None	3	23/09/2008
Mr. Nand Lal Dhameja (DIN: 02351762)	4	4	Yes	2	1	1	23/09/2008
Mr. Surinder Kumar Mehta (DIN: 00002888) (ceased due to death w.e.f 22/02/2022)	4	4	Yes	None	None	1	23/09/2008
Mr. Vinod Kumar Agrawal (DIN: 00004463)	4	4	Yes	1	1	1	29/07/2005
Mr.Shigeki Kobayashi (DIN: 07626553) (Resigned w.e.f 10/04/2021)	0	0	No	1	None	1	26/10/2016
Mr. Yasuhiro Yamamoto (DIN: 08127304) (Resigned w.e.f. 29/06/2021)	1	1	No	None	None	None	30/05/2018

* Includes only Audit committee and Stakeholders' Relationship committee of Indian Public Companies including Munjal Showa Limited.

^ Holds the directorship in one Listed entity i.e. Shivam Autotech Limited as Whole Time Director (Executive Director) other than Munjal Showa Limited.

^^ Excluding Private Companies, Section 8 Companies and Foreign Companies as per Companies Act, 2013 but including Directorship in Munjal Showa Limited.

** Appointed as an Executive Director (Joint Managing Director) w.e.f. June 23, 2021

*** The Board approved the change in category of Mr. Ashok Kumar Munjal from Non-Executive Director to Non-Executive Independent Director w.e.f. May 17, 2022, subject to the approval of shareholders at the ensuing Annual General Meeting

The Board has approved the appointment of Mrs. Kavita Venugopal as Additional Director in the capacity of Independent Director w.e.f. May 17, 2022, subject to the approval of shareholders at the ensuing Annual General Meeting.

Key Board skills, expertise and competencies

The Board comprises qualified members who bring in the required skills, competence and expertise that allow them to make effective contribution to the Board and its Committees. In the context of Company's business and the industry in which the Company operates, the skills/ expertise/ competencies as identified by the Board and possessed by each director is also provided below :

S. No.	Skills/Area of Expertise/ Competencies	Names of Board members
1.	Automotive/Mobility/Technology/ R&D/Product Development	Mr. Yogesh Chander Munjal Mr. Yasuhiro Ashiki Mr. Ashok Kumar Munjal Mr. Kazuhiro Nishioka
2.	Strategic planning, Business Development, Business Operations	Mr. Yogesh Chander Munjal Mr. Yasuhiro Ashiki Mr. Ashok Kumar Munjal Mr. Kazuhiro Nishioka
3.	Human Resources/People Management	Mr. Yogesh Chander Munjal Mrs. Charu Munjal
4.	General Management Corporate Governance, Regulatory & Public Policy/ESG	Mr. Yogesh Chander Munjal Mrs. Charu Munjal Mr. Devi Singh
5.	Accounting & financial expertise	Mr. Vinod Kumar Agrawal Mr. Nand Lal Dhameja Mr. Devi Singh
6.	Global Perspective	Mr. Yogesh Chander Munjal Mr. Yasuhiro Ashiki Mr. Kazuhiro Nishioka
7.	Sales and Customer Management	Mr. Yogesh Chander Munjal Mr. Yasuhiro Ashiki Mr. Ashok Kumar Munjal
8.	Communication, Innovative Management	Mr. Yogesh Chander Munjal Mr. Devi Singh Mr. Nand Lal Dhameja

Mrs. Kavita Venugopal have vast experience of more than 35 years in banking sector.

All the Independent Directors fulfill the conditions of Independence as given under Act, and SEBI Listing Regulations and are independent of the management of the Company and have confirmed that they are not debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

During the year following 2 (two) Independent directors of the Company had resigned/ceased before the expiry of their respective tenure(s).

1. Mrs. Geeta Anand (DIN: 00078091) resigned as non-executive independent director w.e.f 17/02/2022, due to her pre-occupation elsewhere, she is not in a position to devote her time to the affairs of the Company and there are no material reasons other than those stated above.
2. Mr. Surinder Kumar Mehta (DIN: 00002888) ceased to be non-executive independent director due to death w.e.f 22/02/2022

None of the Directors hold any shares or any other security of the Company as on March 31, 2022.

None of the Directors are *inter-se* related to any other Director on the Board or are related to any Key Managerial Personnel of the Company except Mrs. Charu Munjal, who is daughter-in-law of Mr. Yogesh Chander Munjal.

None of the Independent Directors of the Company is serving as an Independent Director in more than 7 Listed Companies. Further, no Independent Director of the Company who is a Whole-Time Director in another Listed Company is serving as an Independent Director in more than 3 Listed Companies.

None of the Directors on the Board is a Director in more than 10 Public companies or not more than 7 Listed Companies nor are they members in Committees of the Board in more than 10 Committees in public companies or Chairperson of more than 5 Committees in listed companies in which they are Directors.

At the 33rd Annual General Meeting held on September 26, 2018, the shareholders vide special resolutions approved the re-appointment of Mr. Vinod Kumar Agrawal, Mr. Surinder Kumar Mehta, Mr. Nand Lal Dhameja and Mr. Devi Singh, as Non-Executive Independent Directors to hold office for another term of five consecutive years with effect from April 01, 2019 upto March 31, 2024.

Further, as per Regulation 17 (1A) of the SEBI Listing Regulations, consent of the members by way of Special Resolution has also been obtained for continuation of a Non-Executive Director beyond the age of seventy-five years. Mr. Vinod Kumar Agrawal, Late. Mr. Surinder Kumar Mehta and Mr. Nand Lal Dhameja have attained the age of more than 75 years and the shareholders had approved their re-appointment through Special Resolutions in the 33rd Annual General Meeting for their continuation as Independent Directors of the Company.

B. Board Meetings held in financial year 2021-22

The Company held one (01) Board Meeting in each quarter and maximum gap between two consecutive meetings did not exceed one hundred & twenty (120) days except for the Board Meeting held in first quarter of the financial year 2021-22 for which exemption was granted by Ministry of Corporate Affairs vide its General Circular No. 08/2021 dated May 3, 2021 due to COVID-19 outbreak. Thus, Board held four (4) meetings during the financial year 2021-22 i.e. on June 23, 2021, August 03, 2021, October 29, 2021 and February 08, 2022 respectively.

Details of board meeting attended by directors

Name of director	Board Meeting dates			
	June 23, 2021	Aug. 03, 2021	Oct. 29, 2021	Feb. 08, 2022
Mr. Yogesh Chander Munjal (DIN: 00003491)	Yes	Yes	Yes	Yes
Mr. Yasuhiro Ashiki (DIN: 09132637)	Yes	Yes	Yes	Yes
Mr. Ashok Kumar Munjal (DIN: 00003843)	Yes	Yes	Yes	Yes
Mrs. Charu Munjal) (DIN: 03094545)	No	Yes	Yes	Yes
Mr. Kazuhiro Nishioka (DIN: 00602255)	Yes	No	No	No
Mr. Devi Singh (DIN: 00015681)	Yes	Yes	Yes	Yes

Name of director	Board Meeting dates			
	June 23, 2021	Aug. 03, 2021	Oct. 29, 2021	Feb. 08, 2022
Ms. Geeta Anand (DIN: 00078091) *(Resigned w.e.f 17/02/2022)*	Yes	Yes	Yes	Yes
Mr. Nand Lal Dhameja (DIN: 02351762)	Yes	Yes	Yes	Yes
Mr. Surinder Kumar Mehta (DIN: 00002888) *(ceased due to death w.e.f 22/02/2022)*	Yes	Yes	Yes	Yes
Mr. Vinod Kumar Agrawal (DIN: 00004463)	Yes	Yes	Yes	Yes
Mr. Yasuhiro Yamamoto *(DIN: 08127304) (resigned w.e.f 29/06/2021)*	Yes	N.A	N.A	N.A

The notice of each Board Meeting is given in writing to each Director of the Company. The agenda along with the relevant notes and other material information were sent/e-mailed to each Director in advance. In exceptional circumstances, additional or supplementary item(s) are taken up with permission of Chairman of the respective meeting and with the consent of the majority of Board/Committee members present at the meeting.

Also, the Board Meetings of the Company have been held with proper compliance of the provisions of the Act, SEBI Listing Regulations except first board held on June 23, 2021 and Secretarial Standards issued by Institute of Company Secretaries of India, as applicable thereon.

C. Code of Conduct for Directors and Senior Management Personnel

The Code of Conduct for Directors and Senior Management Personnel ('the Code') of the Company, as adopted by the Board, is a comprehensive Code applicable to all the Directors and Senior Management Personnel. The Company's Board of Directors and Senior Management Personnel are responsible for and are committed to setting the standards of conduct contained in this Code and for updating these standards, as appropriate, to ensure their continuing relevance, effectiveness and responsiveness to the needs of investors and all other stakeholders as also to reflect corporate, legal and regulatory developments. This Code is adhered to in letter and in spirit.

A copy of the Code has been uploaded on the Company's website i.e. www.munjalshowa.net. The Code has been circulated to all the Directors and Senior Management Personnel and the compliance of the same is affirmed by them annually.

All the members of Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the financial year 2021-22. The declaration to this effect signed by the Managing Director of the Company is attached as '**Annexure B1**' forming integral part of this Report.

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

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

D. Familiarization Programs for Independent Directors

At the time of appointment and re-appointment of an Independent Directors in the Company, a formal letter of appointment is given, which inter alia explains the role, functions, duties and responsibilities expected from him/her as an Independent Director of the Company.

The web-link of terms and conditions for the appointment of Independent Director is as under: https://www.munjalshowa.net/wp-content/uploads/2022/05/20220521123355.pdf

The Company Conducts Familiarization Program for its Independent Directors to familiarize them with regard to their roles, rights, responsibilities in the Company, nature of industry, Company's strategy, Organization Structure, business model, performance updates of the Company, risks management, code of conduct and policies of the Company etc. The Director is also familiarized with the compliances required under the Act, SEBI Listing Regulations and other relevant regulations including amendments, recent pronouncements, economic scenario, market outlook etc.

Familiarization programme for Independent Directors:

Objective	The Company follows a structured orientation and training programme for the Independent Directors to understand and get them updated on the business and operations of the Company on a continuous basis.
Familiarization Program for Independent Directors	Industry overview and business model of the Company and an outline of corporate plan and annual targets
	Introduction to product profile
	Presentation on SEBI LODR Regulations 2015, as amended
	Familiarization on Statutory compliances as a Board Member including their Roles, Rights and Responsibilities

Note: The above programme was conducted for Independent Directors of the Company during the financial year 2021-22.

The details on familiarization programs imparted to Independent Directors of the Company are available on the website of the Company. The web-link of Familiarization program for Independent Directors is as under:

https://www.munjalshowa.net/wp-content/uploads/2022/05/20220521123355.pdf

COMMITTEES OF THE BOARD

With a view to have a more focused attention on business and for better governance and accountability, the Board has constituted the following mandatory committees viz. Audit Committee, Share Transfer/ Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and voluntary constituted committee viz. Risk Management Committee *(It was applicable on top 500 listed companies to constitute Risk Management Committee, thus it was not mandatory for our Company but SEBI vide notification dated May 05, 2021 made it mandatory for top 1000 listed companies based on the market capitalization. Therefore, it has become a mandatory committee to constitute with effect from May 05, 2021)*. The terms of reference of these Committees are determined by the Board and their relevance reviewed from time to time. Meetings of each of these Committees are convened by the respective Chairman of the Committee, who also informs the Board about the summary of discussions held in the Committee Meetings. The Minutes of the Committee Meetings are sent to the respective members of the Committees and tabled at the next consecutive Board Meeting for the noting of Board Members. All recommendations of the Committees are placed before the Board for approval or information, if required. During the financial year ended March 31, 2022, all the recommendations of/submissions by the Committees which were mandatorily required, were accepted by the Board.

III. AUDIT COMMITTEE

The Audit Committee comprises of four members namely, Mr. Vinod Kumar Agrawal, Mr. Ashok Kumar Munjal (Independent Director w.e.f May 17, 2022), Mr. Nand Lal Dhameja and Mr. Devi Singh, being Non-Executive Directors and all the members of the Committee are Independent Directors of the Company. Mr. Vinod Kumar Agrawal, Non-Executive Independent Director is the Chairman of the Committee. Mr. Vinod Kumar Agrawal, Chairman of the Committee attended the AGM held on August 25, 2021. All the members are having expertise in financial matters. All these members of the Committee have good knowledge of Corporate & Project Finance, Accounts and Corporate Laws, Accounting and related financial management expertise.

The powers, role and terms of reference of the Audit Committee cover the areas as contemplated under Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations, as applicable, besides other terms as referred by the Board of Directors.

The Audit Committee assures to the Board the adherence of adequate internal controls and financial disclosures and other acts conforming to the requirements of SEBI Listing Regulations. The quarterly/ half yearly/annual financial results/statements of the Company are reviewed by the Audit Committee before submission to the Board for approval.

The Company Secretary of the Company acts as the Secretary of the Committee. The Statutory Auditors and Chief Financial Officer generally attend the meetings on invitation by the Chairman. During the financial year 2021-22, the Audit Committee met four (4) times, on June 23, 2021, August 03, 2021, October 29, 2021 and February 08, 2022. The time gap between any two consecutive meetings was less than 120 days except the first meeting held on June 23, 2021, for which exemption was granted by Ministry of Corporate Affairs vide its General Circular No. 08/2021 dated May 3, 2021 due to COVID-19 outbreak. All the meetings of Audit Committee were attended by the Statutory Auditors and Chief Financial Officer of the Company.

The details of Composition, Meetings and attendance of Members at the meetings of the Audit Committee held during 2021-22 were as under:

Name of the Member	Attendance at the Audit Committee Meetings held on			
	June 23, 2021	August 03, 2021	October 29, 2021	February 08, 2022
Non-Executive Non-Independent Directors				
Mr. Ashok Kumar Munjal (Member)*	Yes	No	Yes	No
Non-Executive Independent Directors				
Mr. Vinod Kumar Agrawal (Chairman)	Yes	Yes	Yes	Yes
Mr. Nand Lal Dhameja (Member)	Yes	Yes	Yes	Yes
Mr. Devi Singh (Member)	Yes	Yes	Yes	Yes

*The Board approved the change in category of Mr. Ashok Kumar Munjal from Non-Executive Director to Non-Executive Independent Director w.e.f May 17, 2022, subject to the approval of shareholders at the ensuing Annual General Meeting

Extract of terms of reference of Audit Committee

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process and, inter-alia, performs the following functions:

- overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible;
- reviewing and examining with management the annual financial statements and the auditors' report thereon, before submission to the Board for approval, with particular reference to matters required to be included in the Directors' Responsibility Statement to be included in the board's report, Disclosure under Management Discussion and Analysis of Financial Condition and results of operations, major accounting entries, significant adjustments made in the financial statements arising out of audit findings, compliance with listing and other legal requirements, disclosure of related party transactions, audit report, inter corporate loans and investments, appointment of CFO etc.;
- reviewing and examining with management the quarterly financial results before submission to the Board for approval;
- reviewing management discussion and analysis of financial condition and results of operations;
- reviewing, approving or subsequently modifying any Related Party Transactions in accordance with the Related Party Transaction Policy of the Company;
- recommending the appointment, remuneration and terms of appointment of Statutory Auditors of the Company and approval for payment of any other services rendered by them;
- reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- reviewing management letters / letters of internal control weaknesses issued by the Statutory Auditors;
- discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- reviewing with management, Statutory Auditors and Internal Auditor, the adequacy of internal control systems;
- reviewing the adequacy of internal audit function and discussing with Internal Auditor any significant finding and reviewing the progress of corrective actions on such issues;
- evaluating internal financial controls and risk management systems;
- reviewing the functioning of vigil mechanism/ whistle blower policy;
- scrutiny of inter-corporate loan and investment if any;
- reviewing the internal controls to ensure compliance with the applicable provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("PIT Regulations") and verifying that the system for internal control under PIT Regulations are adequate and are operating effectively;
- carry out any other function as directed by the Board of Directors to the committee from time to time or as may be required under the law.

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

The Audit Committee will have roles, duties, functions and powers etc. as mentioned in the Companies Act, 2013 read with Rules made thereunder and the SEBI Listing Regulations.

IV. NOMINATION AND REMUNERATION COMMITTEE

The constitution of the Nomination and Remuneration Committee ("NRC") is in compliance with the provisions of Section 178(1) of the Companies Act, 2013 and Regulation 19 of SEBI (LODR), 2015. Late Mr. Surinder Kumar Mehta was the chairman of the Nomination and Remuneration Committee. Due to his death on February 22, 2022 he ceased to be member of the Committee. Mr. Nand Lal Dhameja was appointed as Chairman and member of the Committee w.e.f April 20, 2022. Thus, the Nomination and Remuneration Committee now comprises of Mr. Nand Lal Dhamija, Mr. Yogesh Chander Munjal, Mr. Vinod Kumar Agarwal and Mr. Devi Singh. The Chairperson of the Company i.e. Mr. Yogesh Chander Munjal is also the member of the Committee. Late Mr. Surinder Kumar Mehta, past Chairman of the Committee attended the AGM held on August 25, 2021.

The Company Secretary of the Company acts as the Secretary of the Committee. During the Financial Year 2021-22 the Nomination and Remuneration Committee met twice on June 22, 2021 and October 28, 2021.

The powers, role and terms of reference of the Nomination and Remuneration Committee cover the areas as contemplated under Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI Listing Regulations, besides other terms as referred by the Board of Directors.

The terms of reference of the Committee inter alia, include the following:

- Determine/recommend the criteria for appointment of Executive, Non-Executive and Independent Directors to the Board;
- Determine/recommend the criteria for qualifications, positive attributes and independence of Director;
- For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may
- use the services of an external agencies, if required;
- consider candidates from a wide range of backgrounds, having due regard to diversity; and
- consider the time commitments of the candidates
- To formulate and recommend to the Board a remuneration policy for the Directors, Key Managerial Personnel and other employees;
- Review and determine all elements of remuneration package of all the Executive Directors, i.e. salary, benefits, bonuses, stock options, pension etc.;
- Devising a policy on diversity of board of directors;
- Formulate criteria and carry out evaluation of each Director's performance and performance of the Board as a whole and Board Committees;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- Recommend to the Board, all remunerations, in whatever form, payable to Senior Management.
- Carry out any other function as directed by the Board of Directors to the committee from time to time or as may be required under the law.

The details of Composition, meetings and the attendance of members at the meetings of the Nomination and Remuneration Committee (NRC) held during 2021-22 are as under:

Name of the Chairman and Member	Attendance at the Nomination and Remuneration Committee Meeting held on June 22, 2021	Attendance at the Nomination and Remuneration Committee Meeting held on October 28, 2021
Late Mr. Surinder Kumar Mehta (Chairman) **(Non-Executive Independent Director)** ***(Ceased w.e.f 22/02/2022)***	Yes	Yes
Mr. Nand Lal Dhamija (Chairman) **(Non-Executive Independent Director)** ***(appointed w.e.f 20/04/2022)***	NA	NA
Mr. Yogesh Chander Munjal (Member) **(Executive Director)**	Yes	Yes
Mr. Vinod Kumar Agrawal (Member) **(Non-Executive Independent Director)**	Yes	Yes
Mr. Devi Singh (Member) **(Non-Executive Independent Director)**	Yes	Yes

V. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Board has Stakeholders' Relationship Committee pursuant to Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI Listing Regulations. The Stakeholders Relationship Committee oversees, inter-alia, Redressal of shareholder and investor grievances, transfer/transmission of shares, issue of duplicate shares, and exchange of new design share certificates, recording dematerialization of shares and other related matters. The roles and responsibilities of the Stakeholders Relationship Committee are as prescribed under Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI Listing Regulations.

The objective of the Stakeholders Relationship Committee broadly comprises of:

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Reviewing the measures taken for effective exercise of voting rights by shareholders.
- Reviewing the adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Reviewing the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

The Stakeholders Relationship Committee comprises of Mr. Nand Lal Dhameja, Mr. Yogesh Chander Munjal, Mr. Yasuhiro Ashiki and Mr. Ashok Kumar Munjal. Mr. Nand Lal Dhameja, Non-Executive Independent Director is the Chairman of the Committee.

During FY 2021-22, one (1) Stakeholders Relationship Committee meeting was held on June 22, 2021. Attendance of

Members at the meetings of the Stakeholders Relationship Committee held during 2021-22 was as under:

Name of the Chairman and Member	Attendance at the Stakeholders Relationship Committee Meetings held on June 22, 2021
Executive Directors	
Mr. Yogesh Chander Munjal (Member)	Yes
Mr. Yasuhiro Ashiki (Member) (appointed w.e.f. 23/06/2021)	NA
Non-Executive Non-Independent Director	
Mr. Ashok Kumar Munjal (Member)[3]	Yes
Non-Executive Independent Director	
Mr. Nand Lal Dhameja (Chairman)	Yes

Mr. Shigeki Kobayashi, Member of Stakeholder Relationship Committee, ceased to be a Director of the Company w.e.f. April 10, 2021, therefore, the constitution of the Stakeholder Relationship Committee has been changed accordingly by the Board of Directors in its meeting held on 23rd June, 2021 and Mr. Yasuhiro Ashiki was appointed as Member of the committee in place Mr. Shigeki Kobayashi. The Composition of Stakeholder Relationship Committee as on date is as follows:

1. Mr. Nand Lal Dhameja (Chairman) - Non-Executive Independent Director
2. Mr. Yogesh Chander Munjal (Member) - Executive Director
3. *Mr. Ashok Kumar Munjal (Member) - Non-Executive Independent Director (Change in category from Non-Executive to Non-Executive Independent Director w.e.f. 17th May, 2022, subject to the approval of shareholders at the ensuing Annual General Meeting)*
4. Mr. Yasuhiro Ashiki (Member) – Executive Director

Company Secretary & Compliance Officer

Ms. Geetanjali Sharma, Company Secretary and Compliance Officer of the Company resigned w.e.f close of business hours on September 30, 2021 and thereafter Ms. Neha Bansal was appointed as Compliance Officer of the Company w.e.f October 01, 2021 and Company Secretary of the Company w.e.f. October 29, 2021 and any request / complaint can be forwarded to the Company at e-mail Id cs@munjalshowa.net.

During the year, the Company has not received any complaint from the shareholder and no investor complaint was pending at the beginning or at the end of the year.

A. SHARE TRANSFER SYSTEM / DIVIDEND AND OTHER RELATED MATTERS

Share transfer and transmission and issue of duplicate share request in physical form were processed and the share certificates were generally issued to the transferees within due time period from the date of receipt of request.

The Board of Directors had delegated the authority to approve the share transfers/ transmission to the Company Secretary and/or Chief Financial Officer who attend the same within thirty days and in case of any dispute / difference, they forward the same to the Stakeholders Relationship Committee for their approval.

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

B. RECONCILIATION OF SHARE CAPITAL AUDIT

As required by the Securities and Exchange Board of India (SEBI) quarterly audit of the Company's share capital is being carried out by an independent external auditor with a view to reconcile the total share capital admitted with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and held in physical form, with the issued and listed capital. The Auditors' Certificate in regard to the same was submitted to BSE Limited and the National Stock Exchange of India Limited and was also placed before Share Transfer/Stakeholders' Relationship Committee and the Board of Directors every quarter.

VI. RISK MANAGEMENT COMMITTEE

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

The roles and responsibilities of the Risk Management Committee are as prescribed under Regulation 21 of the SEBI Listing Regulations and includes monitoring and reviewing of risk management plan on a quarterly basis and reporting the same to the Board of Directors periodically as it may deem fit, in addition to any other terms as may be referred by the Board of Directors, from time to time. The Company has a risk management framework to identify, monitor and minimize risks as also identify business opportunities.

