

# MUNJAL SHOWA LIMITED

Registered Office & Works : 9-11, Maruti Industrial Area, Sector - 18, Gurugram - 122 015 (Haryana) INDIA  
E-mail : msladmin@munjalshowa.net Website : www.munjalshowa.net  
Corporate Identity Number : L34101HR1985PLC020934, PAN : AAACM0070D  
Phone : 0124-4783000

July 27, 2021

The D.G.M. (Listing)  
Corporate Relation Department  
BSE Ltd  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai-400 001  
Security Code: 520043

The Asst. Vice President  
Listing Department  
National Stock Exchange of India Limited  
Exchange Plaza, Plot No. C/1, G Block,  
Bandra-Kurla Complex  
Bandra (E), Mumbai – 400 051  
Security Code: MUNJALSHOW

**Sub: Submission of Annual Report for the FY 2020-21 and Notice of Annual General Meeting under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

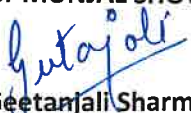
Dear Sirs,

With reference to the captioned subject, please find attached herewith the Annual Report for the financial year 2020-21 along with the Notice of 36<sup>th</sup> Annual General Meeting as required under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and sent to the shareholders of the Company.

This is for your information and records.

Thanking You,

For MUNJAL SHOWA LIMITED

  
(Geetanjali Sharma)

Company Secretary & Compliance Officer

Encl.: As above



**MUNJAL  
SHOWA**



**2020-21**  
**ANNUAL REPORT**

# Corporate Information

## BOARD OF DIRECTORS

Mr. Yogesh Chander Munjal (Chairman & Managing Director)  
Mr. Shigeki Kobayashi (Joint Managing Director) \*  
Mr. Ashok Kumar Munjal  
Mrs. Charu Munjal  
Mr. Devi Singh  
Ms. Geeta Anand  
Mr. Nand Lal Dhameja  
Mr. Surinder Kumar Mehta  
Mr. Vinod Kumar Agrawal  
Mr. Yasuhiro Yamamoto  
Mr. Yasuhiro Ashiki\*\*  
Mr. Kazuhiro Nishioka\*\*

## 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. Shigeki Kobayashi- Member\*  
Mr. Ashok Kumar Munjal-Member  
Mr. Yasuhiro Ashiki- Member\*\*

## NOMINATION AND REMUNERATION COMMITTEE

Mr. Surinder Kumar Mehta-Chairman  
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. Shigeki Kobayashi- Member\*  
Mr. Yasuhiro Ashiki- Member\*\*

## RISK MANAGEMENT COMMITTEE

Mr. Yogesh Chander Munjal- Chairman  
Mr. Pankaj Gupta-Member^  
Mr. Devesh Gupta -Member^  
Mr. Yasuhiro Ashiki- Member\*\*  
Mr. Vinod Kumar Agrawal-Member^^

### Note:

1. \*Upto April 10, 2021
2. \*\*Appointed w.e.f. June 23, 2021
3. ^Upto June 23, 2021
4. ^^Appointed as member w.e.f. June 23, 2021

## CHIEF FINANCIAL OFFICER

Mr. Pankaj Gupta

## COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Geetanjali Sharma

## 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

Standard Chartered Bank  
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,  
Salempur Mehdood, Haridwar- 249403  
Uttarakhand

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## Yearly Financial Results at a Glance

(₹ In lakhs)