The extract of the terms of reference of the Risk Management Committee inter-alia include:

- Formulate, monitor and review risk management policy and plan, inter alia covering, management of foreign exchange risks, cyber security risks, data privacy risks and intellectual property infringements risks.
- Approve addition / deletion of banks from time to time for carrying out Treasury transactions and delegate the said power to such person as may deem fit.
- Powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary. To coordinate activities with other committees, in case of any overlap–majorly with the Audit Committee.
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company
- To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee

The committee comprises of Mr. Yogesh Chander Munjal (Chairman & Managing Director), Mr. Yasuhiro Ashiki (w.e.f June 23, 2021, Joint Managing Director) and Mr. Vinod Kumar Agrawal (w.e.f June 23, 2021, Non-executive Independent Director). The Company Secretary of the Company acts as the secretary of the Committee.

Details of members' participation at the meetings of the Committee are as under:

Name of the Chairman and Member	June 22, 2021	December 18, 2021
Mr. Yogesh Chandra Munjal (Chairman)	Yes	Yes
Mr. Pankaj Gupta (Member) (resigned w.e.f. 23/06/2021)	Yes	NA
Mr. Devesh Gupta (Member) resigned w.e.f. 23/06/2021)	Yes	NA
Mr. Yasuhiro Ashiki (Member) (appointed w.e.f. 23/06/2021)	No	Yes
Mr. Vinod Kumar Agrawal (Member) (appointed w.e.f. 23/06/2021)	No	Yes

The Board in its meeting held on June 23, 2021, has re-constituted the Risk Management Committee to align the same as per the amendments in SEBI Listing Regulations dated May 05, 2021.

With effect from June 23, 2021 the committee comprised of Mr. Yogesh Chander Munjal (Chairman & Managing Director), Mr. Yasuhiro Ashiki (Executive Director) and Mr. Vinod Kumar Agrawal (Independent Director). The Company Secretary of the Company acts as the Secretary of the Committee.

VII. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The CSR Committee was constituted on May 23, 2014 under the provision of Section 135 of the Companies Act, 2013. The Company has framed a CSR Policy which is uploaded on the website of the Company i.e. https://www.munjalshowa.net/wp-content/uploads/2020/07/CSR-Policy.pdf

The extract of the terms of reference of the CSR Committee broadly comprises as:

- Formulate and recommend to the Board, a CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- Recommend the amount of expenditure to be incurred on the activities mentioned in the CSR Policy.
- Monitor the CSR Policy of the Company from time to time.

The Company Secretary of the Company acts as the Secretary of the Committee. During the Financial Year 2021-22, the CSR Committee met 1 (one) time i.e. on June 22, 2021. The composition of the CSR Committee as on March 31, 2022 and the details of members' participation at the meeting of the Committee are as under:

Name of the Chairman and Member	Attendance at the Corporate Social Responsibility Meeting held on June 22, 2021
Executive Directors	
Mr. Yogesh Chander Munjal (Chairman)	Yes
Mr. Shigeki Kobayashi (Member) (Resigned w.e.f. 10/04/2021)	NA
Mr. Yasuhiro Ashiki (Member) (Appointed w.e.f. 23/06/2021)	NA
Non-Executive Independent Director	
Mr. Vinod Kumar Agrawal (Member)	Yes

Mr. Shigeki Kobayashi, Member of CSR Committee, has ceased to be a Director of the Company w.e.f. April 10, 2021, therefore, the constitution of the CSR Committee has been changed accordingly by the Board of Directors in its meeting held on 23rd June, 2021 and Mr. Yasuhiro Ashiki was appointed as Member in place Mr. Shigeki Kobayashi. The Composition of CSR Committee as on date is as follows:

1. Mr. Yogesh Chander Munjal (Chairman) – Executive Director
2. Mr. Vinod Kumar Agrawal (Member) – Non-Executive Independent Director
3. Mr. Yasuhiro Ashiki (Member) – Executive Director

VIII. REMUNERATION OF DIRECTORS

The remuneration structure of Executive Directors comprises of basic salary, commission, perquisites and other allowances. Non-executive Directors do not draw any remuneration from the Company except sitting fees for attending

the meetings of Board of Directors and Committees thereof as may be determined by the Board of Directors from time to time. There are no other pecuniary relationships or transactions with the Non-Executive Directors except payment of sitting fees. Payments of sitting fees to non-executive directors are made within the limits prescribed under the Companies Act, 2013. The details of the remuneration paid to Directors for the financial year 2021-22 are as under:

(Amount in ₹)

Name	Salary	Perquisites	Cont. to PF & Allowances	Commission	Sitting Fee	Total
Mr. Yogesh Chander Munjal	2,82,00,000	36,10,864	2,01,72,000	12,11,500	NIL	5,31,94,364
Mr. Shigeki Kobayashi	7,16,667	81,988	NIL	33,500	NIL	8,32,155
Mr. Yasuhiro Ashiki	1,99,23,333	22,51,078	NIL	9,36,000	NIL	2,31,10,411
Mr. Ashok Kumar Munjal	NIL	NIL	NIL	NIL	4,20,000	4,20,000
Mrs. Charu Munjal	NIL	NIL	NIL	NIL	1,80,000	1,80,000
Mr. Devi Singh	NIL	NIL	NIL	NIL	6,60,000	6,60,000
Ms. Geeta Anand	NIL	NIL	NIL	NIL	2,40,000	2,40,000
Mr. Nand Lal Dhameja	NIL	NIL	NIL	NIL	6,00,000	6,00,000
Mr. Surinder Kumar Mehta	NIL	NIL	NIL	NIL	3,60,000	3,60,000
Mr. Vinod Kumar Agrawal	NIL	NIL	NIL	NIL	7,80,000	7,80,000
Mr. Yasuhiro Yamamoto*	NIL	NIL	NIL	NIL	NIL**	NIL
Mr. Kazuhiro Nishioka	NIL	NIL	NIL	NIL	NIL	NIL

Note: Sitting fee indicated above also includes payment for Board-level committee meetings.

*Mr. Yasuhiro Yamamoto (DIN: 08127304) resigned w.e.f June 29, 2021

**Director have agreed not to receive sitting fee for the meeting.

The above figures do not include provisions for en-cashable leave and gratuity.

There is no performance linked incentives.

The Company entered into a service contracts with all executive Directors for a period of five years or such other period as may be decided by the Board at the time of appointment.

Services of the Managing Director and Executive Director may be terminated by either party, with mutual consent by serving the Notice as per the term of appointment.

There is no separate provision for payment of severance pay.

None of the Directors neither hold nor are entitled to any Stock options in the Company. Other than sitting fees as indicated above for attending the meetings of the Company, the Non-Executive Directors did not have any pecuniary relationship or transactions with the Company during the year.

The criteria of making payment to Non-Executive Directors, is disclosed in the Nomination and Remuneration Policy of the Company, which is uploaded on the website of the Company i.e. https://www.munjalshowa.net/wp-content/uploads/2020/07/NRC-Policy_Updated_24.07.2020.pdf

IX. INDEPENDENT DIRECTORS MEETING

Pursuant to Schedule IV to the Companies Act, 2013 and Regulation 25 of the SEBI Listing Regulations, a separate meeting of the Independent Directors is required to be held without the attendance of non-independent directors and members of the management:

a. To review the performance of non-independent Directors and the Board as a whole;

b. To review the performance of the Chairperson of the Company;

c. To assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

A separate meeting of the Independent Directors was held on March 25, 2022 without the attendance of non-independent Directors and members of the management. All the Independent Directors attended the said meeting.

Name of the Chairman and Member	Attendance at the separate meeting of Independent Directors held on March 25, 2022
Mr. Nand Lal Dhameja (Chairman)	Yes
Mr. Devi Singh (Member)	Yes
Mr. Vinod Kumar Agrawal (Member)	Yes

All the Independent Directors have given their view on the above-mentioned points to the Company in their performance evaluation report.

In the opinion of the Board, the Independent Directors fulfill the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management of the Company.

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

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management personnel and their components of remuneration. The Nomination and Remuneration Policy is displayed on the website of the Company: https://www.munjalshowa.net/wp-content/uploads/2020/07/NRC-Policy_Updated_24.07.2020.pdf

XI. PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, the Directors individually, as well as the evaluation of its Committees. A structured parameter has been prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

The performance evaluation of Independent Directors has been done by the entire Board of Directors, excluding the Director being evaluated and on the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Director.

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

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

a) Participation at Board/ Committee Meetings; b) Managing Relationship; c) Knowledge and Skill; d) Personal Attributes; e) Initiative and Resourcefulness; f) Judgment; g) Adaptability h) Decisiveness; i) Innovation and Creativity; j) Leadership; k) Interpersonal Relationship; l) Oral Communication; m) Written Communication; n) Job knowledge and skills; o) Learning Ability; p) Evaluating subordinates; q) Self-Management; r) Attendance and Grooming.

XII. DISCLOSURES

Related Party Transactions

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and SEBI Listing Regulations during the financial year 2021-22 were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013.

All transactions with related parties were placed before Audit Committee and Audit committee has given omnibus approval for repetitive and foreseen transactions. The Company has not entered into any materially significant transactions with the related parties that may have potential conflict with the interests of the Company at large. The details of related party transactions are given in Note No. 34 of Financial Statements.

The Company has developed a policy on Related Party Transactions. The policy on related party transactions as approved by the Board is uploaded on the Company's website. The link of such policy is given below: https://www.munjalshowa.net/wp-content/uploads/2020/06/Related-Party-Transaction-Policy.pdf

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

During the year, there were no materially significant related party transactions that may have potential conflict with the interests of listed entity at large.

A statement in summary form of transactions with related parties in the ordinary course of business and at Arm's Length Basis were placed periodically before the Audit Committee and also noted in the Board Meeting on quarterly basis.

Strictures and Penalties

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

Compliance with Accounting Standards

In the preparation of the financial statements, the Company has followed all the Indian Accounting Standards as amended up to date.

Internal Controls

The Company has a formal system of internal control testing which examines both the design effectiveness and operational effectiveness to ensure reliability of financial and operational information and all statutory/ regulatory compliances. The Company's business processes are on SAP-ERP and SAP-HR platforms and have a strong monitoring and reporting process resulting in financial discipline and accountability.

CEO & MD / CFO Certification

The MD and the CFO have issued certificate pursuant to Regulation 17(8) of the SEBI Listing Regulations certifying that the financial statements do not contain any untrue statement and these statements represent a true and fair view of the Company's affairs for the financial year ended March 31, 2022. The said certificate is annexed as ***Annexure C*** and forms integral part of the Annual Report.

MATERIAL SUBSIDIARIES

The Company has no subsidiaries as at March 31, 2022, therefore, the requirement for formulation the policy on Material Subsidiary of the Company is not applicable on the Company.

XIII. FOREIGN EXCHANGE RISK, COMMODITY PRICE RISKS AND COMMODITY HEDGING ACTIVITIES

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

XIV. PUBLIC ISSUES, RIGHT ISSUES OR PREFERENTIAL ISSUES

The Company has not raised any money/funds from public issues, right issues, preferential allotment or qualified institutional placements as specified under Regulation 32(7A) of the SEBI Listing Regulations during the financial year 2021-22.

XV. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, the Company encourages its employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. A Vigil mechanism / Whistle Blower Policy provides a channel to the employees and Directors of the Company to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the codes of conduct or policy. The mechanism provides for adequate safeguards against victimization of employees and Directors of the Company to avail the mechanism and also provide for direct access to the Chairman and Managing Director/ Chairman of the Audit Committee in exceptional cases. This neither relives employees from their duty of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations against people in authority and / or colleagues in general.

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

The contact details of Vigilance and Ethics Officer is as under:

Name and Address– Mr. R K Arora, Advisor P & A

Munjal Showa Limited
9-11, Maruti Industrial Area, Sector-18,
Gurugram-122015
Email- rkarora@munjalshowa.net

The contact details of the Chairman & Managing Director are as under:

Name and Address of Chairman & Managing Director– Mr. Yogesh Chander Munjal

Munjal Showa Limited
9-11, Maruti Industrial Area, Sector-18,
Gurugram-122015
Email- yogesh_munjal@munjalshowa.net

The contact details of the Chairman of the Audit Committee are as under:

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

Munjal Showa Limited
9-11, Maruti Industrial Area, Sector-18,Gurugram-122015
Email- agrawalnagrawal@yahoo.co.in

Pursuant to Section 177 of the Companies Act, 2013, the SEBI Listing Regulations and the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company had adopted its Whistle Blower Policy. The website link of Vigil Mechanism / Whistle Blower Policy is given below: https://www.munjalshowa.net/wp-content/uploads/2019/06/Vigil-Mechanism-or-Whistle-Blower-Policy.pdf

XVI. PREVENTION OF INSIDER TRADING

The Company has adopted a Code of internal procedures and Conduct for regulating, monitoring and reporting of trading by designated persons with a view to regulate trading in securities by the designated persons of the Company applicable from April 01, 2019 as per SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2019. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the designated persons while in possession of unpublished price sensitive information in relation to the Company and during the period when the trading window is closed.

The Company has also adopted a Code of Practice and Procedure for Fair Disclosure of Unpublished Price Sensitive Information in pursuance of Regulation 8(1) of the SEBI (Prohibition of Insider Trading) Regulations,

2015. The Company Secretary is designated as Chief Investor Relations Officer in pursuance of such code and is responsible for implementation of the Code.

All the designated persons have confirmed the compliance with the Code.

XVII. MEANS OF COMMUNICATION WITH THE MEMBERS/SHAREHOLDERS

The quarterly / half yearly/nine months' financial results are announced within forty-five days of the close of the respective quarter. The audited annual financial results are announced as per the requirements of the SEBI Listing Regulations. The aforesaid financial results/Statements are sent to BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) where the Company's securities are listed, immediately after these are approved by the Board.

The financial results are thereafter given by way of a Press Release to various news agencies/analysts and are published within forty-eight hours in leading English and Hindi daily newspapers such as "Mint" (English edition) and "Hindustan" (Hindi edition). The audited financial statements form a part of the Annual Report which is sent to the Members well in advance of the Annual General Meeting.

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

The Annual Report of the Company, the quarterly/ half yearly/nine months financial results and the annual financial statements and the press releases of the Company are also displayed on the Company's website: www.munjalshowa.net.

In compliance with the SEBI Listing Regulations, the quarterly financial results, shareholding pattern, quarterly compliances and all other corporate communication to the Stock Exchanges viz. BSE Limited and the National Stock Exchange of India Limited (NSE) are filed electronically on BSE's online portal through Corporate Filing and Dissemination System (CFDS) website https://listing.bseindia.com and with NSE through NSE Electronic Application Processing System ('NEAPS') portal.

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

XVIII. GENERAL INFORMATION TO SHAREHOLDERS

Investor Services

Share transfers and other communication regarding change of address, dividends, share certificates, investor complaints, etc. may be addressed to	**MCS Share Transfer Agent Limited** F-65, Ist Floor, Okhla Industrial Area, Phase I, New Delhi- 110 020 Tel: 011-41406149-52; Fax; 41709881 Email: helpdeskdelhi@mcsregistrars.com

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

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

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

XIX. STOCK EXCHANGE INFORMATION

Listing on Stock Exchanges

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

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

Munjal Showa Limited Share Price on BSE & NSE from April, 2021 to March, 2022

(In ₹)

	BSE Limited		National Stock Exchange of India Limited	
Month	High Price	Low Price	High Price	Low Price
Apr-21	155.00	124.20	144.40	125.90
May-21	158.70	131.30	158.70	130.15
Jun-21	174.60	147.00	174.60	146.20
Jul-21	165.35	143.00	165.50	142.95
Aug-21	168.85	125.00	168.80	124.10
Sep-21	147.60	126.70	147.80	130.30
Oct-21	141.80	128.00	141.95	127.90
Nov-21	134.80	120.05	134.85	119.85
Dec-21	129.10	115.15	128.45	115.05
Jan-22	139.00	120.05	139.20	119.70
Feb-22	126.90	104.00	127.35	102.20
Mar-22	117.65	96.95	119.00	97.20

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

Year	BSE Sensex	% Change	Nifty 50	% Change	Munjal Showa Limited	% Change
2022	58568.51	18.30	17464.75	13.17	97.95	-29.15
2021	49,509.15	68.00	15431.75	24.14	138.25	131.18
2020	29,468.49	-23.80	12430.5	5.70	59.80	-63.92
2019	38,672.91	17.30	11760.2	5.27	165.75	-18.93
2018	32,968.68	11.30	11171.55	21.19	204.45	-4.54
2017	29,620.50	30.10	9218.4	4.22	214.17	30.99
2016	25,341.86	17.92	8844.8	-3.01	163.50	-6.89

Year	BSE Sensex	% Change	Nifty 50	% Change	Munjal Showa Limited	% Change
2015	27,957.49	47.27	9119.2	35.50	175.60	109.80
2014	22,386.27	75.03	6730.05	10.12	83.70	46.84
2013	18,835.77	10.45	6111.8	2.82	57.00	-19.09

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

BSE is considered to be in the round of hundred



Source: (www.bseindia.com)

Graphical presentation of Stock Performance of Munjal Showa Limited vs. Nifty 50

NSE is considered to be in the round of hundred



Source: (www.nseindia.com)

Dematerialization of Shares and Liquidity

The Status of the shares held in demat and physical form as on March 31, 2022 are given below:

No. of Shares held with NSDL	3,38,28,882	84.58%
No. of Shares held with CDSL	57,87,536	14.47 %
No. of Shares held in Physical	3,78,582	0.95 %
Total	**39,995,000**	**100.00%**

Shareholding pattern as on March 31, 2022

Category of shareholder	Number of shareholders	Total number of shares	Total shareholding as a percentage of total number of shares
Indian Promoters	2	16,044,063	40.115
Foreign Promoters	1	9,960,027	24.903
Public Shareholding			
Institutions			
Mutual Funds/ UTI	2	2,000	0.005
Financial Institutions/ Banks	2	7,000	0.017
Foreign Portfolio Investors	3	3,52,131	0.880
Non-institutions			
Bodies Corporate	218	23,77,959	5.946
Individuals -			
i. Individual shareholders holding nominal share capital up to ₹ 2 lakhs	22536	101,41,188	25.356
ii. Individual shareholders holding nominal share capital in excess of ₹ 2 lakhs.	4	4,99,010	1.248
NBFCs registered with RBI	1	200	0.001
Non resident Indians	382	5,02,921	1.257
IEPF Authority Demat Account	1	**1,05,703**	**0.264**
Any Other-Trust & foundation	4	2,798	0.008
GRAND TOTAL	**23,156**	**39,995,000**	**100.00**

Statement showing Shareholding of persons belonging to the category "Promoter and Promoter Group" as on March 31, 2022

Sr. No.	Name of the shareholder	Total Shares held	
		Number	As a % of total shareholding
(I)	(II)	(III)	(IV)
1	DAYANAND MUNJAL INVESTMENT PRIVATE LIMITED	16,039,973	40.10
2	HITACHI ASTEMO LTD. (ERSTWHILE SHOWA CORPORATION, JAPAN upto December 31, 2020)	9,960,027	24.90
3	NIDHI KAPOOR (RELATIVE OF DIRECTOR)	4,090	0.01
TOTAL		**26,004,090**	**65.01**

No shares have been pledged by the promoters.

Distribution of Shareholding as on March 31, 2022

Shares Holding on Nominal Value of ₹ 2			No. of Shares	No. of Shareholders	% of Shares	% of Shareholders
1	To	500	2420982	19463	6.05	84.05
501	To	1000	1567092	1858	3.92	8.02
1001	To	2000	1635777	1008	4.09	4.35
2001	To	3000	755164	294	1.89	1.27
3001	To	4000	582469	158	1.46	0.68
4001	To	5000	527938	111	1.32	0.48
5001	To	10000	1098591	148	2.75	0.64
10001	To	50000	1961019	99	4.90	0.43
50001	To	100000	420959	6	1.05	0.03
100001 and above			29025009	11	72.57	0.05
Total			**39,995,000**	**23,156**	**100.00**	**100.00**

DETAILS OF ANNUAL GENERAL MEETING/ EXTRA ORDINARY GENERAL MEETING

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

For the Year	Location	Day and Date	Time	No. of Special Resolutions passed
2020-2021	Meeting held through Video Conferencing/ Other Audio Visual Means 9-11,Maruti Industrial Area, Sec-18, Gurugram-122015(Deemed Venue)	Wednesday, August 25, 2021	11.00 A.M	02
2019-2020	Meeting held through Video Conferencing/ Other Audio Visual Means 9-11,Maruti Industrial Area, Sec-18, Gurugram-122015(Deemed Venue)	Thursday, September 10, 2020	11.00 A.M	01
2018-2019	9-11,Maruti Industrial Area, Sec-18, Gurugram-122015	Friday, August 30, 2019	11.00 A.M	02

2020-21- Special Resolutions passed for:

- Re-appointment of Mr. Yogesh Chander Munjal (DIN 00003491) as Chairman & Managing Director of the Company
- Appointment of Mr. Yasuhiro Ashiki (DIN 09132637) as Joint Managing Director of the Company

2019-20- Special Resolutions passed for:

- Variation in terms of appointment of Mr. Shigeki Kobayashi (DIN 07626553), Joint Managing Director of the Company

2018-19- Special Resolutions passed for:

- Variation in terms of appointment of Mr. Yogesh Chander Munjal (DIN: 00003491), Managing Director of the Company
- Variation in terms of appointment of Mr. Shigeki Kobayashi (DIN: 07626553), Joint Managing Director of the Company

No resolution has been passed by the Company's shareholders through postal ballot during the last three Financial Year 2019-20, 2020-21 and 2021-22 and there is no resolution proposed to be passed through postal ballot.

Extraordinary General Meeting (EGM)

No EGM was held during the Financial Year 2021-22.

Corporate Benefits

Dividend declared for the last 7 (seven) years on ₹ 2/- paid up share:

Financial Year	Type	Declared Dividend per share	Due Dates for Transfer to IEPF
2014-15	Final	₹ 4.00	30-Oct-2022
2015-16	Interim	₹ 4.00	13-Apr-2023
2016-17	Final	₹ 4.00	28-Oct-2024
2017-18	Final	₹ 4.50	31-Oct-2025
2018-19	Final	₹ 4.50	05-Oct-2026
2019-20	Final	₹ 4.50	16-Oct-2027
2020-21	Final	₹ 4.50	30-Oct-2028

Transfer of Unclaimed Shares to Investor Education and Protection Fund

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

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

Further, in terms of the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), the Company has transferred 15,295 equity shares of ₹ 2 each fully paid up pertaining to the financial year 2013-14 in respect of which the dividend remained unpaid or unclaimed for seven consecutive years to the IEPF Suspense Account after providing necessary intimations to the relevant shareholders.

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

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

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

Other General Information to the members of the Company

01) Nomination Facility:

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

02)	**Outstanding GDRs/ADRs/Warrants or any convertible instruments, if any**	:	Not Applicable
03)	**Plant Locations**	:	- 9-11, Maruti Industrial Area, Sector-18, Gurugram-122015, Haryana - 26 E & F, Sector-3, IMT Manesar, Gurugram-122050, Haryana - Plot No. 1, Industrial Park-2, Phase-1, Salempur Mehdood, Haridwar- 249402Uttarakhand
04)	**Shareholder Correspondence may be addressed to**	:	Ms. Neha Bansal (Company Secretary & Compliance Officer) Munjal Showa Limited, Plot no. 9-11, Maruti Industrial Area, Sector-18, Gurugram, Haryana- 122015 Email: cs@munjalshowa.net Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant. RTA may be contacted for any query related to Share Transfer and other matters.
	Queries relating to the Financial Statements of the Company may be addressed to	:	Mr. Pankaj Gupta (Chief Financial Officer) Munjal Showa Limited, Plot no. 9-11, Maruti Industrial Area, Sector-18, Gurugram, Haryana- 122015 Email: pgupta@munjalshowa.net
05)	**Annual General Meeting**		
	-Day, Date and Time	:	August 12, 2022 at 11:00 AM
	-Venue	:	9-11, Maruti Industrial Area, Sector 18, Gurugram-122015 (HR)
06)	**Financial Calendar**		
(a)	**Financial Year 2022-2023**	:	April 01st to March 31st
(b)	**Financial reporting for the quarter ending June 2022**	:	By August 14, 2022
(c)	**Financial reporting for the quarter and half year ending September 2022**	:	By November 14, 2022
(d)	**Financial reporting for the quarter and nine months ending December 2022**	:	By February 14, 2023

(e)	**Financial reporting for the year ending March 2023**	:	By End of May, 2023
(f)	**Annual General Meeting for the year ending March 31, 2022**	:	By End of September, 2022
07)	**Face Value of the Equity Share**	:	₹ 2/- per share
08)	**Date of Book Closure**		Saturday, July 30, 2022 to Friday, August 12, 2022 (both days inclusive)
09)	**Dividend payment date**	:	The dividend on Equity Shares, if declared at the Annual General Meeting will be paid within 30 days of AGM i.e. by September 10, 2022 to the members
10)	**Company Identification Number (CIN)**	:	L34101HR1985PLC020934
	Permanent Account Number (PAN)	:	AAACM0070D
11)	**Annual Listing Fee**	:	Paid for the F.Y. 2022-23
12)	**Details of Public Funding Obtained in the previous three years**	:	The Company has not obtained any public funding in the previous three years.

13) **The Company's financial discipline and prudence is reflected in the credit ratings ascribed by CRISIL rating agency for the Financial Year in review:**

Long-Term Rating	CRISIL AA-/Negative
Short-Term Rating	CRISIL A1+
₹ (in crores)	
₹ 10	Cash Credit
₹ 53.5	Letter of Credit
₹ 80.75	Long-Term Loans
₹ 6	Commercial Paper

No securities of the Company are suspended from the trading on platform where they are listed.

14) A certificate from M/s Satyender Kumar & Associates, Company Secretaries that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of company by the Board/Ministry of Corporate Affairs or any such statutory Authority is attached as ***Annexure I*** and forms integral part of this Report.

15) Total fees paid by the Company to the Statutory Auditors M/s Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Registration No. – 117366W/W-100018) and all entities in the network firm/network entity of which the statutory Auditor is a part during the financial year 2021-22:

	(Amount in ₹)
Audit fee (Including fees for Internal Control Over Financial Reporting)	31,00,000
Limited review of unaudited financial results	12,00,000
Other services (certification etc.)	5,00,000
Tax audit fee	3,00,000
Out of pocket expenses	94,000
Total	**51,94,000**

16) Sexual Harassment Policy: The Company has made a policy under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company also has an Internal Complaints Committee which works on the issues regarding safety of women at workplace.

The details of Composition of committee are as under:

Name of the Member	Designation
Mrs. Pratima Gupta	Chairman
Ms. Neha Bansal	Secretary
Mr. Ashok Rajput	External Member
Ms. Gurmeet Kaur	Staff Representative
Mrs. Jignal Bhatt	Staff Representative
Mrs. Asha Rani	Worker Representative
Mrs. Razia Sultana	Worker Representative

Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is given below:

Number of complaints filed during the financial year 2021-22	NIL
Number of complaints disposed of during the financial year 2021-22	NIL
Number of complaints pending at the end of financial year 2021-22	NIL

XX. CHAIRMAN

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

Mr. Yogesh Chander Munjal is the Managing Directors of the Company.

Mr. Shigeki Kobayashi was the Joint Managing Director of the Company upto April 10, 2021.

Mr. Yasuhiro Ashiki is the Joint Managing Director of the Company from June 23, 2021

XXI. COMPLIANCE WITH THE REQUIREMENTS UNDER SEBI LISTING REGULATIONS

The Board of Directors periodically reviewed the compliance of all applicable laws and steps taken by the Company to rectify instances of non-compliance, if any. The Company is in compliance with all mandatory requirements of SEBI Listing Regulations. Specifically, the Company confirms compliance with corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub regulation (2) of Regulation 46 of the SEBI Listing Regulations.

In addition, the Company has also adopted the following non-mandatory requirement to the extent mentioned below:

The Board:

The Chairman of the Company is an Executive Director.

Shareholders Rights:

The quarterly and year to date financial results/statements are published in newspapers and posted on Company's website i.e. www.munjalshowa.net

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

Reporting of Internal Auditor: M/s Vaish & Associates Internal Auditor of the Company directly reports to the Audit Committee on functional matters.

XXII. EQUITY SHARES IN THE SUSPENSE ACCOUNT

In accordance with the requirement of Regulation 34(3) and Part F of Schedule V to the SEBI Listing Regulations, details of equity shares in the suspense account are as follows:

Particulars	Number of shareholders	Number of equity shares
Opening Balance: Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 1, 2021	NIL	NIL
Less: Shareholders who approached the Company for transfer of shares from suspense account during the year	NIL	NIL
Less: Shareholders to whom shares were transferred from the suspense account during the year	NIL	NIL
Closing Balance: Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2022	NIL	NIL

Voting rights on shares shall remain frozen till the rightful owner of such shares claims the share

XXIII. LOANS AND ADVANCES

In compliances with Sections 179 and 186 of Companies Act 2013 and applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company have given loan to Shivam Autotech Limited (Enterprises owned or controlled by key management personnel and their relatives, related party).

All loan transactions with Shivam Autotech Limited were placed before Audit Committee and Audit committee has given approval. The details of loan to related party are given in Note number 34 of Financial Statements.

XXIV. CORPORATE GOVERNANCE CERTIFICATE

In compliance with Regulation 34 and Schedule V of SEBI Listing Regulations, a certificate from M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, confirming compliance with the conditions of the Corporate Governance has been attached as ***Annexure J*** forming integral part of this report.

For and on behalf of the Board

Place: Gurugram
Date: May 30, 2022

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

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

Annexure B1

DECLARATION BY CHAIRMAN & MANAGING DIRECTOR

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

I, Yogesh Chander Munjal, Chairman and Managing Director of Munjal Showa Limited hereby declare that all the members of Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the financial year 2021-22.

For and on behalf of the Board

Place: Gurugram
Date: May 30, 2022

Yogesh Chander Munjal
(Chairman & Managing Director)
(DIN 00003491)

ANNEXURE 'C' TO THE BOARD'S REPORT

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

Certificate under regulation 17(8) read with Schedule II Part B of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Board of Directors
Munjal Showa Limited
9-11, Maruti Industrial Area,
Sector-18, Gurugram-122015

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

a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2022 and that to the best of our knowledge and belief, we state that:

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

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

b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.

c) We hereby declare that all the members of the Board of Directors and Executive Committee have confirmed compliance with the Code of Conduct as adopted by the Company.

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

e) We have indicated, based in our most recent evaluation, wherever applicable, to the Auditors and the Audit Committee;

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

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

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

For and on behalf of the Board

Place: Gurugram
Date: May 30, 2022

Yogesh Chander Munjal
(Managing Director in the capacity of
Chief Executive Officer)
(DIN 00003491)
B-175, Greater Kailash, Part I,
New Delhi, 110048

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

ANNEXURE 'D' TO THE BOARD'S REPORT

Secretarial Audit Report

FORM No. MR-3

For The Financial Year ended on 31st March, 2022

(Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,
The Members,
Munjal Showa Limited
CIN: L34101HR1985PLC020934
9-11, Maruti Industrial Area
Sector 18, Gurugram-122015,
Haryana

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering financial year ended on 31st March, 2022 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2022 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable to the Company during the audit period)

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

(c) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not applicable to the Company during the audit period)

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during audit the period)

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued; Not applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent.

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

(Not applicable to the Company during the audit period)

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period)

vi) As confirmed and certified by the management, there is no Sectoral law specifically applicable to the Company based on the Sectors /Businesses.

We have also examined compliance with the applicable clauses/regulations of the following:

(i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 hereinafter referred to as "Listing Regulations" and Listing agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except that a) the Company has held its First Board/Audit Committee Meeting dated June 23, 2021 (FY 2021-22) relating to Approval of Accounts within the extended time permitted by Ministry of Corporate Affairs vide General Circular No. 08/2021 dated May 3, 2021 extending the gap between Board meetings upto 180 days for first two quarter of FY 2021-22. However, the same was beyond the maximum permissible time gap of 120 days between any two meetings as per Regulation 17(2) and 18(2)(a) of Listing Regulations. The Company has informed us that it has made detailed representation vide email dated May 24, 2021 before SEBI for relaxation of maximum time gap between any two meetings of Board and Audit Committee due to severe COVID 19 Pandemic, for which no response was received. The above details were mentioned in Corporate Governance Report filed with stock exchanges, the National Stock of Exchange of India Limited vide its mail dated August 16, 2021 has sought details/ explanation for reason of gap of more than 120 between Board/Audit Committee Meeting for which the Company had furnished clarification to NSE vide its letter dated August 17, 2021.

b) Form IEPF 2 relating to change in Nodal Officer was filed with delay of eight days.

We further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. There were changes in the composition of the Board of Directors during the period under review.

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

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

We further report that based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the KMP's and taken on record by the Board of Directors at their meeting(s), we are of the opinion that management has adequate systems and processes commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

For **SATYENDER KUMAR & ASSOCIATES**
Company Secretaries

Place: Gurugram
Date : 30.05.2022

Satyender Kumar
(Proprietor)
C.P. No. 5189
FCS 4087
UDIN-F004087D000427389
Peer Reviewed Unit

Note: This report is to be read with our letter of even date which is annexed as Annexure- 1 and forms an integral part of this report.

Annexure - 1

To,
The Members,
Munjal Showa Limited
CIN: L34101HR1985PLC020934
9-11, Maruti Industrial Area
Sector 18, Gurugram-122015,
Haryana

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on remote test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management and we have relied on the Compliance Certificates issued by KMPs.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **SATYENDER KUMAR & ASSOCIATES**
Company Secretaries

Place: Gurugram
Date : 30.05.2022

Satyender Kumar
(Proprietor)
C.P. No. 5189
FCS 4087
UDIN-F004087D000427389
Peer Reviewed Unit

ANNEXURE 'E' TO THE BOARD'S REPORT

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

(A) CONSERVATION OF ENERGY-

(i) The steps taken or impact on conservation of energy;

The Company is making continuous efforts to conserve and optimize energy wherever practicable by economizing on fuel and power.

Your Company has been continuously working towards energy conservation green initiatives with innovative solutions. During the FY 2021-22 the Company has worked mainly in the following areas:

1. Stopped Air Leakages – stopped and individual line valve provided
2. Big Motors to small Motors – ten motors replaced
3. Clubbing of Operations – 05 operation clubbed
4. Providing Auto stop timers to stop machines during breaks- provided
5. Auto stop timers on exhaust fans-provided
6. Power factor improved to 0.991 – improved
7. Chip conveyor motor removed – removed
8. 250 watts mercury vapour lamps replaced with 100 LED lights – 25 lamp replaced
9. Transformer type rectifier replaced with IGBT based rectifier in new plating plant – all changed
10. Electric heaters replaced with hot water heating in soak and nickel tanks – all heaters replaced

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

The Company uses State Power Board Electricity and Generators. Your Company has started the solar power plant for Gurugram and Manesar Plant. The Company is trying to reduce Energy by using LED Lights and Solar Water Heater etc.

(B) TECHNOLOGY ABSORPTION

(I) THE EFFORTS MADE TOWARDS TECHNOLOGY ABSORPTION;

New product Technology absorption
Indigenization of CKD Parts

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

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

Future plan of action

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

(III) IMPORTED TECHNOLOGY

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

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

Expenditure on Research and Development

Capital	₹ 10,936,946/-
Recurring	₹ 15,937,868/-
Total	₹ 26,874,814/-

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

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

The Company is not doing any export directly to those countries where our collaborator M/s Showa Corporation has manufacturing base. However, the Company has started exporting certain components to Showa/its joint ventures/ its associates wherever they find our price competitive. Further, the Company is catering to the requirement of Shock Absorbers, Struts and Window Balancers for export models of Hero MotoCorp Limited and for Maruti Suzuki India Limited.

Total Foreign Exchange used and earned

The foreign exchange earnings during the year were ₹ 71.06 lakhs and foreign exchange outgo during the year was ₹ 10760.63 Lakhs.

For and on behalf of the Board

Place: Gurugram
Date: May 30, 2022

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

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

ANNEXURE 'F' TO THE BOARD'S REPORT

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

THE RATIO OF THE REMUNERATION OF EACH DIRECTOR TO THE MEDIAN REMUNERATION OF THE EMPLOYEES OF THE COMPANY FOR THE FINANCIAL YEAR 2021-2022

S.NO.	NAME	DESIGNATION	RATIO
1.	Mr. Yogesh Chander Munjal	Managing Director	90.39
2.	Mr. Shigeki Kobayashi	Joint Managing Director (resigned w.e.f April 01, 2022)	1.41
3.	Mr. Yasuhiro Ashiki	Joint Managing Director (appointed w.e.f June 23, 2021)	39.27

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

THE PERCENTAGE INCREASE/DECREASE IN REMUNERATION OF EACH DIRECTOR, CHIEF FINANCIAL OFFICER, CHIEF EXECUTIVE OFFICER, COMPANY SECRETARY OR MANAGER, IF ANY, IN THE FINANCIAL YEAR 2021-2022

The changes made in the remuneration of each Director, Chief Financial Officer, Company Secretary in the financial year 2021-22 is as follows:

S. NO.	NAME	DESIGNATION	PERCENTAGE CHANGE
1.	Mr. Yogesh Chander Munjal	Managing Director	1.60
2.	Mr. Shigeki Kobayashi	Joint Managing Director (resigned w.e.f April 01, 2022)	-97.20
3.	Mr. Yasuhiro Ashiki	Joint Managing Director (appointed w.e.f June 23, 2021)	NA
4.	Mr. Pankaj Gupta	Chief Financial Officer	9.26
5.	Ms. Geetanjali Sharma	Company Secretary (resigned w.e.f September 30, 2022)	-38.70
6.	Ms. Neha Bansal	Company Secretary (appointed w.e.f October 29, 2021)	NA

THE PERCENTAGE INCREASE IN THE MEDIAN REMUNERATION OF EMPLOYEES IN THE FINANCIAL YEAR 2021-22: 0.017

THE NUMBER OF PERMANENT EMPLOYEES ON THE ROLLS OF COMPANY

There were 1148 employees on the rolls of the Company as on March 31, 2022 as compared to 1,300 employees as on March 31, 2021.

AVERAGE PERCENTILE INCREASE/DECRESAE ALREADY MADE IN THE SALARIES OF EMPLOYEES OTHER THAN THE MANAGERIAL PERSONNEL IN THE LAST FINANCIAL YEAR AND ITS COMPARISON WITH THE PERCENTILE INCREASE/ DECREASE IN THE MANAGERIAL REMUNERATION AND JUSTIFICATION THEREOF AND POINT OUT IF THERE ARE ANY EXCEPTIONAL CIRCUMSTANCES FOR INCREASE IN THE MANAGERIAL REMUNERATION

The average percentile decrease in the salaries of employees was around 8.69% and the percentile decrease in the managerial remuneration for the year was 6.02%.

Due to COVID 19 pandemic and slowdown in Auto Sector company has not increased the remuneration of permanent employees of the company including Managing Directors. Once the situation will be normalized the company will be able to increase the salary/remuneration of employees as per its Policy on the basis of the individual employee's performance.

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

For and on behalf of the Board

Place: Gurugram
Date: May 30, 2022

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

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

Statement of particulars of employees pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended March 31, 2022

A. Details of top ten employees in terms of remuneration drawn except Managing Directors:

Sl. No.	Name	Designation	Gross Remuneration (₹)	Nature of employment	Qualification	Experience (Years)	Nature of duties	Date of Commencement of Employment	Age (Years)	Last employment held before joining the Company and Designation hold	Percentage/Nos. of Equity Share	Whether any such employee is a relative of any Director of the company
1	SANJIV RAHI	V.P.	₹ 47,22,735	Permanent Employee	Executive Programme, Leadership Next-IIM B - 2015	31	Sr. Mgt. Group Plant Head	30.09.2019	54	Anest Iwata Motherson Private Limited	NIL	NO
2	ASHUTOSH SRIVASTAVA	V.P	₹ 45,16,495	Permanent Employee	B. Tech. (Mech.)	32	Sr. Mgt. Purchase Department Head	14.11.2005	58	Saroj Pvt. Ltd	NIL	NO
3	ASHISH SHUKLA	G. M	₹ 37,47,468	Permanent Employee	MBA (MPM & IR) & M.Com	26	Sr. Mgt. in HR	15.09.2020	52	Magneti Marelli Powertrain India	NIL	NO
4	PANKAJ GUPTA	V.P & CFO	₹ 38,78,097	Permanent Employee	CA, CS & CMA	32	Sr. Mgt. Head Finance and Accounts	27.09.1994	56	Omega Bright Steels Pvt. Ltd	05 shares	NO
5	TOMONORI MURAMATSU	TECHNICAL ADVISOR	₹ 35,32,913	Permanent Employee	Graduation	18	Technical	17.09.2021	48	Hitachi Astemo Limited	NIL	No
6	SANJAY KUMAR SHARMA	A.V.P.	₹ 34,71,240	Permanent Employee	BE	31	Sr. Mgt-Haridwar Plant Head	10.10.2008	56	Thai Summit	NIL	NO
7	RAKESH KUMAR VASHIST	V.P	₹ 32,61,114	Permanent Employee	B. Sc. (Chem.)	41	Sr. Mgt-Paint Shop Head	03.10.1997	60	Birla Yamaha Ltd, Dehradun	NIL	NO
8	MANOJ KUMAR SAXENA	V.P	₹ 31,10,111	Permanent Employee	Diploma (Mech.)	40	Sr. Mgt-Quality Head	19.12.1986	60	Diamond Spring	NIL	NO
9	PARAMJEET SINGH YADAV	A.V.P	₹ 27,99,379	Permanent Employee	Diploma (Mech.)	33	Sr. Mgt-Manesar Plant Head	13.06.1994	57	Kelvinator, Alwar	NIL	NO
10	AVI MUNJAL	A.V.P	₹ 25,67,818	Permanent Employee	Masters in Management	07	Sr. Mgt-Business Development	01.12.2018	26	Hilti (Manufacturing Company)	NIL	YES*

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

*Mr. Avi Munjal is son of Mrs. Charu Munjal, Non-Executive Director of the Company and grandson of Mr. Yogesh Chander Munjal, Managing Director of the Company.

B. Details of the Employees, employed throughout the financial year 2021-22, who were in receipt of remuneration aggregating ₹ 1,02,00,000 or more per annum.

Sl. No	Name	Designation	Gross Remuneration (₹)	Nature of employment	Qualification	Experience (Years)	Nature of duties	Date of Commencement of Employment	Age (Years)	last employment held before joining the Company, designation	Percentage/No. of Equity Shares	Whether any such employee is a relative of any director or manager of the company
Employed throughout the period and in receipt of remuneration not less than ₹ 1.02 Cr. per annum												
1.	Yogesh Chander Munjal	Managing Director	₹ 5,31,94,364/-	Contractual	B. Arch.	58	Overall management of the affairs of the Company	01.09.1986	82	Chief Executive-Rockman Cycle Industries Limited	NIL	Yes, disclosure is given in Note 32 of Financial Statements
2.	Yasuhiro Ashiki	Joint Managing Director	₹ 2,31,10,000 /-	Contractual	Graduate	32	Overall management of the affairs of the Company	23.06.2021	52	Hitachi Astemo Limited	NIL	No

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

NOTES:

1. Information has been furnished on the basis of employees employed throughout the financial year, who were in receipt of remuneration for that year which, in the aggregate, was not less than ₹ 1.02 Cr per annum (₹ 8.50 Lakhs per month) and for employees who worked for a part of the Financial Year, who were in receipt of remuneration for any part of the year. None of the Employee was there who was in receipt of remuneration in excess of that drawn by the Managing Director and holds by himself or along with his spouse and dependent children, not less than 2% of the equity shares of the Company;
2. Gross remuneration includes Salary, Commission, Company's contribution to Provident Fund and Superannuation Fund, Medical Reimbursement, Monetary Value of Perquisites & value of Rent Free Accommodation;
3. The above employees are not related to any Director of the Company;
4. The appointment is contractual as per the policy/rules of the Company;
5. Terms and conditions are as per the Appointment Letter given to the appointee from time to time;
6. All the employees have adequate experience to discharge the responsibilities assigned to them.

For and on behalf of the Board

Place: Gurugram
Date: May 30, 2022

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

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

ANNEXURE 'G' TO THE BOARD'S REPORT

Annual Disclosure on Corporate Social Responsibility (CSR) Activities

1. Brief outline on CSR Policy of the Company

The Company continues to engage with stakeholders including communities, academia, civil society, expert organisations and the Government and would take up such other CSR activities in line with the Government's intent and which are important for society. The above areas are mapped with the activities as prescribed in Schedule VII to the Companies Act, 2013 in the Annexure.

Our aim is to be one of the most respected companies in India delivering superior and sustainable value to all our customers, business partners, shareholders, employees and host communities. The CSR initiatives focus on holistic development of host communities and create social, environmental and economic value to the society.

To pursue these objectives, we will continue to:

a. Uphold and promote the principles of inclusive growth and equitable development.

b. Develop Community Development Plans based on needs and priorities of host communities and measure the effectiveness of community development programmes.

c. Work actively in areas of preventive health and sanitation, education, skills for employability, livelihoods and income generation, waste resource management and water conservation for host communities for enhancing Human Development Index.

d. Collaborate with likeminded bodies like governments, voluntary organizations and academic institutes in pursuit of our goals.

e. Interact regularly with stakeholders, review and publicly report our CSR initiatives.

2. Composition of CSR Committee

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Yogesh Chander Munjal	Chairman- Executive Director	One	One
2.	Mr. Vinod Kumar Agrawal	Member- Independent Director	One	One
3.	Mr. Yasuhiro Ashiki (w.e.f June 23, 2021)	Member- Executive Director	One	NA
4.	Mr. Shigeki Kobayashi (Ceased to be member of the Committee w.e.f. April 10, 2021	Member- Executive Director	One	Nil

During the year one CSR Committee meeting is held i.e. on June 22, 2021.

3. **Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the company:**

Sl. No.	Contents	Web-Link
1.	Composition of CSR Committee	https://www.munjalshowa.net/wp-content/uploads/2022/06/COMPOSITION-OF-BOARD-AND-COMMITTEES-1.pdf
2.	CSR Policy	https://www.munjalshowa.net/wp-content/uploads/2021/02/Corporate-Social-Responsibility-Policy.pdf
3.	CSR Projects	https://www.munjalshowa.net/wp-content/uploads/2022/04/20220402110922.pdf

4. **Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable.**

   Not Applicable

5. **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any**

   ₹ 6.33 lakhs is excess expenditure during the financial year 2020-21. ₹ 5.33 Lakhs is adjusted in financial year 2021-22. Remaining ₹ 1 lakh will be set off in next year CSR expenditure.