	March'21	March'20	March'19	March'18	March'17
Share Capital	799.93	799.93	799.93	799.93	799.93
Reserve & Surplus	63,339.56	62,455.22	60,262.86	56,162.32	50,466.90
Total Shareholder's Funds	64,139.49	63,255.15	61,062.79	56,962.25	51,266.83
Liabilities & Provisions	16,002.29	12,856.76	18,085.08	22,367.92	16,309.93
Total Assets / Liabilities	80,141.78	76,111.91	79,147.87	79,330.17	67,576.76
Revenue from operations (Net GST & Excise duty)	110,935.48	131,277.29	169,269.32	160,210.77	147,724.69
(% Change year on year)	(15.50)	(22.44)	5.65	8.45	(1.64)
Profit Before Interest Depreciation & Tax (PBDIT)	4,785.77	7,925.32	11,158.80	13,379.62	11,707.16
Profit Before Interest Depreciation & Tax (PBDIT) in %	4.31	6.04	6.59	8.35	7.92
Interest	14.77	42.53	10.32	14.93	5.40
Depreciation	1,626.74	2,037.66	2,594.18	2,824.46	2,906.22
Profit Before Tax (PBT)	3,144.26	5,845.13	8,554.30	10,540.23	8,795.55
Profit After Tax (PAT)	2,614.02	4,253.70	6,259.50	7,751.42	6,071.33
Earnings per Share (EPS) (₹)	6.54	10.64	15.65	19.38	14.14
Book Value per Share (₹)	160.36	158.15	152.68	142.42	128.18
Dividend payout %	225*	225	225	225	200
Dividend per share	4.50*	4.50	4.50	4.50	4.00

\*Recommended by the Board of Directors in their meeting held on June 23, 2021

## Notice

NOTICE IS HEREBY GIVEN THAT THE 36<sup>TH</sup> ANNUAL GENERAL MEETING (AGM) OF THE MEMBERS OF MUNJAL SHOWA LIMITED ("THE COMPANY") WILL BE HELD ON WEDNESDAY, THE TWENTY-FIFTH DAY OF AUGUST, 2021 AT 11:00 A.M. (IST) THROUGH VIDEO CONFERENCING ("VC")/OTHER AUDIO VISUAL MEANS ("OAVM") 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, 2021, the Statement of Profit and Loss and Cash Flow Statement and notes thereon for the Financial Year ended March 31, 2021 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, 2021, the Statement of Profit and Loss and Cash Flow Statement and notes thereon for the Financial year ended March 31, 2021 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 2020-21.

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 2020-21 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."

### SPECIAL BUSINESS(ES):

5. **Appointment of Mr. Kazuhiro Nishioka (DIN: 00602255) as a Director of the Company**

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

**"RESOLVED THAT** pursuant to the provisions of Section 152, 161 and any other applicable provisions of the Companies Act, 2013 ("the Act") read with the Companies (Appointment and Qualification of Directors) Rules, 2014, SEBI (Listing Obligations

and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Articles of Association of the Company and pursuant to the recommendation of the Nomination & Remuneration Committee, the Board of Directors of the Company and in accordance with the Nomination and Remuneration Policy of the Company, Mr. Kazuhiro Nishioka (DIN: 00602255) who was appointed as an Additional Director (Non-executive, Non Independent Director) of the Company w.e.f. June 23, 2021 by the Board of Directors and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Act, and being eligible, offer himself for appointment, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its committee thereof) and Company Secretary of the Company, be and are hereby severally authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors to give effect to the aforesaid resolution."

**6. Re-appointment of Mr. Yogesh Chander Munjal (DIN 00003491) as Chairman & Managing Director of the Company**

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

**"RESOLVED THAT** pursuant to Sections 188, 190, 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the rules made thereunder, SEBI (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), the Articles of Association of the Company and on recommendation of the Nomination and Remuneration Committee, Audit Committee, Board of Directors of the Company and in accordance with the Nomination and Remuneration Policy of the Company, consent of the members of the Company

be and is hereby accorded to the re-appointment of Mr. Yogesh Chander Munjal, as Chairman & Managing Director, categorized as "Key Managerial Person" of the Company, for a further period of five years with effect from September 01, 2021 to August 31, 2026 on such terms of employment as agreed between the Company and Mr. Yogesh Chander Munjal and set out in the Explanatory Statement annexed to the notice convening this meeting.

**RESOLVED FURTHER THAT**, pursuant to Section 196(3) and other applicable provisions, if any, of the Act and the rules made thereunder, applicable regulations of Listing Regulations (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), approval of the members of the Company be and is hereby accorded for continuation of Mr. Yogesh Chander Munjal who has attained the age of 70 years on February 13, 2010 shall continue as Chairman & Managing Director till the expiry of his tenure upto August 31, 2026.

**RESOLVED FURTHER THAT** Mr. Yogesh Chander Munjal shall be liable to retire by rotation in pursuance of Section 152 and any other provisions of the Act.