6. **Average net profit of the Company as per Section 135(5): ₹ 5,663.91 lakhs**

7. (a) **Two percent of average net profit of the company as per Section 135(5):** ₹ 113.28 lakhs

   (b) **Surplus arising out of the CSR projects or programmes or activities of the previous financial years: ₹. 6.33 Lakhs.**

   (c) **Amount required to be set off for the financial year, if any: ₹ 5.33 lakhs**

   (d) **Total CSR obligation for the financial year (7a+7b-7c): ₹ 106.95 lakhs**

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of Transfer.
₹ 1,07,95,711/-	NIL	NA	NA	NIL	NA

(b) Details of CSR amount spent against ongoing project for the financial year:

1	2	3	4	5		6	7	8	9	10	11	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the Project.		Project Duration	Amount allocated for the project (in ₹)	Amount spent in the current Financial year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of implementation- Through Implementing Agency	
				State	District						Name	CSR Registration number. (Applicable w.e.f. April 01, 2021)
	NIL											

(C) Details of CSR amount spent against other than ongoing project for the financial year:

1	2	3	4	5		6	7	8	
S. No.	Name of the Project	Items from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the Project		Amount spent for the project (in ₹)	Mode of implementation Direct (Yes/No)	Mode of implementation Through Implementing Agency	
				State	District			Name	CSR Registration number (Applicable w.e.f. April 01, 2021)
1.	Paid to Mahatma Satyanand Munjal Charitable Clinic for running and maintenance expenses of Pathology LAB for poor and needy patients, their medical expenses and professional fees to Doctor and attendants there.	i. Preventive Health care	No	Punjab	Ludhiana	10,19,256/-	Yes	N.A	N.A
2.	Provided BIPEP MACHINE (VENTMED DS -8) 10 Units to Central Medical Drug Store for the benefit of patients suffering from COVID-19 pandemic	i. Preventive Health care	No	Uttarakhand	Dehradun	4,48,000/-	Yes	N.A	N.A
3.	Paid to Raman Kant Munjal Foundation for education Expenses of economically weaker and deprived children "of Raman Munjal Vidya Mandir and other Expenses for Students studying there	ii. Promoting Education	Yes	Haryana	Gurugram	1,09,400/-	No	Raman Kant Munjal Foundation	CSR00004870
4.	Paid to Crime Control & Social Development Organisation for empowering women	iii. Empowering women	No	Delhi	New Delhi	2,18,400/-	Yes	N.A	N.A
5.	Provided fees and other charges to BPL Student Ms. Saviri Arya to Tika Ram College of Education , Sonepat	ii. Promoting Education	Yes	Haryana	Sonipat	24,000/-	Yes	N.A	N.A
6.	Skill enhancement & Imparted industrial training by NAPS programme and paid requisite remunerationto the trainees	ii. Promoting Education	Yes	Haryana	Gurugram	89,76,655/-	Yes	N.A	N.A
	TOTAL					**1,07,95,711/-**			

(d) **Amount spent in Administrative Overheads:** NIL

(e) **Amount spent on Impact Assessment, if applicable:** Not Applicable

(f) **Total amount spent for the financial Year (8b + 8c + 8d + 8e):** ₹ 1,07,95,711/-

(g) **Excess amount for set off, if any:**

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per section 135(5)	1,13,27,813
(ii)	Total amount spent for the financial year	1,07,95,711
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	6,33,797/-

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135 (6), if any			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1.	NA	NA	NA	NA	NA	NA	NA

(b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the project	Financial year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount Spent on the project in reporting Financial year (in ₹)	Cumulative amount Spent at the end of reporting Financial year (in ₹)	Status of the project- Completed/ Ongoing
NIL								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:

(a)	Date of creation or acquisition of the capital asset(s).	None
(b)	Amount of CSR spent for creation or acquisition of capital asset.	Nil
(c)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	Not Applicable
(d)	Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).	Not Applicable

11. Specify the reason(s), if the company has failed to spend the two per cent of the average net profit as per section 135(5):

Not Applicable

For and on behalf of the Board

Place: Gurugram
Date: May 30, 2022

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

Vinod Kumar Agrawal
(Independent Director &
Member of CSR Committee)
(DIN 00004463)
A-224 Ist Floor, Defence Colony
New Delhi, 110024

ANNEXURE 'H' TO THE BOARD'S REPORT

Business Responsibility Report

The Company is pleased to present its Business Responsibility Report for the financial year ended March 31, 2022.

At Munjal Showa Limited business priorities co-exist with social commitments. The Company continuously aims to achieve long term value for its stakeholders by conducting its business in a socially responsible and ethical manner and engaging itself in deep social engagements.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Corporate Identity Number (CIN) of the Company	L34101HR1985PLC020934
Name of the Company	MUNJAL SHOWA LIMITED
Registered Address	9-11, Maruti Industrial Area, Sector 18, Gurugram, Haryana 122015 Phone : +91-124-4783000, 4783100,
Website	www.munjalshowa.net
E-mail Id	cs@munjalshowa.net
Financial Year reported	2021-2022
Sector(s) that the Company is engaged in (industrial activity code-wise)	Shock absorbers 29301 Struts 29301
List three key products/services that the Company manufactures/provides (as in balance sheet)	Shock absorbers Struts
Total number of locations where business activity is undertaken by the Company	Operations of the Company are carried out over 03 plants located in Gurugram, Manesar and Haridwar.
Number of International Locations	NIL
Number of National Locations	Three
Markets served by the Company - Local/State/ National/International	The Company has PAN India Market present through its plants

SECTION B: FINANCIAL DETAILS OF THE COMPANY

Paid up Capital (₹)	799.93 lakhs
Total Turnover (₹)	105994.62 lakhs
Total profit after taxes (₹)	1398.99 lakhs
Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	113.28 lakhs (107.95 Lakhs (Spent amount)+5.33 Lakhs (setoff amount)) which is 2% of average net profits of the last three financial years
Activities in which expenditure in 4 above has been incurred:	Education, Healthcare and empowering women.

SECTION C: OTHER DETAILS

1.	Does the Company have any Subsidiary Company/Companies?	No
2.	Do the Subsidiary Company/Companies participate in the Business Responsibility Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).	NA
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%].	No

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

1.1 Details of the Director/Directors responsible for implementation of the BR policy/policies

The Corporate Social Responsibility (CSR) Committee of the Board of Directors is responsible for implementation of BR policies of the Company. The members of CSR Committee are:

DIN	Name	Designation
00003491	Mr. Yogesh Chander Munjal	Chairman, Managing Director
00004463	Mr. Vinod Kumar Agrawal	Member, Independent Director
07626553	Mr. Shigeki Kobayashi*	Member, Joint Managing Director
09132637	Mr. Yasuhiro Ashiki**	Member, Joint Managing Director

***resigned w.e.f April 10, 2021**

**** appointed w.e.f June 23, 2021**

1.2 Details of the BR head:

S. No.	Particulars	Details
1.	DIN	00003491
2.	Name	Mr. Yogesh Chander Munjal
3.	Designation	Chairman, Managing Director
4.	Telephone Number	0124-4783000
5.	E-mail id	yogesh_munjal@munjalshowa.net

2. Principle-wise [(as per National Voluntary Guidelines (NVGs)] BR Policies:

The National Voluntary Guidelines on Social, Environment and Economic Responsibilities of Business (NVGs), released by the Ministry of Corporate Affairs, has adopted nine areas of Business Responsibility.

- Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
- Principle 3: Businesses should promote the wellbeing of all employees.
- Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- Principle 5: Businesses should respect and promote human rights.
- Principle 6: Businesses should respect, protect, and make efforts to restore the environment.
- Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- Principle 8: Businesses should support inclusive growth and equitable development.
- Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

(a) **Details of compliance (Reply in Y/N)**

S.No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policy/policies for:	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national/ international standards? If yes, specify? *	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board / Director/Official to oversee the implementation of the policy? **	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online? ***	Y	Y	Y	Y	Y	Y	Y	Y	Y
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies? **	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?*	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The implementation of Code of Conduct and other policies are reviewed through functional heads and its status are submitted to the Board on regular intervals. The Quality, Safety & Health and Environmental policies are subject to internal and external audits as part of certification process								

* The Whistle Blower Policy, Code of Conduct, Prevention of Sexual Harassment Policy and Corporate Social Responsibility Policy are framed as per the requirements of the respective legislations of India. Environment policy conforms to ISO - 14001 which is an international standard released by International Standards Organization (ISO).

** The Whistle Blower Policy and Code of Conduct are overseen by the Audit Committee of the Board of Directors of the Company and Corporate Social Responsibility Policy is overseen by the Corporate Social Responsibility Committee of the Board of Directors of the Company. Prevention of Sexual Harassment Policy is being overseen by Internal Complaints Committee (ICC) constituted under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The grievance, if any, arising out of Whistle Blower Policy, Code of Conduct and Prevention of Sexual Harassment Policy is being redressed by the respective committees which oversee them.

*** The policies are mapped to each principle as under:

Principle	Applicable policies	Web link for policies
Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.	Vigil Mechanism/ Whistle Blower Policy Code of Conduct	https://www.munjalshowa.net/wp-content/uploads/2019/06/Vigil-Mechanism-or-Whistle-Blower-Policy.pdf https://www.munjalshowa.net/wp-content/uploads/2016/02/Code-of-conduct.pdf.
Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.	Environment Policy Quality Policy	https://www.munjalshowa.net/wp-content/uploads/2021/02/Environment-Policy.pdf https://www.munjalshowa.net/wp-content/uploads/2021/02/Quality-Policy.pdf
Principle 3: Businesses should promote the wellbeing of all employees.	Safety Policy Code of Conduct Prevention of Sexual Harassment Policy & Leave Policy ****	https://www.munjalshowa.net/wp-content/uploads/2021/02/Occupational-Health-and-Safety-Policy.pdf https://www.munjalshowa.net/wp-content/uploads/2016/02/Code-of-conduct.pdf https://www.munjalshowa.net/wp-content/uploads/2022/05/20220521123712.pdf
Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.	Corporate Social Responsibility Policy	https://www.munjalshowa.net/wp-content/uploads/2021/02/Corporate-Social-Responsibility-Policy.pdf
Principle 5: Businesses should respect and promote human rights.	Code of Conduct	https://www.munjalshowa.net/wp-content/uploads/2016/02/Code-of-conduct.pdf
Principle 6: Businesses should respect, protect, and make efforts to restore the environment.	Environment Policy	https://www.munjalshowa.net/wp-content/uploads/2021/02/Environment-Policy.pdf
Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.	Code of Conduct Vigil Mechanism/ Whistle Blower Policy	https://www.munjalshowa.net/wp-content/uploads/2019/06/Vigil-Mechanism-or-Whistle-Blower-Policy.pdf
Principle 8: Businesses should support inclusive growth and equitable development.	Corporate Social Responsibility Policy	https://www.munjalshowa.net/wp-content/uploads/2021/02/Corporate-Social-Responsibility-Policy.pdf
Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.	Quality Policy	https://www.munjalshowa.net/wp-content/uploads/2021/02/Quality-Policy.pdf

(b). If answer to the question as stated above against any principle, is 'No', please explain why:

S.No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles	Not Applicable								
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

3. Governance related to BR

(a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year**

The management regularly monitors the BR initiatives and a complete assessment is done at the end of financial year.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1 - Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others?

The policies under this principle include (a) Code of Conduct and (b) Vigil Mechanism/ Whistle Blower Policy.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

No Complaints have been received during the financial year 2021-22.

Principle 2 - Product Life Cycle Sustainability

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

The Company's R & D team is constantly carrying out research of product and processes to improve quality of product, life and performance keeping in view social/ environmental concerns/risks and/or opportunities.

We are now certified supplier to Electric Vehicles which are environment friendly and causes least pollution to our customers viz. Hero Electric, Revolt etc.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

(a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

During the year 2021-22 rejections were reduced, power consumption was also reduced by replacing induction electric motor with IE-2 energy efficient motor. Further Solar power plant is promoted for lighting load for the plants.

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The Company as a responsible corporate citizen always strives to ensure utilization of resources in

effective and efficient manner. Efforts are being taken for leveraging water conservation, energy efficiency, lesser fuel consumption and sustainable use of renewal sources. It is not feasible to measure the usage of energy, fuel, water by consumers. Further green waste was converted to compost for in plant horticulture activities.

3. **Does the company have procedures in place for sustainable sourcing (including transportation)?**

   (a) **If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

   Yes, the Company at working level focus on sustainable resourcing. Company's plants are strategically located near to its customers and suppliers which results in easy accessibility of material to customer and also reduction in freight movement on longer routes. The Company encourages its transportation activities to last mile connectivity to use Electric Vehicles/CNG Vehicles to reduce Pollution.

4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

   (a) **If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

   While the criteria for selection of goods and services is quality, reliability and cost, Company gives preference to local supply chain partners which includes large, mid-size and small scale industries who meets our quality, delivery, cost and technology expectations.

   The Company continuously identifies local and small producers in nearby locations of plants. The Company periodically does review of its suppliers for their continuous improvement. Improvement points are also communicated to the supplier in the diligence activities. During the year 2021-22, we have also procured recyclable consumable viz. Hand Sanitizer, face masks from small size units to promote the BPL Community.

5. **Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as 10%). Also, provide details thereof, in about 50 words or so.**

   The Company always ensure and take efforts for natural resource conservation, reuse, recycle and waste minimization. We recycle the scrap material through government nominated/certified vendor. Approximately 2% of the Production waste is recycled. Further, water is fully recycled for industrial use.

Principle 3 - Employee Wellbeing

Since the inception of Munjal Showa Limited in 1985, the management is always dedicated and devoted for the well-being of its employees. Employees are considered as the most precious resource in the Organization. In the financial year 2021-22 also following activities are effectuated for the well-being of employees:

Key focused initiatives are as follows:

(a) **SAFETY:** The Company continued to retain the international certificates pertaining to ISO-14001 and Occupational Health and Safety Management System. As a result, since last many years zero accident target is achieved.

(b) **HEALTH:** In the year 2022 our prime emphasis was related to Health i.e. conducting awareness programme on COVID -19, Health Checkup of all employees, involvement of employees, their family and the stakeholders to prevent from Corona pandemic. Government guidelines are strictly followed in all its activity, product and services.

(c) **INSURANCE FACITLITY:** Various insurance policies like Employee's Deposite linked Insurance scheme (EDLI), Public Liability Insurance, Mediclaim for employee and their family, employee death insurance policies are implemented for the well-being of our employees.

(d) **TALENT ENHANCEMENT PROGRAMME**: Like every year the children of our employees who scored more than the 90% are awarded with special cash prize and certificate by our Hon'ble Chairman of the company.

(e) **SPORTS & CULTURE ACTIVITY:** The Company has specific sports/ games team and they are trained and

energized to participate in state and national level competition.

Our team participated in Quality Circle activity, Kaizen competition / suggestion scheme activity and got many prestigious awards in state and national level.

Service Award ceremony, Birthday, Anniversary, Best employee, Superannuation Day etc. also celebrated in order to enhance the ESI- Employee Satisfaction Index) and 90 plus score is retained in 2021-2022.

(f) **VIRTUAL LEARNING:** Various programmes were identified to enhance the Manufacturing, Management and Supervisory skill of related employees and these trainings are imparted for the improvement of knowledge, skill and attitude of our employees even during lockdown periods.

(g) **WOMEN EMPLOYMENT:** In order to empower the women in the company, we have hired ITI / Non ITI women to work in manufacturing area and in non-technical areas also. Appropriate training was provided to them before putting them in job.

By doing all these activities the company has consummated the coveted goal of International excellence and maximum customer satisfaction.

1. Please indicate the Total number of employees: **2,252**
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis: **1104**
3. Please indicate the Number of permanent women employees: **9**
4. Please indicate the Number of permanent employees with disabilities: **2**
5. Do you have an employee association that is recognized by management? **Gurugram Works Committee, Manesar Work Committee and Haridwar Works Committee**
6. What percentage of your permanent employees is members of this recognized employee association? **100%**
7. Please indicate the Number of complaints relating to child Labour, forced Labour, involuntary Labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1.	Child Labour/forced Labour/involuntary Labour	NIL	NIL
2.	Sexual harassment	NIL	NIL
3.	Discriminatory employment	NIL	NIL

8. What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?
   (a) Permanent Employees: **100%**
   (b) Permanent Women Employees: **100%**
   (c) Casual/Temporary/Contractual Employees: **70%**
   (d) Employees with Disabilities: **100%**

Principle 4 - Stakeholder Engagement

1. **Has the company mapped its internal and external stakeholders? Yes/No**

   Yes, the Company has mapped and identified external stakeholders, including disadvantaged, vulnerable and marginalised stakeholders. These stakeholders include employees, customers, NGOs and communities, dealers, suppliers, investors, media, government, regulators, peers and industry ecosystem.

2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.**

   The disadvantaged and vulnerable stakeholders include differently-abled employees, women and rural communities in the vicinity of its plants.

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

   Munjal Showa Limited provides equal opportunities to differently-abled, marginalised and people from economically weaker backgrounds. All employees have equal opportunity on career growth, skill training, aids to specially abled employees, organization of camps for health care activities.

In order to empower the women in the company, we have hired ITI / Non ITI women to work in manufacturing area and in non-technical areas also. Appropriate training was provided to them before putting them in job.

Principle 5 - Human Rights

1. **Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

   As a socially responsible organization, the Company is committed to protect and safeguard human rights. The Company has put in place a Code of Conduct and expects its stakeholders to adhere to and uphold the standards contained therein.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   No Complaints have been received during the financial year 2021-22.

Principle 6 - Restoration of Environment

1. **Does the policy relate to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others?**

   Company's Environment Policy and implementation activity consisting of Aspect, Impact, Risk assessment and related to Air, Water, Hazardous Waste, Noise and Light is applicable to the company, Suppliers and other related stake holders. It is a ISO -14001 Certified Company with continuous GVDP- Green Vendor Development Programme Participation.

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.**

   Munjal Showa Limited believes in sound and sustainable environmental practices. Since inception the company has cared for the environment and its environment management programmes focus on ensuring that the ecosystem services in areas where it operates are protected and maintained for equitable use by future generations. Some of the initiatives are briefly explained below:

   a) Company has more than 30% greenery area with huge trees and every year we are getting best horticulture award from Haryana Government. Special team is dedicated for taking care of Flora and Fauna and to ensure chirping of birds throughout.

   b) Company has 3R Management System to Reduce, Recycle and Reuse Air, Water and other waste related to natural resources including rain water harvesting.

   c) The RO System with ETP and STP ensures best Quality of Water with less than 500 TDS and ours is a zero discharge plant.

   d) We have chemical recovery system to reduce the ETP load and minimization of use of chemicals.

   e) Our Hazardous Waste Management is governed by ISO-14001 Standards.

   f) We have Solar energy management system and we generally 780000 units of Electricity per annum.

   g) Our Plastic, Electronics, Paper Oil and Metal waste is stored as per safety standards and sent to authorized recyclers for recycling and reuse.

   h) For energy saving many other activities are initiated like Auto On/Off, Big Motors to small motors, conversion of thermal energy to electrical energy, installation of variable frequency drives (VFDs) elimination of heaters, conversion from electric driven to gas driven equipment, optimum utilization of shifts and machines and stoppage of use of generators and conducting energy audits to find out losses.

   i) To eliminate the paper boxes, reusable metallic trolleys are made for supply of our customers. Daily 1 Lakh to 1,30,000 boxes are saved.

   j) Apart from Air, Water, Noise, the light is also identified as an Environmental aspect impacting to living species like insects and birds and they are

managed in such a way so that safety of Birds and insects during night is ensured.

3. **Does the company identify and assess potential environmental risks? Yes/No**

   Yes, the potential environmental risks are identified and evaluated using a tool to determine the identified aspects. In case of significant risks appropriate controls are established to minimize the impact on environment. The Company has EHS Policy and the ISO standards which identify the risks and guides the efforts in managing environmental impacts of our operations.

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

   No

5. **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Yes/No. If yes, please give hyperlink for web page etc.**

   Yes.

   Note: Sustainability, EHS & Quality Policy are available on intranet for employees.

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   Yes

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   NIL

Principle 7 - Policy Advocacy

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   The Company engages in constant dialogue with the relevant bodies to provide specialized information supporting in shaping policies. The Company is a member of major associations, i.e. Confederation of Indian Industry (CII), PHD Chamber of Commerce, The Automotive Component Manufacturers Association (ACMA), Gurgaon Industrial Association, National Safety Council, Rotary Club, Delhi, Indian Habitat Centre, Haryana Environment Management Society and All Indian Management Institute.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

   No

Principle 8 - Inclusive Growth

1. **Does the company have specified Programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   Yes, the Company has a Corporate Social Responsibility (CSR) Policy which derives its core values and covers all aspects as per requirements of the Companies Act, 2013 (Act), Rules prescribed thereunder and Schedule VII of the Act. All the flagship CSR programmes and activities have been conceptualized in pursuit of the CSR Policy. The CSR Committee comprising the Board members along with the top management and leadership as well as other stakeholders ensure that the outcomes of all the programmes meet the CSR Policy guidelines and are in sync with best practices. The larger objective of the CSR programmes is to protect and conserve the environment and bring about positive socio-economic change in the society.

   During the financial year under review, Company spent ₹ 101.83 lakhs on the CSR activities. Details on project wise CSR spending is included in Annexure – G of Board Report.

2. **Are the Programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?**

   The programmes are undertaken either directly or through specialised agencies/NGOs.

3. **Have you done any impact assessment of your initiative?**

   Yes. The Company undertakes actions and spend expenditure towards corporate social responsibility initiatives after doing initial assessment. Before undertaking a project or program, meeting with local administrations and other bodies are held for analysis of the initiatives for knowing the impact. The Company where feasible also takes feedback from the beneficiaries for the CSR initiatives taken.

4. **What is your company's direct contribution to community development projects- Amount in ₹ and the details of the projects undertaken?**

   Details of the projects and the contribution made are given in Annual Report on CSR Activities enclosed as Annexure 'G' of Board Report.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   Yes, communities around Company's areas of operation are the first stakeholders of its social initiatives. Company consistently engage with the community to ensure that it adopt and take ownership of the projects as that is the best way to ensure long-term sustenance of projects.

Principle 9 - Customer Value

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year?**

   As on March 31, 2022, no customer complaints were pending.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)**

   Yes, the details on information label are as per the requirements of the Legal Metrology Act, 2009 and rules made thereunder.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.**

   No case has been filed by nay stakeholder against the company regarding unfair trade practices, irresponsible advertisement and/or anti-competitive behavior during the last five years and pending as on end of financial year.

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**

   No

For and on behalf of the Board

Place: Gurugram
Date: May 30, 2022

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

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

ANNEXURE 'I' TO THE BOARD'S REPORT

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
Munjal Showa Limited
CIN: L34101HR1985PLC020934
9-11, Maruti Industrial Area
Sector 18, Gurugram-122015,
Haryana

We have examined the following documents:

i) Declaration of non-disqualification as required under Section 164 of Companies Act, 2013 ('the Act');

ii) Disclosure of concern or interests as required under Section 184 of the Act;
(hereinafter referred to as 'relevant documents')

as submitted by the Directors of Munjal Showa Limited ('the Company') bearing CIN: L34101HR1985PLC020934 and having its registered office at 9-11, Maruti Industrial Area Sector 18, Gurugram-122015, Haryana, to the Board of Directors of the Company ('the Board') for the Financial Year ended 31st March, 2022 and relevant registers, records, forms and returns maintained by the Company and as made available to us for the purpose of issuing this Certificate in accordance with Regulation 34(3) read with Schedule V Para C Clause 10(i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We have considered non-disqualification to include non-debarment by Regulatory/ Statutory Authorities. It is the responsibility of Directors to submit relevant documents with complete and accurate information in accordance with the provisions of the Act.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on the basis of our verification.

Based on our examination as aforesaid and such other verifications carried out by us as deemed necessary and adequate (including Directors Identification Number (DIN) status at the portal www.mca.gov.in), in our opinion and to the best of our information and knowledge and according to the explanations provided by the Company, its officers and authorized representatives, we hereby certify that none of the Directors on the Board of the Company, as listed hereunder for the Financial Year ending 31st March, 2022, have been debarred or disqualified from being appointed or continuing as Directors of Companies by Securities and Exchange Board of India/Ministry of Corporate Affairs or any such statutory authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Mr. Yogesh Chander Munjal	00003491	16/05/1985
2.	Mr. Ashok Kumar Munjal	00003843	02/01/1989
3.	Mr. Vinod Kumar Agrawal	00004463	29/07/2005
4.	Mr. Devi Singh	00015681	23/09/2008
5.	Mr. Nand Lal Dhameja	02351762	23/09/2008
6.	Mrs. Charu Munjal	03094545	23/05/2014
7.	Mr. Kazukiro Nishioka	00602255	23/06/2021
8.	Mr. Yasuhiro Ashiki	09132637	23/06/2021

This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

This Certificate has been issued at the request of the Company to make disclosure in its Corporate Governance Report of the Financial Year ended 31st March, 2022.

For **SATYENDER KUMAR & ASSOCIATES**
Company Secretaries

Place: Gurugram
Date : May 30, 2022

Satyender Kumar
(Proprietor)
C.P. No. 5189
FCS 4087
UDIN- F004087D000427290
Peer Reviewed Unit

ANNEXURE 'J' TO THE BOARD'S REPORT

To The Members of
MUNJAL SHOWA LIMITED

Independent Auditor's Certificate on Corporate Governance

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

1. This certificate is issued in accordance with the terms of our engagement letter dated July 27, 2021.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of Munjal Showa Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2022, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility

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

Auditor's Responsibility

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

   Regd. Office: Indiabulls Finance Centre, Tower 3, 27th – 32nd Floor, Senapati Bapat Marg, Elphinstone Road (West), Mumbai – 400 013, Maharashtra, India.(LLP Identification No. AAB-8737)

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2022.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Jaideep Bhargava
Partner
(Membership No.090295)
(UDIN: 22090295AJXDSJ7118)

Place: Gurugram
Date: May 30, 2022

Independent Auditor's Report

To the Members of Munjal Showa Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Munjal Showa Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Corporate Governance, Management Discussion and Analysis and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true

and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a

reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as at March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as at March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

   In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 31(b) of the financial statements.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses - Refer Note 45 of the financial statements.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company - Refer Note 46 of the financial statements.

iv. (a) The Management has represented that, to the best of it's knowledge and belief, as disclosed in the note 40(e) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of it's knowledge and belief, as disclosed in the note 41(f) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The final dividend proposed in the previous year, declared, and paid by the Company during the year is in accordance with section 123 of the Act, as applicable.

As stated in note 13 to the financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with section 123 of the Act, as applicable.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Jaideep Bhargava
Partner
(Membership No. 090295)
(UDIN: 22090295AJWNCF1961)

Place: Gurugram
Date: May 30, 2022

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of **Munjal Showa Limited** ("the Company") as at March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Jaideep Bhargava
Partner
(Membership No. 090295)
(UDIN: 22090295AJWNCF1961)

Place: Gurugram
Date: May 30, 2022

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of the property, plant and equipment and capital work-in-progress.

B. The Company is maintaining proper records showing full particulars of intangible assets.

b) The Company has a program of verification of Property, Plant and Equipment and capital work-in-progress, so to cover all the items once every three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, no such assets were due for physical verification during the year. Since no physical verification of property, plant and equipment was due during the year the question of reporting on material discrepancies notes on verification does not arise.

c) With respect to immovable properties disclosed in the financial statements included in Property, Plant and Equipment, according to the information and explanations given to us and based on the examination of the registered sale deed and conveyance deed provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date, except for the following:

Description of Property	As at Balance Sheet Date (₹ in Lakhs)	Held in the name of	Whether promoter, director or their relative or employee	Period held since	Reason for not being held in name of Company
	Gross Carrying Value				
Freehold land located at Manesar admeasuring 59,273 Sq. ft.	2,377.36	Haryana State Industrial and Infrastructure Development Corporation ('HSIIDC')	No	April 25, 2003	Registration is pending on account of some portion of land not being acquired by HSIIDC.

(d) The Company has not revalued any of its Property, Plant and Equipment and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventories except for goods-in-transit and stocks held with third parties, were physically verified during the year by the Management at reasonable intervals. In our opinion and based on information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. For stocks held with third parties at the year-end, written confirmations have been obtained in most of the cases and in respect of goods in transit, the goods have been received subsequent to the year end in most of the cases. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories, when compared with the books of account.

(b) According to the information and explanations given to us, the Company has been sanctioned working capital limit in excess of ₹ 5 crores, in aggregate, at points of time during the year, from banks or financial institutions on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly statements comprising stock and book debt statements filed by the Company with such banks or financial institutions are in agreement with the unaudited books of account of the Company of the respective quarters and no material discrepancies have been observed.

(iii) The Company has made investments in, granted loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, in respect of which:

a) The Company has provided loans or advances in the nature of loans during the year and details of which are given below:

(₹ Lakhs)

		Loans or advances in the nature of loans
A.	Aggregate amount granted / provided during the year:	
	- Loan to Employees	320.65
	- Loan to Vendors	1972.00
B.	Balance outstanding as at balance sheet date in respect of above cases*:	
	- Loan to Employees	384.12
	- Loan to Vendors	695.00

* The amounts reported are at gross amounts, without considering provisions made of ₹ 62.31 lakhs.

The Company has not provided any guarantee or security to any entity during the year.

b) The investments made and the terms and conditions of the grant of all the above-mentioned loans and advances in the nature of loans, during the year are, in our opinion, *prima facie*, not prejudicial to the Company's interest.

c) In respect of loans granted and advances in the nature of loans provided by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments or receipts of principal amounts and interest have been regular as per stipulations except for the following:

Name of the entity	Nature	Amount (₹ Lakhs)	Due date	Extent of delay	Remarks
Emkay Automobiles Industries Limited	Loans against supply of goods	62.31	October 11, 2021	171 days	The amount due has been provided as doubtful loans and advances

d) In respect of loans granted in iii(c) above provided by the Company, which have been overdue for more than 90 days at the balance sheet date, as explained to us, the Management has taken reasonable steps for recovery of the principal amounts and interest.

e) No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause (iii)(f) is not applicable.

(iv) The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted.

(v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.

(vi) The maintenance of cost records has not been specified for the activities of the Company by the Central Government under section 148(1) of the Companies Act, 2013.

(vii) (a) Undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income-tax, duty of Customs, cess and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities in all cases during the year.

Based on the operations of the Company, Sales Tax, Service Tax, duty of Excise, and Value Added Tax are not applicable to the Company during the year.

There were no undisputed amounts payable in respect of Goods and Services tax, Provident Fund, Employees' State Insurance, Income-tax, duty of Customs, cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

(b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2022 on account of disputes are given below:

Name of the Statute	Nature of the Dues	Forum where Dispute is pending	Period to which the amount relates (Financial year)	Amount (₹. in Lakhs)*	Amount paid under protest (₹. in Lakhs)#
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	AY 2010-11	640.21	435.36
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax	AY 2010-11	441.50	-
Income Tax Act, 1961	Income Tax	Set aside by Income Tax Appellate Tribunal pending with assessing officer.	AY 2011-12	2,060.47	1,442.73
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	AY 2015-16	45.40	33.72
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	AY 2016-17	59.10	-
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	AY 2017-18	81.46	-

*Amount as per demand orders including interest and penalty wherever quantified in the Order.
#exclude amount fully paid under protest for disputed dues amounting to ₹ 3,339.61 lakhs.

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.

d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

e) The Company did not have any subsidiary or associate or joint venture during the year and hance, reporting under clause (ix)(e) of the Order is not applicable.

f) The Company has not raised any loans during the year and hence reporting on clause (ix)(f) of the Order is not applicable.

(x) (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.

(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.

(xi) (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year and upto the date of this report.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

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

(b) We have considered, the internal audit reports issued to the Company during the year and draft of the internal audit reports issued after the balance sheet date, for the period under audit.

(xv) In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.

(b) In our opinion, there is no core investment company within the Group and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there is no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

(xxi) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (xxi) of the Order is not applicable,

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Jaideep Bhargava
Partner
(Membership No. 090295)
(UDIN: 22090295AJWNCF1961)

Place: Gurgaon
Date: May 30, 2022

Balance Sheet as at March 31, 2022

(₹ in lakhs)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	**12,424.41**	13,258.49
(b) Capital work-in-progress	3a	**543.85**	98.64
(c) Intangible assets	4	**57.65**	146.01
(d) Intangible assets under development	4a&4b	**9.00**	9.00
(e) Financial assets			
(i) Investments	5a	**6,308.03**	5,225.93
(ii) Loans	5b	**166.28**	187.71
(iii) Other financial assets	5c	**568.44**	550.92
(f) Deferred tax assets (net)	15	**153.41**	299.98
(g) Income tax assets (net)	6	**6,421.15**	5,793.43
(h) Other non-current assets	7	**52.53**	21.52
Total Non- Current Assets		**26,704.75**	**25,591.63**
Current assets			
(a) Inventories	8	**7,273.71**	8,803.87
(b) Financial assets			
(i) Investments	5a	**24,348.96**	24,000.38
(ii) Trade Receivables	9	**17,041.21**	19,649.06
(iii) Cash and cash equivalents	10	**1,679.96**	1,018.45
(iv) Bank balances other than (iii) above	11	**74.84**	75.47
(v) Loans	5b	**850.53**	575.49
(vi) Other financial assets	5c	**4.71**	7.10
(c) Other current assets	7	**607.08**	420.33
Total Current Assets		**51,881.00**	**54,550.15**
Total Assets		**78,585.75**	**80,141.78**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	12	**799.93**	799.93
(b) Other equity	13	**62,938.77**	63,339.56
Total Equity		**63,738.70**	**64,139.49**
LIABILITIES			
Non-current liabilities			
(a) Provisions	14	**1,045.21**	1,173.87
(b) Other non-current liabilities	17	**1.79**	3.79
Total Non-Current Liabilities		**1,047.00**	**1,177.66**
Current liabilities			
(a) Financial Liabilities			
(i) Trade Payables	16a		
Total outstanding dues of micro enterprises and small enterprises		**2,209.64**	1,685.85
Total outstanding dues of creditors other than micro enterprises and small enterprises		**9,180.06**	10,939.52
(ii) Other financial liabilities	16b	**154.58**	144.96
(b) Other current liabilities	17	**1,958.51**	1,682.51
(c) Provisions	14	**297.26**	371.79
Total Current Liabilities		**13,800.05**	**14,824.63**
Total Equity and Liabilities		**78,585.75**	**80,141.78**
See accompanying notes to the financial statements	1 to 48		

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Jaideep Bhargava
Partner

Yogesh Chander Munjal
Chairman & Managing Director
DIN- 00003491

Vinod Kumar Agrawal
Chairman-Audit Committee
DIN- 00004463

Pankaj Gupta
Chief Financial Officer

Neha Bansal
Company Secretary
Membership No. A38848

Place : Gurugram
Date : May 30, 2022

Place : Gurugram
Date : May 30, 2022

Statement of Profit and Loss for the year ended March 31, 2022

(₹ in lakhs)

Particulars		Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
I	**INCOME**			
	Revenue from operations	18	105,994.62	108,537.06
	Other income	19	1,815.99	2,398.42
	Total Income (I)		**107,810.61**	**110,935.48**
II	**EXPENSES**			
	Cost of raw materials and components consumed	20	82,092.20	81,005.81
	Changes in inventories of finished goods, work-in progress and scrap	21	10.42	437.58
	Employee benefit expenses	22	11,243.36	12,288.80
	Finance costs	23	5.99	14.77
	Depreciation and amortization expenses	24	1,245.67	1,626.74
	Other expenses	25	11,825.36	12,417.52
	Total expenses (II)		**106,423.00**	**107,791.22**
III	**Profit before tax (I-II)**		**1,387.61**	**3,144.26**
IV	**Tax expense:**			
	Current tax	26	87.90	466.00
	Tax adjustment for earlier year	26	-	34.80
	Deferred tax (credit)/ charge	26	84.69	29.44
	Total tax expenses (IV)		**172.59**	**530.24**
V	**Profit for the year (III-IV)**		**1,215.02**	**2,614.02**
VI	**Other Comprehensive Income**			
	Items that will not be reclassified to profit or loss:			
	Re-measurement gains (losses) on defined benefit plans		245.85	93.67
	Income tax benefit/(expenses)	26	(61.88)	(23.57)
	Items that will be relassified to profit or loss:		-	-
	Net other comprehensive income for the year, net of tax (VI)		**183.97**	**70.10**
VII	**Total Comprehensive Income for the year (net of tax) (V+VI)**		**1,398.99**	**2,684.12**
VIII	Earnings per equity share (of ₹ 2 each) in ₹	27		
	(1) Basic		3.04	6.54
	(2) Diluted		3.04	6.54
See accompanying notes to the financial statements		1 to 48		

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Jaideep Bhargava
Partner

Place : Gurugram
Date : May 30, 2022

For and on behalf of the Board of Directors

Yogesh Chander Munjal
Chairman & Managing Director
DIN- 00003491

Vinod Kumar Agrawal
Chairman-Audit Committee
DIN- 00004463

Pankaj Gupta
Chief Financial Officer

Neha Bansal
Company Secretary
Membership No. A38848

Place : Gurugram
Date : May 30, 2022

Cash Flow Statement for the year ended March 31, 2022

(₹. in lakhs)

		For the year ended March 31, 2022		For the year ended March 31, 2021	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Profit after tax		**1,215.02**		**2,614.02**
	Adjustments for:				
	Add: Depreciation and amortization expenses	1,245.67		1,626.74	
	Tax expense	172.59		530.24	
	Loss on property, plant and equipment sold/discarded	1.84		8.42	
	Finance cost	5.99		14.77	
	Provision for doubtful loan	62.31		-	
			1,488.40		**2,180.17**
	Less: Interest income	175.02		148.86	
	Net gain on sale of investments	565.38		448.64	
	Liabilities no longer required written back (net)	2.00		-	
	Fair value gain on financial instruments at fair value through profit or loss	947.59		1,582.94	
	Deferred income from government grant	2.00		2.00	
			1,691.99		**2,182.44**
	Operating profit before working capital changes		**1,011.43**		**2,611.75**
	Changes in working capital:				
	Adjustment for (increase)/decrease in operating assets:				
	Inventories	1,530.16		(1,519.29)	
	Trade receivables	2,609.85		(5,651.28)	
	Loans-Current	(337.35)		(360.92)	
	Loans-Non-Current	21.43		(25.41)	
	Other financial assets-current	(0.08)		0.83	
	Other financial assets-non-current	(17.46)		23.89	
	Other current assets	(186.75)		536.25	
	Other non-current assets	(2.85)		(8.02)	
			3,616.95		**(7,003.95)**
	Adjustment for increase/(decrease) in operating liabilities:				
	Trade payables	(1,235.67)		2,545.00	
	Other financial liabilities-Current	0.85		(12.55)	
	Other current liabilities	275.26		691.47	
	Short-term/long-term provisions	42.65		110.62	
			(916.91)		**3,334.54**
	Cash (used in)/generated from operations		3,711.47		(1,057.66)
	Less: Direct taxes paid (net)		717.46		696.66
	Net cash (used in) / flow from operating activities		**2,994.01**		**(1,754.32)**

Cash Flow Statement for the year ended March 31, 2022 (Contd.)

(₹. in lakhs)

		For the year ended March 31, 2022		For the year ended March 31, 2021	
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Capital expenditure on property, plant & equipment and intangible assets including capital advances		(751.55)		(531.05)
	Proceeds from sale of property, plant & equipment		-		1.03
	Sale of investments - current		19,844.64		29,544.00
	Purchase of investments- current		(19,832.30)		(24,877.63)
	Sale of investments - Non current		670.68		511.54
	Purchase of investments- Non current		(635.70)		(511.51)
	Proceeds/(investment) in fixed deposit (net)		0.63		(2.67)
	Interest received		177.50		146.74
	Net cash from / (used in) investing activities		**(526.10)**		**4,280.45**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Interest paid		(5.99)		(14.77)
	Dividends paid		(1,800.41)		(1,797.11)
	Net cash (used in)/ flow from financing activities		**(1,806.40)**		**(1,811.88)**
D.	**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)**		**661.51**		**714.25**
	Cash and cash equivalents at the beginning of the year		**1,018.45**		**304.20**
	Cash and cash equivalents at the end of the year (Refer note 10)		**1,679.96**		**1,018.45**

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Jaideep Bhargava
Partner

Place : Gurugram
Date : May 30, 2022

For and on behalf of the Board of Directors

Yogesh Chander Munjal
Chairman & Managing Director
DIN- 00003491

Vinod Kumar Agrawal
Chairman-Audit Committee
DIN- 00004463

Pankaj Gupta
Chief Financial Officer

Neha Bansal
Company Secretary
Membership No. A38848

Place : Gurugram
Date : May 30, 2022

Statement of Changes in equity for the year ended March 31, 2022

A. Equity share capital

(1) Current reporting period

(₹ in lakhs)

Particulars	No. of Shares	Amount
Balance at the beginning of the current reporting period	**399.95**	**799.93**
Changes in equity share capital during the current year	-	-
Balance at the end of the current reporting period	**399.95**	**799.93**

(2) Previous reporting period

(₹ in lakhs)

Particulars	No. of Shares	Amount
Balance at the beginning of the previous reporting period	**399.95**	**799.93**
Changes in equity share capital during the previous year	-	-
Balance at the end of the previous reporting period	**399.95**	**799.93**

B. Other equity

(1) Current reporting period

(₹ in lakhs)

Particulars	Reserves and Surplus		Total Other Equity
	General reserve	Retained Earnings	
Balance at the beginning of the current reporting period	**33,907.85**	**29,431.71**	**63,339.56**
Profit for the year	-	1,215.02	1,215.02
Re-measurement (losses)/gains on defined benefit obligations (net of income tax)	-	183.97	183.97
Total Comprehensive Income for the current year		**1,398.99**	**1,398.99**
Final dividend - FY 2020-21	-	(1,799.78)	(1,799.78)
Transfer to general reserve	2,000.00	(2,000.00)	-
Balance at the end of the current reporting period	**35,907.85**	**27,030.92**	**62,938.77**

Statement of Changes in equity for the year ended March 31, 2022

(2) Previous reporting period **(₹ in lakhs)**

Particulars	Reserves and Surplus		Total Other Equity
	General reserve	Retained Earnings	
Restated balance at the beginning of the previous reporting period	**31,907.85**	**30,547.37**	**62,455.22**
Profit for the year	-	2,614.02	2,614.02
Re-measurement (losses)/gains on defined benefit obligations (net of income tax)	-	70.10	70.10
Total Comprehensive Income for the previous year	**-**	**2,684.12**	**2,684.12**
Final dividend - FY 2019-20	-	(1,799.78)	(1,799.78)
Transfer to general reserve	2,000.00	(2,000.00)	-
Balance at the end of the previous reporting period	**33,907.85**	**29,431.71**	**63,339.56**

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Jaideep Bhargava
Partner

Place : Gurugram
Date : May 30, 2022

For and on behalf of the Board of Directors

Yogesh Chander Munjal
Chairman & Managing Director
DIN- 00003491

Vinod Kumar Agrawal
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DIN- 00004463

Pankaj Gupta
Chief Financial Officer

Neha Bansal
Company Secretary
Membership No. A38848

Place : Gurugram
Date : May 30, 2022

Notes forming part of Financial Statements for the year ended March 31, 2022

1. CORPORATE INFORMATION

Munjal Showa Limited ('the Company') is a public company domiciled in India and has a registered office in Gurugram, India. The Company is incorporated under the provisions of the erstwhile Companies Act, 1956. The shares of the Company are listed on two stock exchanges in India i.e. National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). It was established in 1985 as a result of technical and financial collaboration between Hero Group and Showa Corporation, Japan. On January 01, 2021 Hitachi Astemo Limited has been formed as new Company pursuant to the absorption merger of Showa Corporation, Japan, with Hitachi Automotive Systems Limited.

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

The financial statements for the year ended March 31, 2022 were approved by the Board of Directors and authorised for issue on May 30, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i) Basis of preparation of financial statements

a) Statement of compliance

The financial statements have been prepared in accordance with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and other accounting principles generally accepted in India.

b) Accounting convention

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

c) Operating cycle

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

ii) Foreign currencies

Functional and presentational currency

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

Transactions and Balances

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

Notes forming part of Financial Statements for the year ended March 31, 2022

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

iii) Fair value measurement

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

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

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

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

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

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

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

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

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

iv) Cash and cash equivalents

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

Notes forming part of Financial Statements for the year ended March 31, 2022

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

v) Cash flow statement

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

vi) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, discounts, sales incentives, goods & service tax and value added taxes.

The Company recognises revenue when the amount of revenue and its related cost can be reliably measured and it is probable that future economic benefits will flow to the entity and degree of managerial involvement associated with ownership or effective control have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transactions and the specifics of each arrangement.

Sale of goods

Revenue is recognized for domestic and export sales of goods when the Company transfers control over such products to the custom on dispatch from the factory.

Interest income

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

vii) Inventories

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

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

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

Notes forming part of Financial Statements for the year ended March 31, 2022

viii) Property, plant and equipment

Recognition and Measurement

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

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

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

Subsequent Costs

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

Depreciation

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

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

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

S. No.	Assets	Useful lives estimated by the management (years)
(i)	Factory Buildings	30
(ii)	Plant and machinery	2 to 15
(iii)	Furniture and fixtures	10
(iv)	Office equipment	5
(v)	Computers- Servers & networks	6
(vi)	Computers- End user devices	3
(vii)	Vehicles	6

Notes forming part of Financial Statements for the year ended March 31, 2022

The management has estimated, supported by independent assessment by technical experts, professionals, the useful lives of the following classes of assets:

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

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

ix) Intangible assets

Recognition and Measurement

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

Amortisation and Useful lives

Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset. Amortisation is calculated over the cost of the asset, or other amount substituted for cost, *less* its residual value.

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

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

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

Research and development costs

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

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability to use or sell the asset;

- How the asset will generate future economic benefits;
- The availability of resources to complete the asset;
- The ability to measure reliably the expenditure during development.

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

x) Borrowing cost

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

xi) Leasing

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no changes are required to lease period relating to the existing lease contracts.

Company as a lessee

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

Notes forming part of Financial Statements for the year ended March 31, 2022

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

xii) Provisions

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

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

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

Warranties

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

xiii) Contingent liabilities

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

Notes forming part of Financial Statements for the year ended March 31, 2022

xiv) Contingent assets

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

xv) Financial instruments

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

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

a) Financial assets

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

Classification of financial assets

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

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

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

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

All other financial assets are subsequently measured at fair value.

Effective interest method

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

Notes forming part of Financial Statements for the year ended March 31, 2022

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

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

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

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

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

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

Impairment of financial assets

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

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

De-recognition of financial assets

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

b.) Financial liabilities and equity instruments

Classification as debt or equity

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

Notes forming part of Financial Statements for the year ended March 31, 2022

Equity instruments

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

Financial liabilities

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

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

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

De-recognition of financial liabilities

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

c.) Derivative financial instruments

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

Embedded derivatives

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

xvi) Equity share capital

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

xvii) Impairment of non-financial assets

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

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

Notes forming part of Financial Statements for the year ended March 31, 2022

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

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

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

xviii) Employee benefits

Short Term Employee Benefits

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

Defined Contribution Plan

Provident fund and superannuation fund

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

Long term Employee benefits

Defined Benefit Plan

Gratuity

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

Notes forming part of Financial Statements for the year ended March 31, 2022

Company's obligation under this plan is performed annually by a qualified actuary using the projected unit credit method.

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

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

Compensated absences

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

Compensated absence, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats compensated absences expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss.

xix) Taxes

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

Current tax

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

Deferred tax

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

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

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

Notes forming part of Financial Statements for the year ended March 31, 2022

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

Current and deferred tax for the year

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

xx) Government grants

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

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

xxi) Earnings per share

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

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

3. Property, plant and equipment

(₹ in lakhs)

Particulars	Freehold land*	Factory Buildings	Plant and machinery	Furniture & fixtures	Office equipments	Computers	Vehicles	March 31, 2022
Gross Carrying value as at April 1, 2020	**5,197.38**	**5,340.07**	**12,621.44**	**59.96**	**86.19**	**89.20**	**248.17**	**23,642.41**
Additions	-	-	365.61	3.96	5.46	32.08	-	407.11
Disposals	-	-	(1,731.23)	-	(2.08)	(16.88)	(2.91)	(1,753.10)
Gross Carrying value as at March 31, 2021	**5,197.38**	**5,340.07**	**11,255.82**	**63.92**	**89.57**	**104.40**	**245.26**	**22,296.42**
Additions	-	-	271.90	1.48	1.90	7.64	-	282.92
Disposals	-	-	(1,296.79)	-	(15.92)	(0.32)	-	(1,313.03)
Gross Carrying value as at March 31, 2022	**5,197.38**	**5,340.07**	**10,230.93**	**65.40**	**75.55**	**111.72**	**245.26**	**21,266.31**
Accumulated Depreciation								
As at April 1, 2020	-	969.77	8,089.77	33.54	54.50	67.99	147.42	9,362.99
Depreciation expense	-	235.41	1,120.74	5.71	11.60	12.95	32.17	1,418.58
Accumulated depreciation on deletions	-	-	(1,721.77)	-	(2.08)	(16.88)	(2.91)	(1,743.64)
As at March 31, 2021	**-**	**1,205.18**	**7,488.74**	**39.25**	**64.02**	**64.06**	**176.68**	**9,037.93**
Depreciation expense	-	235.41	812.54	5.30	10.77	22.07	29.07	1,115.16
Accumulated depreciation on deletions	-	-	(1,295.01)	-	(15.86)	(0.32)	-	(1,311.19)
As at March 31, 2022	**-**	**1,440.59**	**7,006.27**	**44.55**	**58.93**	**85.81**	**205.75**	**8,841.90**
Net Carrying value								
As at March 31, 2021	**5,197.38**	**4,134.89**	**3,767.08**	**24.67**	**25.55**	**40.34**	**68.58**	**13,258.49**
As at March 31, 2022	**5,197.38**	**3,899.48**	**3,224.66**	**20.85**	**16.62**	**25.91**	**39.51**	**12,424.41**

***The details of immovable property whose title deeds are not held in the name of the Company is given below:**

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company
Property Plant and Equipment	Freehold land located at Manesar measuring 59,273 sq. ft	,377.36	HSIIDC	No	4/25/2003	Registration is pending on account of some portion of land not being acquired by HSIIDC.

Notes forming part of Financial Statements for the year ended March 31, 2022

3a. Capital work in progress

(₹ in lakhs)

Particulars	Plant and Machinery
As at April 1, 2020	**187.41**
Add: Additions during the year	276.84
Less: Transfer to property, plant and equipment	(365.61)
Closing balance as at March 31, 2021	**98.64**
Add: Additions during the year	717.11
Less: Transfer to property, plant and equipment	(271.90)
Closing balance as at March 31, 2022	**543.85**

3b. Capital work inProgress

As at March 31, 2022

(₹ in lakhs)

CWIP	Amount in CWIP for a period of				Total
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Project in progress	480.73	-	-	63.12	543.85
Project Temporarily suspended	-	-	-	-	-
Total	**480.73**	-	-	**63.12**	**543.85**

As at March 31, 2021

(₹ in lakhs)

CWIP	Amount in CWIP for a period of				Total
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Project in progress	13.07	14.62	70.95	-	98.64
Project Temporarily suspended	-	-	-	-	-
Total	**13.07**	**14.62**	**70.95**	-	**98.64**

3c. Capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan

As at March 31, 2022

(₹ in lakhs)

CWIP	To be completed in				Total
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Project 1	55.82	-	-	-	55.82
Total	**55.82**	-	-	-	**55.82**

Notes forming part of Financial Statements for the year ended March 31, 2022

As at March 31, 2021

CWIP	To be completed in				Total
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Project 1	55.82	-	-	-	55.82
Total	**55.82**	-	-	-	**55.82**

4. Intangible assets

(₹ in lakhs)

Particulars	Computer Software	Designs and drawings	Total
Carrying value as at April 1, 2020	**37.29**	**913.83**	**951.12**
Additions	58.90	65.34	124.24
Carrying value as at March 31, 2021	**96.19**	**979.17**	**1,075.36**
Additions	1.03	41.12	42.15
Carrying value as at March 31, 2022	**97.22**	**1,020.29**	**1,117.51**
Accumulated amortisation			
As at April 1, 2020	**28.82**	**692.37**	**721.19**
Amortisation expense	11.18	196.98	208.16
As at March 31, 2021	**40.00**	**889.35**	**929.35**
Amortisation expense	17.50	113.01	130.51
As at March 31, 2022	**57.50**	**1,002.36**	**1,059.86**
Net Carrying Value			
As at March 31, 2021	**56.19**	**89.82**	**146.01**
As at March 31, 2022	**39.72**	**17.93**	**57.65**

4a. Intangible assets under development

As at March 31, 2022

(₹ in lakhs)

Intangible assets under development	Amount in CWIP for a period of				Total
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Project in Progress	-	3.00	6.00	-	9.00
Projects temporarily suspended	-	-	-	-	-
Total	-	3.00	6.00	-	**9.00**

Notes forming part of Financial Statements for the year ended March 31, 2022

As at March 31, 2021

(₹ in lakhs)

Intangible assets under development	Amount in CWIP for a period of				Total
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Project in Progress	3.00	6.00	-	-	9.00
Projects temporarily suspended	-	-	-	-	-
Total	**3.00**	**6.00**	**-**	**-**	**9.00**

4b. Capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan

As at March 31, 2022

(₹ in lakhs)

CWIP	To be completed in				Total
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Project 1	9.00	-	-	-	9.00
Total	**9.00**	**-**	**-**	**-**	**9.00**

As at March 31, 2021

CWIP	To be completed in				Total
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Project 1	9.00	-	-	-	9.00
Total	**9.00**	**-**	**-**	**-**	**9.00**

5. Financial Assets

5.(a) Investments

(₹ in lakhs)

	Units as at March 31, 2022	Units as at March 31, 2021	Non-current		Current	
			As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Category-wise investments						
Investment in debentures			-	-	576.80	1,209.68
Investment in mutual funds			-	-	23,772.16	22,790.70
Other investments			6,308.03	5,225.93	-	-
			6,308.03	**5,225.93**	**24,348.96**	**24,000.38**
Investments carried at fair value through profit or loss (FVTPL)						
Investment in debentures- Quoted						
Face value of ₹ 200,000 each of JM Financial Products Limited - Non-convertible Market Linked Debentures	-	100.00	-	-	-	230.28

Notes forming part of Financial Statements for the year ended March 31, 2022

(₹ in lakhs)

	Units as at March 31, 2022	Units as at March 31, 2021	Non-current		Current	
			As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Face value of ₹ 250,000 each of JM Financial Products Limited - Non- convertible Market Linked Debentures	-	160.00	-	-	-	442.40
Face Value of ₹ 2,00,000 each of JM Financial Products Limited - Non- convertible Market Linked Debentures	250.00	250.00	-	-	**576.80**	537.00
Investment in debentures			-	-	**576.80**	**1,209.68**
Investment in mutual funds- unquoted						
Units of the face value of ₹ 10 each						
Baroda BNP Paribas Arbitrage Fund	43,001,184.87	24,393,725.82	-	-	5,823.78	3,168.26
Edelweiss Arbitrage Fund -Direct Plan Growth	28,767,616.83	28,767,616.83	-	-	4,741.91	4,530.12
HSBC Corporate Bond Fund Direct Growth	-	14,999,250.04	-	-	-	1,525.27
HSBC Low Duration Fund- Growth Direct	8,898,758.60	-	-		1,597.04	-
HSBC Crisil IBX 50:50 Gilt Plus Direct Growth	4,999,750.01	-	-		499.97	-
Mahindra Manulife Dynamic Bond Yojna-Direct Growth	19,523,934.48	19,523,934.48	-	-	2,400.47	2,332.15
Mahindra Manulife Short term Fund-Direct Growth	10,118,446.94	10,118,446.94	-	-	1,068.79	1,018.14
Mahindra Manulife Asia Pacific REITs FOF-Direct Growth	4,999,750.01	-	-		479.12	-
Mirae Asset NYSE FANG+ETF	400,000.00	-	-		200.48	-
Nippon India Arbitrage Fund - Direct Growth	-	9,654,672.16	-	-	-	2,107.33
PGIM India Global Select Real Estate Securities FOF Direct Plan-Growth	4,999,750.01	-	-	-	525.47	-
PGIM India Ultra Short term Fund Direct Plan-Growth	3,565,988.00	8,870,053.55	-	-	1,021.55	2,445.69
Tata Nifty SDL Plus AAA PSU Bond Dec 2027 60:40 Index Fund_Direct Plan	4,999,750.01	-	-		499.97	-
Units of the face value of ₹ 1000 each						
HSBC Ultra Short Duration Fund Direct Growth	52,581.17	52,581.17	-	-	579.61	557.99
Baroda BNP Paribas Liquid Fund- Direct Growth	40,787.69	44,419.41	-	-	1,000.50	1,406.71
Mahindra Manulife Ultra Short Term Fund-Direct Growth	295,099.72	340,150.57	-	-	3,333.50	3,699.04
Investment in mutual funds			-	-	**23,772.16**	**22,790.70**
Other Investments						
Investment in alternate investment funds- unquoted						
Alchemy Leaders of tomorrow Class A2 - Series 1	-	-	859.63	610.51	-	-
Avendus Absolute Return Fund - Class A3	-	-	2,428.52	2,283.38	-	-
Avendus Enhance Fund series 1	-	-	34.96	588.86	-	-

Notes forming part of Financial Statements for the year ended March 31, 2022

(₹ in lakhs)

	Units as at March 31, 2022	Units as at March 31, 2021	Non-current		Current	
			As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Avendus Enhance Fund series 2	-	-	662.18	607.03	-	-
Avendus Enhance Fund series 3	-	-	621.71	-	-	-
DSP India Enhnced Equity SatCore fund	-	-	1,192.91	1,136.15		
ICICI Prudential Long Short Fund series 1	-	-	508.12	-	-	-
Investment in alternate investment funds			**6,308.03**	**5,225.93**	-	-
Aggregate book value of quoted investments			-	-	500.00	1,100.00
Aggregate market value of quoted investments			-	-	576.80	1,209.68
Aggregate carrying value of unquoted investments			6,308.03	5,225.93	23,772.16	22,790.70
Category-wise investment as per Ind AS 109 classification						
Financial assets carried at fair value through profit or loss (FVTPL)						
Quoted						
Investment in debentures			-	-	576.80	1,209.68
Unquoted						
Investment in mutual funds			-	-	23,772.16	22,790.70
Other investments						
Alternate Investment Funds			**6,308.03**	**5,225.93**	-	-
			6,308.03	**5,225.93**	24,348.96	24,000.38

5.(b) Loans (Unsecured, considered good)

	Non-current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Loan to employees	166.28	187.71	217.84	215.49
Loan to vendor - considered good	-	-	632.69	360.00
- considered doubtful	-	-	62.31	-
Less: Provision for doubtful advances	-	-	(62.31)	-
Total	**166.28**	**187.71**	**850.53**	**575.49**

Note: These financial assets are carried at amortised cost.

Disclosures of Loans or Advances in the nature of loans are granted to promoters, directors, KMPs and the related parties

Type of Borrower	FY 21-22	% of Total	FY 20-21	% of Total
Related Parties (Refer note no 34)	580.0	83%	360.0	100%

Notes forming part of Financial Statements for the year ended March 31, 2022

5.(c) Other financial assets

	Non-current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good unless otherwise stated				
Security deposits	531.15	517.59	3.54	3.46
Bank deposits with original maturity more than 12 months*	37.29	33.33	-	-
Interest accrued but not due on deposit	-	-	1.17	3.64
Total	**568.44**	**550.92**	**4.71**	**7.10**

Note: These financial assets are carried at amortised cost.

*Fixed deposit receipt of ₹ 37.29 lakhs (For 2020-21 ₹ 33.33 lakhs) pledged with GST/VAT authorities.

6. Income tax assets (net)

(₹ in lakhs)

	As at March 31, 2022	As at March 31, 2021
Income tax assets		
Advance income tax*	6,975.05	6,259.43
Less: Provision for tax	553.90	466.00
Net	**6,421.15**	**5,793.43**

* include ₹ 5,251.41 lakhs (previous year ₹ 5,251.41 lakhs) paid under protest in respect of ongoing assessments pending with Income Tax Authorities

7. Other assets

(₹ in lakhs)

	Non-Current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good (unless otherwise stated)				
Capital advances	41.66	13.50	-	-
Prepaid expenses	10.87	8.02	338.09	309.34
Balance with statutory/government authorities	-	-	35.31	31.55
DEPB Licences	-	-	71.45	-
Advances to vendors - considered good	-	-	115.14	62.88
- considered doubtful	-	-	226.15	226.15
Less: Provision for doubtful advances	-	-	(226.15)	(226.15)
Others	-	-	47.09	16.56
Total	**52.53**	**21.52**	**607.08**	**420.33**

Notes forming part of Financial Statements for the year ended March 31, 2022

8. Inventories

(₹ in lakhs)

Particular	As at March 31, 2022	As at March 31, 2021
Raw materials and components	4,596.74	5,675.95
Raw materials and components - in transit	596.04	901.08
Work in progress	533.76	687.63
Finished goods	1,058.53	914.83
Stores and spares	487.94	615.35
Stores and spares - in transit	-	8.08
Scrap	0.70	0.95
Total	**7,273.71**	**8,803.87**

The cost of inventories (Include spares and consumables) recognised as an expense during the year was ₹ 84,487.09 lakhs (for 2020-21: ₹ 83,955.01 lakhs).

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

The cost of inventory recognised as an expense includes ₹ 57.24 lakhs (for 2020-21: ₹ 24.13 lakhs) in respect of write-downs of inventory to net realisable value.

9. Trade receivables

(₹ in lakhs)

Particular	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good	17,041.21	19,649.06
Credit impaired	-	2.00
	17,041.21	**19,651.06**
Allowance for credit losses	-	(2.00)
Total	**17,041.21**	**19,649.06**

Trade receivables ageing schedule

As at March 31, 2022 (₹ in lakhs)

Particular	Outstanding for following periods from due date of payments						Total
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	16,636.43	398.28	5.63	0.87	-	-	17,041.21
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-

Notes forming part of Financial Statements for the year ended March 31, 2022

As at March 31, 2022 (₹ in lakhs)

Particular	Outstanding for following periods from due date of payments						Total
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total	**16,636.43**	**398.28**	**5.63**	**0.87**	**-**	**-**	**17,041.21**

As at March 31, 2021 (₹ in lakhs)

Particular	Outstanding for following periods from due date of payments						Total
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	19,266.93	362.38	13.33	4.08	0.10	2.24	19,649.06
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	2.00	2.00
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total	**19,266.93**	**362.38**	**13.33**	**4.08**	**0.10**	**4.24**	**19,651.06**

Trade receivables are non-interest bearing and are generally on terms of 25 to 52 days.

Also refer "Credit risk management" section of note 36.

10. Cash and Cash Equivalents

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	4.87	7.04
Balances with banks:		
In current accounts	48.96	159.74
In cash credit accounts*	1,626.13	851.67
	1,679.96	**1,018.45**

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

Notes forming part of Financial Statements for the year ended March 31, 2022

11. Bank balance other than cash and cash equivalents above

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
In dividend current accounts (earmarked accouts)	74.84	75.47
Total	**74.84**	**75.47**

For the purpose of the statement of cash flow, cash and cash equivalents comprise the following:

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	4.87	7.04
Balances with banks:		
In current accounts	48.96	159.74
In cash credit accounts	1,626.13	851.67
Total	**1,679.96**	**1,018.45**

12. Equity Share Capital

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised share capital		
750 lakhs (March 31, 2021: 750 lakhs) equity shares of ₹ 2 each	**1,500.00**	**1,500.00**
Issued share capital		
399.98 lakhs (March 31, 2021: 399.98 lakhs) equity shares of ₹ 2 each	799.95	799.95
	799.95	**799.95**
Subscribed and fully paid-up share capital		
399.95 lakhs (March 31, 2021: 399.95 lakhs) equity shares of ₹ 2 each	799.90	799.90
	799.90	**799.90**
Shares forfeited (amount originally paid up) (refer note below)	0.03	0.03
Total paid-up share capital	**799.93**	**799.93**

Note- 2500 (nos.) of shares were forfeited (partly paid)

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

Particulars	As at March 31, 2022		As at March 31, 2021	
	Nos.(in lakhs)	₹ (in lakhs)	Nos.(in lakhs)	₹ (in lakhs)
Opening Balance	399.95	799.93	399.95	799.93
Closing Balance	**399.95**	**799.93**	**399.95**	**799.93**

Notes forming part of Financial Statements for the year ended March 31, 2022

B. Terms/Rights attached to equity shares

1. The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing annual general meeting.

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

C. Details of shareholders holdings more than 5% shares

Name of Shareholder	As at March 31, 2022		As at March 31, 2021	
	Nos.(in lakhs)	% holding in the class	Nos.(in lakhs)	% holding in the class
Equity shares of ₹ 2 each fully paid				
(i) Dayanand Munjal Investments Private Limited	160.40	40.10%	160.40	40.10%
(ii) Hitachi Astemo Limited, Japan (erstwhile Showa Corporation, Japan)	99.60	24.90%	99.60	24.90%
(iii) Enam Securities Private Limited	17.36	4.34%	21.51	5.38%

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

D. Details of shareholding of Promoters

Shares held by promoters at the end of the year	As at March 31, 2022		As at March 31, 2021		Change in shareholding
	Nos.(in lakhs)	% holding in the class	Nos.(in lakhs)	% holding in the class	
Promoter Name					
1. Dayanand Munjal Investments Private Limited	160.40	40.10%	160.40	40.10%	0%
2. Hitachi Astemo Limited	99.60	24.90%	99.60	24.90%	0%
3. Mrs. Nidhi Kapoor	0.04	0.01%	0.04	0.01%	0%

13. Other equity

(₹ in lakhs)

	As at March 31, 2022	As at March 31, 2021
Retained earnings	27,030.92	29,431.71
General reserve	35,907.85	33,907.85
Total	**62,938.77**	**63,339.56**

Notes forming part of Financial Statements for the year ended March 31, 2022

A. Retained earnings (₹ in lakhs)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening balance	29,431.71	30,547.37
Add: Profit for the year	1,215.02	2,614.02
Other Comprehensive income: - Re-measurement (losses)/gains on defined benefit obligations (net of income tax)	183.97	70.10
Less: Final dividend- FY 2020-21 (Previous year for FY 2019-20) @ ₹ 4.5 per equity share	1,799.78	1,799.78
Less: Transfer to general reserve	2,000.00	2,000.00
Balance at end of year	**27,030.92**	**29,431.71**

B. General reserve (₹ in lakhs)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening balance	33,907.85	31,907.85
Add: Transfer from retained earnings	2,000.00	2,000.00
Balance at end of year	**35,907.85**	**33,907.85**

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

Dividends

After the reporting date, the following dividends were proposed by the Board of Directors of the Company subject to the approval of the members at the ensuing Annual General Meeting; the dividends proposed is in accordance with Section 123 of the Companies Act, 2013 and have not been recognised as a liability.

(₹ in lakhs)

	As at March 31, 2022	As at March 31, 2021
Proposed dividend on Equity Shares:		
The board proposed dividend on equity shares after the balance sheet date		
Proposed dividend on equity shares for the year ended March 31, 2022 of ₹ 4.50 per share (March 31, 2021: ₹ 4.50 per share)	1,799.78	1,799.78
Total	**1,799.78**	**1,799.78**

Notes forming part of Financial Statements for the year ended March 31, 2022

14. Provisions

(₹ in lakhs)

	Non-Current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits				
Provision for gratuity (refer note 29)	-	-	1.89	73.51
Provision for leave benefits	838.55	942.24	81.73	72.82
Total (A)	**838.55**	**942.24**	**83.62**	**146.33**
Other provisions				
Provision for warranties (refer note (i) below)	206.66	231.63	138.64	150.46
Provision for contingency (refer note (ii) below)	-	-	75.00	75.00
Total (B)	**206.66**	**231.63**	**213.64**	**225.46**
Total (A+ B)	**1,045.21**	**1,173.87**	**297.26**	**371.79**

(i) Provision for warranties

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

Movement in provision for warranties (₹ in lakhs)

	As at March 31, 2022	As at March 31, 2021
At the beginning of the year	382.09	407.64
Additions during the year	65.29	70.60
Utilized during the year	(102.45)	(96.15)
At the end of the year	**344.93**	**382.09**
Current portion	138.64	150.46
Non-current portion	206.66	231.63

(ii) Provision for contingency

The Company had received a show-cause notice from Haryana State Pollution Control Board ('HSPCB') in 2009-10 towards contamination of ground water caused due to higher concentration of chromium used by the Company as compared to the minimum expected level. Pursuant to the show cause notice, the management had submitted a time bound remediation plan as per which specified milestones. Further, the Company has filed petition before Hon'ble High Court of Punjab and Haryana., which gave the decision for transfer of the case to National Green Tribunal, New Delhi who disposed off our Appeal and directed the Chairman of the HSPCB to personally conduct an inquiry into the matter, fix responsibility and take action in accordance with law. Provision of ₹ 75 lakhs (March 31, 2021: ₹ 75 lakhs), over and above the amount already forfeited by HSPCB, had been retained towards any contingency, as per management's assessment of the costs to be incurred. Since, the further appeal period of 120 days available to HSPCB from date of order has not elapsed, the Company is carrying the provision of ₹ 75 lakhs.

Notes forming part of Financial Statements for the year ended March 31, 2022

Movement in provision for contingency (₹ in lakhs)

	As at March 31, 2022	As at March 31, 2021
At the beginning of the year	75.00	75.00
Additions during the year	-	-
Utilized during the year	-	-
At the end of the year	75.00	75.00
Current portion	75.00	75.00
Non-current portion	-	-

15. Deferred tax assets (net)

(₹ in lakhs)

	As at March 31, 2021	As at March 31, 2020
Deferred tax (liabilities) on		
Financials assets carried at fair value through profit or loss	(315.85)	(216.67)
Sub-total (A)	**(315.85)**	**(216.67)**
Deferred tax assets on		
Property, plant and equipment & intangible assets	111.87	**132.50**
Accrued expenses deductible on payment	272.25	314.19
Provision for doubtful debts and advances	85.14	69.96
Sub-total (B)	**469.26**	**516.65**
Deferred tax assets/ (liabilities) (net)	**153.41**	**299.98**

Movement of Deferred tax assets/ (liabilities) (₹ in lakhs)

For the year ended March 31, 2022				
Particulars	**Opening Balance**	**Recognised in Statement of Profit and Loss**	**Recognised in Other comprehensive income**	**Closing Balance**
Deferred tax (liabilities) on				
Financials assets carried at fair value through profit or loss	**(216.67)**	(99.18)	-	**(315.85)**
Less: Deferred tax assets on				
Property, plant and equipments & intangible assets	**132.50**	(20.63)	-	**111.87**
Accrued expenses deductible on payment (including adjustments on account of remeasurement of defined benefit obligation recognised in other comprehensive income)	**314.19**	19.94	(61.88)	**272.25**
Provision for doubtful debts and advances	**69.96**	15.18	-	**85.14**
Deferred tax assets (net)	**299.98**	**(84.69)**	**(61.88)**	**153.41**

Notes forming part of Financial Statements for the year ended March 31, 2022

Movement of Deferred tax assets/ (liabilities) (₹ in lakhs)

For the year ended March 31, 2021				
Particulars	**Opening Balance**	**Recognised in Statement of Profit and Loss**	**Recognised in Other comprehensive income**	**Closing Balance**
Deferred tax (liabilities) on				
Financials assets carried at fair value through profit or loss	**(126.51)**	(90.16)	-	**(216.67)**
Less: Deferred tax assets on				
Property, plant and equipments & intangible assets	**108.06**	24.44	-	**132.50**
Accrued expenses deductible on payment (including adjustments on account of remeasurement of defined benefit obligation recognised in other comprehensive income)	**304.19**	33.57	(23.57)	**314.19**
Provision for doubtful debts and advances	**67.25**	2.71	-	**69.96**
Deferred tax assets (net)	**352.99**	**(29.44)**	**(23.57)**	**299.98**

16 (a) Financial liabilities - Trade Payables

(₹ in lakhs)

	As at March 31, 2022	As at March 31, 2021
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	2,209.64	1,685.85
Total outstanding dues of creditors other than micro enterprises and small enterprises	9,180.06	10,939.52
Total	**11,389.70**	**12,625.37**

(i) Due to Micro enterprises and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Company. (Refer Note 33)

Trade payables ageing schedule

As at March 31, 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not due	Less than 1 years	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	2209.640	-	-	-	-	2,209.64
(ii) Others	562.23	4545.19	3,952.42	27.32	16.56	76.34	9,180.06
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total	**562.23**	**6754.83**	3,952.42	27.32	**16.56**	**76.34**	**11,389.70**

Notes forming part of Financial Statements for the year ended March 31, 2022

As at March 31, 2021

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not due	Less than 1 years	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	1685.85	-	-	-	-	1,685.85
(ii) Others	715.95	6034.05	4,091.43	24.34	2.57	71.18	10,939.52
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total	**715.95**	**7719.90**	**4,091.43**	**24.34**	**2.57**	**71.18**	**12,625.37**

16 (b) Other financial liabilities

(₹ in lakhs)

	As at March 31, 2022	As at March 31, 2021
Current		
Other financial liabilities at amortised cost		
Security deposit from customers/ others*	28.50	25.50
Unpaid dividend	74.84	75.47
Capital Creditors	45.67	36.27
Others	5.57	7.72
Total	**154.58**	**144.96**

*Security deposits are repayable on demand.

17. Other liabilities

(₹ in lakhs)

	Non-current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Statutory remittances				
Tax deducted at source and tax collected at source payable	-	-	159.76	184.69
Provident fund and Employee State Insurance payable	-	-	113.96	122.64
Goods and Services Tax Payable	-	-	1,641.65	1,344.83
Deferred Government grant	1.79	3.79	2.00	2.00
Others	-	-	41.14	28.35
Total	**1.79**	**3.79**	**1,958.51**	**1,682.51**

Notes forming part of Financial Statements for the year ended March 31, 2022

Deferred Government Grant

(₹ in lakhs)

	As at March 31, 2022	As at March 31, 2021
At the beginning of the year	5.79	7.79
Deferred during the year	-	-
Released to the Statement of Profit and Loss	(2.00)	(2.00)
At the end of the year	**3.79**	**5.79**
Current portion	2.00	2.00
Non-current portion	1.79	3.79

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

18. Revenue From Operations

(₹ in lakhs)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from operations		
Sale of products:	105,452.60	107,712.35
- Finished goods		
Other operating revenue:	542.02	824.71
- Scrap sales		
Total	**105,994.62**	**108,537.06**

19. Other income

(₹ in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest income:		
Loans to employees	9.06	9.74
Others*	165.96	139.12
Other non-operating income:		
Net gain on sale of investments	565.38	448.64
Fair value gain on financial instruments at fair value through Profit or Loss	947.59	1,582.94
Exchange differences (net)	51.24	163.04

Notes forming part of Financial Statements for the year ended March 31, 2022

(₹ in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Liabilities and provisions no longer required written back (net)	2.00	-
Deferred income on government grant (Note 17) #	2.00	2.00
Miscellaneous income	72.76	52.94
Total	**1,815.99**	**2,398.42**

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

*Others include interest on loan to vendors, interest from electricity department and interest on sales of commercial papers

20. Cost of materials consumed

(₹ in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Inventory at the beginning of the year	6,577.03	4,485.36
Add : Purchases during the year	80,707.95	83,097.48
	87,284.98	87,582.84
Less : Inventory at the end of the year	5,192.78	6,577.03
Cost of raw material and components consumed	**82,092.20**	**81,005.81**

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

(₹ in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2022
Inventories at the beginning of the year		
Work-in-progress	687.63	913.40
Finished goods	914.83	1,120.98
Scrap	0.95	6.61
Total	**1,603.41**	**2,040.99**
Inventories at the end of the year		
Work-in-progress	533.76	687.63
Finished goods	1,058.53	914.83
Scrap	0.70	0.95
Total	**1,592.99**	**1,603.41**
Change in inventory	**10.42**	**437.58**

Notes forming part of Financial Statements for the year ended March 31, 2022

22. Employee benefits expenses

(₹ in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries, wages and bonus	9,970.02	11,014.13
Contribution to provident and other funds (refer note 29)	572.47	550.81
Gratuity expense (refer note 29)	180.77	200.30
Staff welfare expenses	520.10	523.56
Total	**11,243.36**	**12,288.80**

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

23. Finance Costs

(₹ in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest expense	5.99	14.77
	5.99	**14.77**

24. Depreciation and amortization expense

(₹ in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation of property, plant and equipment (Note 3)	1,115.16	1,418.58
Amortisation of intangible assets (Note 4)	130.51	208.16
Total	**1,245.67**	**1,626.74**

25. Other expenses

(₹ in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Consumption of stores and spares	2,099.95	2,533.76
Job work expenses	1,361.36	1,510.03
Power and fuel	2,927.59	2,859.33
Freight and forwarding charges	276.16	332.98
Rent (refer Note 30)	22.26	28.21
Hire charges	7.62	7.51
Rates and taxes	25.78	12.63
Insurance	306.22	323.81

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Notes forming part of Financial Statements for the year ended March 31, 2022

(₹ in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Repairs and maintenance:		
Plant and machinery	586.28	621.73
Buildings	32.28	53.77
Others	205.26	213.17
Advertising and sales promotion	4.95	4.80
Royalty	2,673.68	2,631.43
Technician fee	86.30	66.45
Warranty expense (refer Note 14)	65.66	70.60
Legal and professional fees	164.11	199.96
Travelling and conveyance	305.60	287.90
Communication costs	20.11	18.57
Directors' sitting fees	32.40	36.00
Payment to statutory auditors (refer note below)	51.94	43.39
Donations	30.14	6.53
Bank charges	21.32	16.03
Loss on disposal of property, plant and equipment (net)	1.84	8.42
Provision for doubtful loan	62.31	-
Corporate social responsibility (CSR) expenditure (refer note 38)	107.96	167.76
Miscellaneous expenses	346.28	362.75
TOTAL	**11,825.36**	**12,417.52**

Details of CSR expenditure:

(₹ in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Payment to statutory auditors:		
As statutory auditors:		
Audit fee (Including fees for Internal Control Over Financial Reporting)	30.00	27.50
Limited review of unaudited financial results	12.00	10.50
Other services (certification etc.)	6.00	1.00
Tax audit fee	3.00	3.00
Out of pocket expenses	0.94	1.39
Total	51.94	43.39

Notes forming part of Financial Statements for the year ended March 31, 2022

26. Income taxes

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

(₹ in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current income tax:		
In respect of current year	87.90	466.00
Tax adjustment for earlier year	-	**34.80**
Deferred tax:		
In respect of current year	84.69	29.44
Income tax expense reported in the statement of profit or loss	**172.59**	**530.24**

(b) Income tax on Other Comprehensive Income

(₹ in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Deferred tax benefit		
Arising on income and expenses recognised in other comprehensive income:		
Remeasurement of defined benefit obligation	(61.88)	(23.57)
Total income tax benefit/(expense) recognised in other comprehensive income	**(61.88)**	**(23.57)**

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

(₹ in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit before income tax	**1,387.61**	**3,144.26**
Income tax expense calculated at 25.168% (2020-21: 25.168%)	349.23	791.35
Effect of expenses that are not deductable in determining taxable profit	34.25	43.36
Effect of income that is exempt/ taxed on lower rate	(210.94)	(322.92)
Others	0.04	(16.35)
	172.58	495.44
Tax adjustment for earlier year	-	34.80
Income tax expense reported in the Statement of Profit and Loss	**172.59**	**530.24**
	-	-

Notes forming part of Financial Statements for the year ended March 31, 2022

(d) The income tax expense on Other Comprehensive Income for the year can be reconciled as follows:

(₹ in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Other Comprehensive Income		
Re-measurement gains (losses) on defined benefit plans	245.85	93.67
Income tax expense/(benefit) calculated at 25.168% (2020-21: 25.168%)	(61.88)	(23.57)
Income tax expense/(benefit) reported in the Other Comprehensive Income	**(61.88)**	**(23.57)**
	-	-

27. Earnings Per Share (EPS)

(₹ in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
The earnings and weighted average number of equity shares used in the calculation of basic/diluted earnings per share are as follows:		
Profit for the year, per Statement of Profit and Loss (A)	1,215.02	2,614.02
Weighted average number of equity shares (B)	399.95	399.95
Basic earnings per share (in ₹) (A/B)	**3.04**	**6.54**
Diluted earnings per share (in ₹) (A/B)	**3.04**	**6.54**

28. Critical accounting judgements and key sources of estimation uncertainty

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

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

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

(a) Impairment of non-financial assets

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

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

Notes forming part of Financial Statements for the year ended March 31, 2022

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

(b) Useful life of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date. As at March 31, 2022 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no change in the useful lives as compared to previous year.

(c) Provisions and contingent liabilities

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

(d) Estimation of defined benefits and compensated absences

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

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

(e) Provision for warranty

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

29. Employee benefits

Defined Contribution Plans - General Description

The Company makes contribution towards employees' provident fund & superannuation fund. Under the schemes, the Company is required to contribute a specified percentage of payroll cost, as specified in the rules of the schemes to these defined contribution schemes. The Company has recognised ₹ 572.47 lakhs (2020-21: ₹ 550.81 lakhs) as an expense towards contribution to these plans.

(₹ in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Employer's contribution to provident fund	484.12	464.83
Employer's contribution to superannuation fund	88.35	85.98
Total	**572.47**	**550.81**

Notes forming part of Financial Statements for the year ended March 31, 2022

Defined Benefit Plans - General Description

Gratuity:

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

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

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

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

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at March 31, 2022 by Mr. K. K. Dharni (Membership no. 00051), Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method.

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

(₹ in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
	Gratuity (Funded)	Gratuity (Funded)
Change in benefit obligation		
Present value of obligation as at the beginning of the year	2,777.75	2,632.20
Current service cost	175.77	190.84
Interest cost	188.89	178.99
Remeasurement on the net defined benefit liability		
Actuarial (gain) / loss arising from changes in demographic assumptions	-	-
Actuarial (gain) / loss arising from changes in financial assumptions	-	-
Actuarial (gain) / loss arising from experience adjustments	(234.69)	(83.23)
Benefits paid	(283.95)	(141.05)
Present value of obligation as at the end of the year	**2,623.77**	**2,777.75**

Notes forming part of Financial Statements for the year ended March 31, 2022

(₹ in lakhs)

Particulars	For the year ended March 31, 2022 Gratuity (Funded)	For the year ended March 31, 2021 Gratuity (Funded)
Change in plan assets		
Fair value of plan assets at the beginning of the year	2,704.24	2,493.00
Interest income	183.89	169.52
Return on plan assets (excluding amounts included in interest income)	11.16	10.44
Contribution by the Company	6.54	172.33
Benefits paid	(283.95)	(141.05)
Plan assets at the end of the year	**2,621.88**	**2,704.24**
Liability/ (Asset) recognized in the financial statements	**1.89**	**73.51**

Amount recognised in Statement of Profit and Loss:

(₹ in lakhs)

	For the year ended March 31, 2022	For the year ended March 31 2021
Service Cost		
Current service cost	175.77	190.84
Net interest expense	5.00	9.46
Amount recognised in Statement of Profit and Loss	**180.77**	**200.30**

Amount recognised in Other Comprehensive Income:

(₹ in lakhs)

	For the year ended March 31, 2022	For the year ended March 31 2021
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amounts included in net interest expense)	(11.16)	(10.44)
Actuarial (gains)/ losses arising from changes in demographic assumptions	-	-
Actuarial (gains)/ losses arising from changes in financial assumptions	-	-
Actuarial (gains)/ losses arising from experience adjustments	(234.69)	(83.23)
Amount recognised in Other Comprehensive Income	**(245.85)**	**(93.67)**

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

	As at March 31, 2022	As at March 31, 2021
Gratuity		
Investment Details	**Funded**	**Funded**
Investment with Insurer (LIC)	100%	100%

Notes forming part of Financial Statements for the year ended March 31, 2022

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

	As at March 31, 2021	As at March 31, 2020
Discount rate (%)	7.22	6.80
Future salary increases (%)	7.50	7.50
Retirement Age (Years)	58.00	58.00
Withdrawal rate		
Up to 30 years	3%	3%
From 31 to 44 years	2%	2%
Above 44 years	1%	1%
Mortality rate	**100% of IALM (2012-14)**	**100% of IALM (2012-14)**

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

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

- If the discount rate is 50 basis points higher/ (lower), the defined benefit obligation would decrease by ₹ 98.41 lakhs (increase by ₹ 106.19 lakhs) [as at March 31, 2021: decrease by ₹ 106.50 lakhs (increase by ₹ 115.08 lakhs)].

- If the expected salary growth increases (decreases) by 50 basis points, the defined benefit obligation would increase by ₹ 105.39 lakhs (decrease by ₹ 98.60 lakhs) [as at March 31, 2021: increase by ₹ 113.75 lakhs (decrease by ₹ 106.31 lakhs)]

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

Sensitivity Analysis

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

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

Notes forming part of Financial Statements for the year ended March 31, 2022

Maturity profile of defined benefit obligation

	As at March 31, 2022	As at March 31, 2021
Average duration of the defined benefit obligation (in years)	14.55 years	15.04 years

The Company expects to make a contribution of ₹ 177.39 lakhs (as at March 31, 2021 ₹ 201.01 lakhs) to the defined benefit plans during the next financial year.

30. Ind AS 116: 'Leases'

Effective from April 1, 2019, the Company has adopted Ind AS 116 'Leases'. Based on assessment carried out by the Company, the application of Ind AS 116 did not have material impact on the Financial Statements of the Company.

The Company has entered into cancellable operating lease arrangement for various residential properties for use by its employees. Lease payments recognized as expenses in the Statement of Profit and Loss during the year ended March 31, 2022 is ₹ 22.26 lakhs (March 31, 2021: ₹ 28.21 lakhs).

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

a. Capital and other commitments

At March 31 2022, the estimated amount of contracts remaining to be executed on capital account was ₹ 389 lakhs (March 31, 2021: .₹ 229.78 lakhs)

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

b. Contingent Liabilities

(₹ in lakhs)

	As at March 31, 2022	As at March 31, 2021
a) Demands raised by Income tax authorities	263.75	182.28
b) Demands issued by GST/Excise authorities	342.28	342.28
c) Demand raised by Employees State Insurance Recovery Officer	82.71	82.71

The above matters are subject to legal proceedings in the ordinary course of business. The legal proceeding when ultimately concluded will not, in the opinion of the management, have a material effect on financial position of the Company. Amount above does not include the contingencies the likelihood of which is remote. (Refer note 32)

Notes forming part of Financial Statements for the year ended March 31, 2022

32. Information in respect of disputed dues, not deposited as at March 31, 2022, pending with various authorities (considered remote):

(₹ in lakhs)

Name of Statute	Nature of Dues	Amount* (₹ in lakhs)	Amount paid under protest (₹ lakhs)	Period to which the Amount Relates	Forum where Dispute is Pending
Income-tax Act, 1961	Income-tax	640.21	435.36	AY 2010-11	Income Tax Appellate Tribunal
		441.50	-	AY 2010-11	Commissioner of Income tax appeal (penalty)
		2,060.47	1,442.72	AY 2011-12	Set aside by Income Tax Appellate Tribunal pending with assessing officer.
		45.40	33.71	AY 2015-16	Income Tax Appellate Tribunal
		59.10	-	AY 2016-17	Income Tax Appellate Tribunal
		81.46	-	AY 2017-18	Income Tax Appellate Tribunal

* Amount as per demand orders including interest and penalty wherever indicated in the order and excludes disputed dues fully paid amounting to ₹ 3,339.61 Lakhs (previous year ₹ 3369.61 lakhs).

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

(₹ in lakhs)

	As at March 31, 2022	As at March 31, 2021
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year		
Principal amount due to micro and small enterprises	2,209.64	1,685.85
Interest due on above	-	-
The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act 2006	-	-

Dues to Micro Enterprises and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Notes forming part of Financial Statements for the year ended March 31, 2022

34. Related party disclosures under IND AS 24

(i) Names of related parties and related party relationship

(a) Key management personnel and their relatives

- Mr. Yogesh Chander Munjal – Chairman & Managing Director
- Mrs. Nidhi Kapoor - Daughter of Mr. Yogesh Chander Munjal
- Mr. Yasuhiro Ashiki - Joint Managing Director w.e.f June 23, 2021
- Mr. Shigeki Kobayashi - Joint Managing Director Upto April 10, 2021
- Mr. Avi Munjal- Assistant Vice President (AVP) Grandson of Mr. Yogesh Chander Munjal and son of Mrs. Charu Munjal
- Mr. Pankaj Gupta (Chief Financial Officer)
- Mrs. Neha Bansal (Company Secretary) w.e.f. October 29, 2021
- Ms. Geetanjali Sharma (Company Secretary) Upto September 30, 2021
- Mr. Ashok Kumar Munjal- Non executive director
- Mr. Vinod Kumar Agrawal- Independent director
- Mr. Nand Lal Dhameja- Independent director
- Mrs. Charu Munjal- Non executive director
- Mr. Surinder Kumar Mehta- Independent director Upto February 22, 2022
- Mrs. Geeta Anand- Independent director Upto February 17, 2022
- Mr. Devi Singh- Independent director
- Mr. Kazuhiro Nishioka- Non executive director w.e.f .June 23, 2021
- Mr. Yasuhiro Yamamoto- Non executive director Upto June 29, 2021

(b) Enterprise with significant influence over the Company

- Showa Corporation, Japan Upto December 31,2020 (refer note below)
- Hitachi Astemo Limited, Japan w.e.f. January 01,2021 (refer note below)
- Dayanand Munjal Investments Private Limited

Note: As a part of Global restructing, Showa Corporation Limited, Japan, has been merged with Hitachi Astemo Limited, Japan with effect from January 01, 2021.

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

- Dayanand Munjal Investments Private Limited
- Shivam Autotech Limited
- Earthly Possessions

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

(₹ in lakhs)

	Enterprises with significant influence over the company		Key management personnel & their relatives		Enterprises owned or controlled by key management personnel and their relatives		Total	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Transactions during the year:								
Sale of goods								
Shivam Autotech Limited	-	-	-	-	10.53	0.18	10.53	0.18
Showa Corporation, Japan	-	3.94	-	-	-	-	-	3.94
Hitachi Astemo Ltd., Japan	3.24	0.50	-	-	-	-	3.24	0.50
	3.24	**4.44**			**10.53**	**0.18**	**13.77**	**4.62**
Purchase of goods								
Shivam Autotech Limited	-	-	-	-	655.49	813.27	655.49	813.27
Showa Corporation, Japan	29.63	2,970.85	-	-	-	-	29.63	2,970.85
Hitachi Astemo Ltd., Japan	2,100.31	302.01	-	-	-	-	2,100.31	302.01
	2,129.94	**3,272.86**	**-**	**-**	**655.49**	**813.27**	**2,785.43**	**4,086.13**
Purchase of goods								
Earthly Possessions	-	-	-	-	1.85	3.30	1.85	3.30
					1.85	**3.30**	**1.85**	**3.30**
Loans given								
Shivam Autotech Limited (Refer note (iii) below)	-	-	-	-	650.00	560.00	650.00	560.00
	-	**-**	**-**	**-**	**650.00**	**560.00**	**650.00**	**560.00**

(₹ in lakhs)

	Enterprises with significant influence over the company		Key management personnel & their relatives		Enterprises owned or controlled by key management personnel and their relatives		Total	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Interest received								
Shivam Autotech Limited (Refer note (iii) below)	-	-	-	-	71.44	5.67	71.44	5.67
	-	**-**	**-**	**-**	**71.44**	**5.67**	**71.44**	**5.67**
Loan Recovered								
Shivam Autotech Limited (Refer note (iii) below)	-	-	-	-	430.00	200.00	430.00	200.00
	-	**-**	**-**	**-**	**430.00**	**200.00**	**430.00**	**200.00**
Royalty paid/payable								
Showa Corporation, Japan	-	1,845.27	-	-	-	-	-	1,845.27
Hitachi Astemo Ltd., Japan	2,673.68	786.15	-	-	-	-	2,673.68	786.15
	2,673.68	**2,631.42**	**-**	**-**	**-**	**-**	**2,673.68**	**2,631.42**
Purchase of Intangible assets								
Design and drawing fees								
Showa Corporation, Japan	-	43.56	-	-	-	-	-	43.56
Hitachi Astemo Ltd., Japan	41.12	21.78	-	-	-	-	41.12	21.78
	41.12	**65.34**	**-**	**-**	**-**	**-**	**41.12**	**65.34**
Expense reimbursement								
Showa Corporation, Japan	-	33.37	-	-	-	-	-	33.37
Hitachi Astemo Ltd., Japan	87.15	35.66	-	-	-	-	87.15	35.66
	87.15	**69.03**	**-**	**-**	**-**	**-**	**87.15**	**69.03**
Dividend paid								
Hitachi Astemo Ltd., Japan (erstwhile Showa Corporation)	448.20	468.00	-	-	-	-	448.20	468.00
Dayanand Munjal Investment Pvt. Ltd.	721.80	702.00	-	-	-	-	721.80	702.00
Nidhi Kapoor	0.18	0.18	-	-	-	-	0.18	0.18
	1,170.18	**1,170.18**	**-**	**-**	**-**	**-**	**1,170.18**	**1,170.18**

Notes to financial statements for the period from April 01, 2021 to March 31, 2022

	Enterprises with significant influence over the company		Key management personnel & their relatives		Enterprises owned or controlled by key management personnel and their relatives		Total	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Employee Benefits for Key Management Personnel (Salary, Commission and contributions to Provident fund and Superannuation fund)								
Mr.Yogesh Chander Munjal	-	-	531.94	523.55	-	-	531.94	523.55
Mr. Shigeki Kobayashi	-	-	8.32	297.24	-	-	8.32	297.24
Mr. Yasuhiro Ashiki	-	-	231.10	-			231.10	
Mr. Pankaj Gupta	-	-	38.78	35.50	-	-	38.78	35.50
Ms. Geetanjali Sharma	-	-	3.80	6.20	-	-	3.80	6.20
Mrs. Neha Bansal	-	-	3.87	-	-	-	3.87	-
Mr. Avi Munjal	-	-	26.88	23.81	-	-	26.88	23.81
Sitting fees to non executive and Independent directors								
Mr. Ashok Kumar Munjal	-	-	4.20	5.40	-	-	4.20	5.40
Ms. Charu Munjal	-	-	1.80	1.80	-	-	1.80	1.80
Mr. Vinod Kumar Agrawal	-	-	7.80	7.20	-	-	7.80	7.20
Mr. Nand Lal Dhameja	-	-	6.00	7.20	-	-	6.00	7.20
Mr. Devi Singh	-	-	6.60	6.60	-	-	6.60	6.60
Mr. Surinder Kumar Mehta	-	-	3.60	4.20	-	-	3.60	4.20
Mrs. Geeta Anand	-	-	2.40	3.60	-	-	2.40	3.60
	-	**-**	**877.09**	**922.30**	**-**	**-**	**877.10**	**922.30**

	Enterprises with significant influence over the company		Key management personnel & their relatives		Enterprises owned or controlled by key management personnel and their relatives		Total	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
(iii) Balances as at the year end								
Trade payables								
Shivam Autotech Limited	-	-	-	-	11.74	54.51	11.74	54.51
Showa Corporation, Japan	31.48	818.34	-	-	-	-	31.48	818.34
Hitachi Astemo Ltd., Japan	1,392.02	1,020.51	-	-	-	-	1,392.02	1,020.51
Earthly Possessions	-	-	-	-	-	0.05	-	0.05
Mr. Yogesh Chander Munjal	-	-	17.32	28.78	-	-	17.32	28.78
Mr. Shigeki Kobayashi	-	-	0.33	33.13	-	-	0.33	33.13
Mr. Yasuhiro Ashiki	-	-	18.36	-	-	-	18.36	-
Mr. Pankaj Gupta	-	-	1.28	1.11	-	-	1.28	1.11
Ms. Geetanjali Sharma	-	-	-	0.50	-	-	-	0.50
Mrs. Neha Bansal	-	-	0.51	-			0.51	-
Mr. Avi Munjal	-	-	1.38	1.42	-	-	1.38	1.42
	1,423.50	**1,838.85**	**39.18**	**64.94**	**11.74**	**54.56**	**1,474.42**	**1,958.35**
Trade receivables								
Shivam Autotech Limited	-	-	-	-	-	-	-	-
Showa Corporation, Japan	-	-	-	-	-	-	-	-
Hitachi Astemo Ltd., Japan	-	64.13	-	-	-	-	-	64.13
	-	**64.13**				**-**	**-**	**64.13**
Loans receivable							-	-
Shivam Autotech Limited (Refer note (iii) below)	-	-	-	-	580.00	360.00	580.00	360.00
	-	**-**	**-**	**-**	**580.00**	**360.00**	**580.00**	**360.00**
Interest receivable							-	-
Shivam Autotech Limited	-	-	-	-	5.86	5.68	5.86	5.68
	-	**-**	**-**	**-**	**5.86**	**5.68**	**5.86**	**5.68**

Notes:-

(i) The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

(ii) No amount has been written off or written back in the year in respect of debts due from/to above related parties.

iii) Loan to Shivam Autotech Limited is unsecured and is repayable in 24 equal instalments over next 12 months from the balance sheet date. The loan carries an interest of 12% p.a During the year, Interest earned on such loans aggregated to ₹ 71.44 lakhs.

Notes forming part of Financial Statements for the year ended March 31, 2022

35. Segment information

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

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

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

(₹ in lakhs)

Revenue from Operations	Domestic	Overseas	Total
2021-22	105,923.56	71.06	105,994.62
2020-21	108,484.11	52.95	108,537.06

a) Domestic segment includes sales to customers located in India.

b) Overseas segment includes sales to customers located outside India.

c) There are no non-current assets located outside India.

d) Revenue from operations have been allocated to segments on the basis of their relationship to the operating activities of the segment.

Information about major customers

Included in revenue from operations (net of taxes) arising from domestic sales are revenues which arose from following customers which were 10% or more of the Company's revenue:

(₹ in lakhs)

Name of customer	31-Mar-22	31-Mar-21
Customer 1	86,851.16	91,515.38

36. Financial instruments

36.1 The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through efficient allocation of capital towards expansion of business, optimisation of working capital requirements and deployment of surplus funds into various investment options. The Company does not have debts and meets its capital requirement through equity.

The Company is not subject to any externally imposed capital requirements

The management of the Company reviews the capital structure of the Company on regular basis. As part of this review, the Board considers cost of capital and the risks associated with the movement in the working capital.

The following table summarizes the capital of the Company: **(₹ in lakhs)**

Particulars	As at March 31, 2022	As at March 31, 2021
Share capital	799.93	799.93
Equity reserves	62,938.77	63,339.56
Total Equity	**63,738.70**	**64,139.49**

Notes forming part of Financial Statements for the year ended March 31, 2022

Categories of financial instruments

The following table summarizes the capital of the Company: **(₹ in lakhs)**

Particulars	As at March 31, 2022	As at March 31, 2021
Financial assets		
Financial assets at fair value through profit or loss		
Non-current		
Investments	6,308.03	5,255.93
Current		
Investments	24,348.96	24,000.38
Financial assets at amortised cost		
Non-current		
Loans	166.28	187.71
Other financial assets	568.44	550.92
Current		
Loans	850.53	575.49
Trade receivables	17,041.21	19,649.06
Cash and bank balances	1,679.96	1,018.45
Other financial assets	4.71	7.10
Total	**50,968.12**	**51,245.04**
Financial liabilities at amortised cost		
Current		
Trade payables	11,389.70	12,625.37
Other financial liabilities	154.58	144.96
Total	**11,544.28**	**12,770.33**

36.2 Fair value measurements

The Company uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques:

"The following is the basis of categorising the financial instruments measured at fair value into Level 1 to Level 3: Level 1: This level includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of quoted debentures and open-ended mutual funds Level 2: This level includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). Level 3: This level includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Notes forming part of Financial Statements for the year ended March 31, 2022

Fair value of the Company's financial assets that are measured at fair value on a recurring basis:

There are certain Company's financial assets which are measured at fair value at the end of each reporting period. Following table gives information about how the fair values of these financial assets are determined:

(₹ in lakhs)

	Fair value as at March 31, 2021		
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss			
Non-current			
Other Investments - Alternate investment funds	-	-	5,225.93
Current			
Investments in mutual funds	-	22,790.70	-
Investments in debentures	1,209.68	-	-

(₹ in lakhs)

	Fair value as at March 31, 2022		
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss			
Non-current			
Other Investments - Alternate investment funds	-	-	6,308.03
Current			
Investments in mutual funds	-	23,772.16	-
Investments in debentures	576.80	-	-

The fair value of the financial assets and financial liabilities are included at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between the market participants. The following methods and assumptions were used to estimate the fair values:

- Investments traded in active markets are determined by reference to quotes from the financial institutions; for example: Net asset value (NAV) for investments in open-ended mutual funds declared by mutual fund house, quoted price of equity shares in the stock exchange etc.
- The fair value of debenture is based on direct market observable inputs.
- Trade receivables, cash & cash equivalents, other bank balances, loans, other current financial assets, trade payables and other current financial liabilities: Approximate their carrying amounts largely due to short-term maturities of these instruments.
- Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Company could have realized or paid in sale transactions as of respective dates. As such, the fair value of the financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

Notes forming part of Financial Statements for the year ended March 31, 2022

36.3 Financial risk management objectives

The Company's senior management monitors and manages the financial risks relating to the operations of the Company. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company seeks to minimise the effects of these risks by using diversification of investments, credit limit to exposures, etc., to hedge risk exposures. The use of financial instruments is governed by the Company's policies on foreign exchange risk and the investment. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates risk/ liquidity which impact returns on investments. The Company enters into derivative financial instruments to manage its exposure to foreign currency risk including import payables. Future specific market movements cannot be normally predicted with reasonable accuracy. Market risk exposures are measured using sensitivity analysis.

Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies and consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. The counter party for these contracts is generally a bank, however there are no outstanding forward exchange contracts at year end.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Foreign currency exposure (Unhedged)* **(₹ in lakhs)**

	As at March 31, 2022		As at March 31, 2021	
	In foreign Currency (in lakhs)	In ₹	In foreign Currency (in lakhs)	In ₹
Trade Receivables				
In USD	0.22	15.96	0.24	16.88
In JPY	-	-	92.27	59.89
Trade Payables				
In USD	2.98	230.16	0.01	0.75
In JPY	249.23	157.41	536.68	362.53
In EURO	0.05	3.89	0.15	12.79
In THB	18.24	42.18	63.62	151.8

*The Company does not have any hedged foreign currency instruments outstanding as at March 31, 2022

Foreign currency sensitivity

The following table details the Company's sensitivity to a 5% increase and decrease in the ₹ against the relevant foreign currencies. (+)/(-)5% is the sensitivity rate used when reporting foreign currency risk internally to key management

Notes forming part of Financial Statements for the year ended March 31, 2022

personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the ₹ strengthens (+)/(-) 5% against the relevant currency. For a 5% weakening of the ₹ against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be positive or negative.

(₹ in lakhs)

Currency	As at March 31,2022		As at March 31,2021	
	5% increase	5% decrease	5% increase	5% decrease
Receivable				
In USD	0.80	(0.80)	0.86	(0.86)
In JPY	-	-	2.99	(2.99)
Payable				
In USD	(11.51)	11.51	(0.04)	0.04
In JPY	(7.87)	7.87	(18.13)	18.13
In EURO	(0.19)	0.19	(0.63)	0.63
In THB	(2.11)	2.11	(7.29)	7.29
Impact on profit or loss as at the end of the reporting period	**(20.88)**	**20.88**	**(22.24)**	**22.24**
Impact on total equity as at the end of the reporting period	**(15.63)**	**15.63**	**(16.64)**	**16.64**

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Trade receivables balance at the end of the year includes ₹ 13,837.17 lakhs (March 31, 2021: ₹ 17,071.24 Lakhs) due from the Company's largest customer, which is creditworthy and Company doesn't have any past history of any losses on account of credit risk. The Company's exposure and wherever appropriate, the credit ratings of its counterparties are continuously monitored and spread amongst various counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management of the Company. Financial instruments that are subject to concentrations of credit risk, principally consist of balance with banks, investments in debt instruments/ bonds, trade receivables, loans and advances and derivative financial instruments. None of the financial instruments of the Company result in material concentrations of credit risks.

Balances with banks were not past due or impaired as at the year end. In other financial assets that are not past dues and not impaired, there were no indication of default in repayment as at the year end.
The age analysis of trade receivables as of the balance sheet date have been considered from the due date and disclosed in the note no. 9 above.

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

Notes forming part of Financial Statements for the year ended March 31, 2022

Movement in the expected credit loss allowance of financial assets

(₹ in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Balance at beginning of the year	**2.00**	**2.00**
Add: Provided during the year	-	-
Less: Reversals of provision	2.00	-
Less: Amounts written off	-	-
Balance at the end of the year	**-**	**2.00**

Other price risks including interest rate risk

The Company has deployed its surplus funds into various financial instruments including units of mutual funds, debentures, etc. The Company is exposed to NAV (net asset value) price risks arising from investments in these funds. The value of these investments is impacted by movements in interest rates , liquidity and credit quality of underlying securities.

NAV price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to NAV price risks at the end of the reporting period. If NAV prices had been 1% higher/lower:

- profit for the year ended March 31, 2022 would increase/decrease by ₹ 300.80 lakhs (for the year ended March 31, 2021: increase/decrease by ₹ ₹ 280.17 lakhs).

Liquidity risk

Liquidity risk represents the inability of the Company to meet its financial obligations within stipulated time. To mitigate this risk, the Company maintains sufficient liquidity by way of readily convertible instruments and working capital limits from banks. The company has a sanctioned Cash credit limits of ₹ 3000 Lakhs (March 31, 2021 : ₹ 2530 Lakhs) which remained unutilised as at March 31, 2022.

Maturity profile of financial liabilities:

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date.

(₹ in lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Less than 1 year	Total	Less than 1 year	Total
Current				
(i) Trade payables	11,389.70	11,389.70	12,625.37	12,625.37
(ii) Other financial liabilities	154.58	154.58	144.96	144.96

The surplus funds with the Company and operational cash flows will be sufficient to dispose the financial liabilities with in the maturity period.

Notes forming part of Financial Statements for the year ended March 31, 2022

37. Financial Ratios

Sr. No.	Particulars		As at March 31, 2022		As at March 31, 2021		% Variance	Reason for variances above 25%
			Amount ₹ in lakhs	Ratio	Amount ₹ in lakhs	Ratio		
1	Current Ratio (in times)	Current Assets / Current Liabilities		**3.76**		**3.68**	2%	-
		Current Assets	51,881.00		54,550.15			
		Current liabilities	13,800.05		14,824.63			
2	Debt-Equity Ratio (in times)	Total Debt / Total Shareholders' Equity	-	-	-	-	-	-
3	Debt Service Coverage Ratio (in times)	Earnings for Debt Service / Debt Service	-	-	-	-	-	-
4	Return on Equity Ratio (in times)	Net income / Average Shareholder's equity		**0.02**		**0.04**	-54%	Refer note (i) below
		Net income ('Net Profits after taxes – Preference Dividend)	1,215.02		2,614.02			
		Average Shareholder's Equity	63,939.09		63,697.32			
5	Inventory turnover Ratio (in times)	Revenue from operation / Average Inventory		**13.19**		**13.49**	-2%	-
		Revenue from operation	105,994.62		108,537.06			
		Average Inventory	8,038.79		8,044.23			
6	Trade Receivables turnover Ratio (in times)	Net Credit Sales . / Average Trade Receivables		**5.78**		**6.45**	-10%	-
		Net credit sales (Gross credit sales - sales return)	105,994.62		108,537.06			
		Average Trade Receivable	18,345.14		16,823.42			

Notes forming part of Financial Statements for the year ended March 31, 2022

Sr. No.	Particulars		As at March 31, 2022		As at March 31, 2021		% Variance	Reason for variances above 25%
			Amount ₹ in lakhs	Ratio	Amount ₹ in lakhs	Ratio		
7	Trade payables turnover Ratio (in times)	Net Credit Purchases / Average Trade Payables		**6.72**		**7.32**	-8%	-
		Net credit purchases (Gross credit purchases - purchase return)	80,707.95		83,097.48			
		Average Trade Payables	12,007.54		11,352.87			
8	Net capital turnover Ratio (in times)	Net Sales / Average Working Capital		**2.72**		**2.77**	-2%	-
		Net sales (Total sales - sales return)	105,994.62		108,537.06			
		Average Working capital (Current assets – Current liabilities)	38,903.23		39,208.27			
9	Net profit Ratio (in times)	Net Profit / Net Sales		**0.01**		**0.02**	-52%	Refer note (i) below
		Net Profit	1,215.02		2,614.02			
		Net sales (Total sales - sales return)	105,994.62		108,537.06			
10	Return on capital employed (in percentage)	Earnings before interest and taxes (EBIT) / Average Capital Employed		**2.18%**		**4.97%**	-56%	Refer note (i) below
		Earnings before interest and taxes	1,393.61		3,159.03			
		Average Capital Employed (Tangible Net Worth + Total Debt + Deferred Tax Liability)	63,828.27		63,500.35			

Notes forming part of Financial Statements for the year ended March 31, 2022

Sr. No.	Particulars		As at March 31, 2022		As at March 31, 2021		% Variance	Reason for variances above 25%
			Amount ₹ in lakhs	Ratio	Amount ₹ in lakhs	Ratio		
11	Return on investment (in percentage)	Income generated from investments 'Cost of Investments		**4.94%**		**6.95%**	-29%	The reduction in return on investment is on account of fair value reduction of mutual funds held by the Company based on market conditions.
		Income generated from investments	1,512.97		2,031.58			
		Cost of Investments	30,656.99		29,226.31			

Notes:

i. The net profit/ earnings has reduced in comparision to last financial year, due to reduced margins on the finished product mainly on account of one of the major component now being procurred in finished state instead of earlier being procurred in raw state and then processed inhouse by the Company. This has led to unabsorbed fixed costs in relation to this major component i.e. cost towards under utilised manpower. This has resulted in higher consumption costs and lower gross profit margin of the Company. The Company is taking appropriate corrective actions in this regard.

38. Corporate Social Responsibility

(₹ in lakhs)

S.No.		As at March 31, 2022	As at March 31, 2021
1.	Amount required to be spent by the company during the year	113.28	161.42
2.	Amount of expenditure incurred	107.96	167.76
3.	(a) Excess carried forward from previous year	6.34	-
3.	(b) Shortfall/(excess) at the end of the year (Net of excess carried forward from previous year)	(1.02)	(6.34)
4.	Total of previous years shortfall	Nil	Nil
5.	Reason for shortfall	N.A.	N.A.
6.	Nature of CSR activities	Education and healthcare	Education and healthcare
7.	Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	N.A	N.A
8.	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately	N.A	N.A

Notes forming part of Financial Statements for the year ended March 31, 2022

39. The Company neither had transactions with struck off Company during the year nor does it have any outstanding balance at reporting date.

40. Additional regulatory information

(a) Borrowings are made from banks/ FI on the basis of security of current asset. The returns or statements viz. Financial follow-up report/Financial report filed by the Company with such banks are in agreement with the unaudited books of account of the Company for the said period.

(b) The Company has complied with the number of layers of companies as prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

(c) No proceedings have been initiated or pending against the Company under the Benami Transactions (Prohibition) Act,1988.

(d) The Company has not been declared as a wilful defaulter by any bank or financial institution or any other lender.

(e) The Company has not advanced or loaned or invested funds to any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall: directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries); or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(f) The Company has not received any fund from any person or entity, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall: directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries); or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

41. The Company has neither traded nor invested in crypto currency or virtual currency during the financial year.

42. Undisclosed Income

The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

43. The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

44. The Company has made an assessment of the likely adverse impact on economic environment in general post the outbreak of COVID-19 and potential impact on its operation including the carrying values of its current and non current assets including property, plant and equipment and other financial exposure. The Company has also evaluated its ability to meet the financial commitments towards its lenders etc.

The Company as of the reporting date has used internal and external sources on its expected future performance and accordingly does not expect any long term adverse impact of COVID-19 on its ability to recover the carrying value of assets and meeting its financial obligations. However, given the nature of COVID-19, the Company continues to monitor developments to identify and manage any significant uncertainties relating to its future economic outlook.

45. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

Notes forming part of Financial Statements for the year ended March 31, 2022

46. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund. Unpaid dividend (refer note 16 (b)) does not include any amount outstanding as at March 31, 2022 which are required to be credited to Investor Education and Protection Fund.

47. The Code on Social Security,2020 ('Code') relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

48. The financial statements were approved for issue by the Board of Directors of the Company on May 30, 2022.

For and on behalf of the Board of Directors

Yogesh Chander Munjal
Chairman & Managing Director
DIN- 00003491

Vinod Kumar Agrawal
Chairman-Audit Committee
DIN- 00004463

Pankaj Gupta
Chief Financial Officer

Neha Bansal
Company Secretary
Membership No. A38848

Place : Gurugram
Date : May 30, 2022

FINANCIAL PERFORMANCE



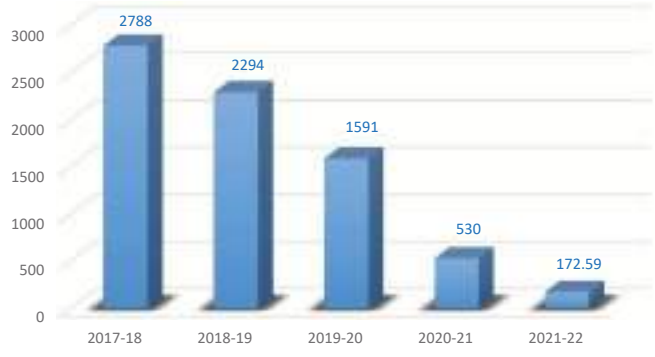
NET SALES (₹ in Lakhs)



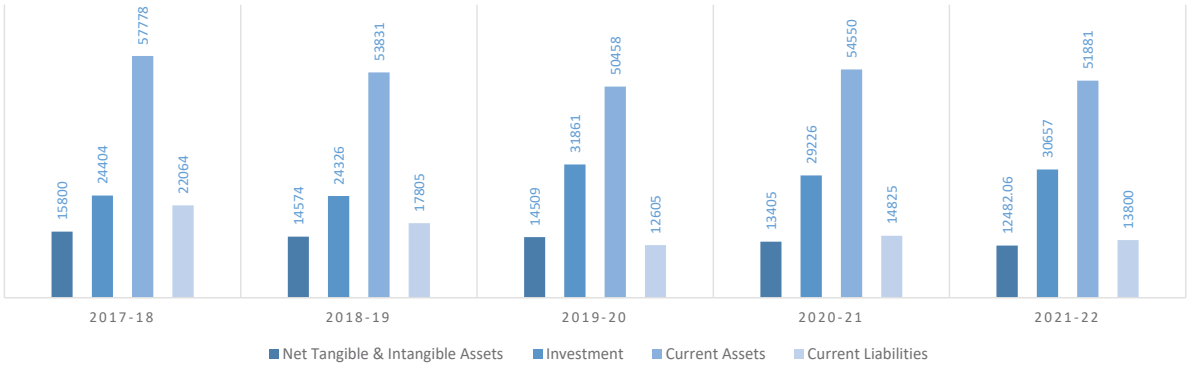
NET WORTH (₹ in Lakhs)



BOOK VALUE PER SHARE (In ₹)



INCOME TAX (₹ in Lakhs)



APPLICATION OF FUNDS (₹ in Lakhs)



Gurugram Plant



Manesar Plant



Haridwar Plant

MUNJAL SHOWA LIMITED

CIN: L34101HR1985PLC020934
Registered Office: 9-11, Maruti Industrial Area,
Sector 18, Gurugram – 122015, Haryana
Phone: +91 124 478 3000/3100
Email: cs@munjalshowa.net
Website: www.munjalshowa.net