**RESOLVED FURTHER THAT** in accordance with the provisions of Sections 196, 197, 198 and 203 read with Schedule V and other applicable provisions, if any, of the Act read with Rules framed thereunder and the Listing Regulations (including any statutory modification(s) or re-enactment thereof to the Act and SEBI Listing Regulations), consent of the Members of the company be and is hereby accorded that if in any financial year during the tenure of Mr. Yogesh Chander Munjal, the Company has no profits, or its profits are inadequate the Company shall pay the remuneration to Mr. Yogesh Chander Munjal, as set out in the Explanatory Statement, annexed to the notice convening this meeting as the minimum remuneration for a period of three years effective from September 01, 2021 till August 31, 2024.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its committee thereof) and Company Secretary of the Company, be and are hereby

severally authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required including, to alter and vary the terms and conditions of appointment and / or remuneration including designation, subject to the same not exceeding the limits as specified in section 197 read with Schedule V to the Companies Act, 2013 or other statutory modification(s) or re-enactment thereof and to delegate all or any of its powers herein conferred to any Committee of Directors to give effect to the aforesaid resolution."

**7. Appointment of Mr. Yasuhiro Ashiki (DIN 09132637) as Director of the Company**

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

"**RESOLVED THAT** pursuant to the provisions of Section 152, 161 and any other applicable provisions of the Companies Act, 2013 ("the Act") read with the Companies (Appointment and Qualification of Directors) Rules, 2014, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Articles of Association of the Company and pursuant to the recommendation of the Nomination & Remuneration Committee, Audit Committee, the Board of Directors of the Company and in accordance with the Nomination and Remuneration Policy of the Company, Mr. Yasuhiro Ashiki (DIN: 09132637) who was appointed as an Additional Director of the Company w.e.f. June 23, 2021 by the Board of Directors and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Act, and being eligible, offer himself for appointment, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its committee thereof) and Company Secretary of the Company, be and are hereby severally authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors to give effect to the aforesaid resolution."

**8. Appointment of Mr. Yasuhiro Ashiki (DIN 09132637) as Joint Managing Director of the Company**

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

**RESOLVED THAT** pursuant to Sections 188, 190, 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the rules made thereunder, SEBI (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), the Articles of Association of the Company and on recommendation of the Nomination and Remuneration Committee, Audit Committee, the Board of Directors of the Company and in accordance with the Nomination and Remuneration Policy of the Company, consent of the Members of the company be and is hereby accorded for the appointment of Mr. Yasuhiro Ashiki as the Joint Managing Director categorized as "Key managerial Person" of the Company, for a period of five years with effect from June 23, 2021 to June 22, 2026 on such terms of employment as agreed between the Company and Mr. Yasuhiro Ashiki and set out in the Explanatory Statement annexed to the notice convening this meeting.

**RESOLVED FURTHER THAT** Mr. Yasuhiro Ashiki shall be liable to retire by rotation in pursuance of Section 152 and any other provisions of the Act.

**RESOLVED FURTHER THAT** in accordance with the provisions of Sections 196, 197, 198 and 203 read with Schedule V and other applicable provisions, if any, of the Act read with Rules framed thereunder and the Listing Regulations (including any statutory modification(s) or re-enactment thereof to the Act and SEBI Listing Regulations), consent of the Members of the company be and is hereby accorded that if in any financial year during the tenure of Mr. Yasuhiro Ashiki, the Company has no profits, or its profits are inadequate the Company shall pay the remuneration to Mr. Yasuhiro Ashiki, as set out in the Explanatory Statement, annexed to the notice convening this meeting as the minimum remuneration for a period of three years effective from June 23, 2021 till June 22, 2024.



**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its committee thereof) and Company Secretary of the Company, be and are hereby severally authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required including, to alter and vary the terms and conditions of appointment and / or remuneration including designation, subject to the same not exceeding the limits as specified in section 197 read with Schedule V to the Companies Act, 2013 or other statutory modification(s) or re-enactment thereof and to delegate all or any of its powers herein conferred to any Committee of Directors to give effect to the aforesaid resolution."

By Order of the Board of Directors,  
**For Munjal Showa Limited**

**(Geetanjali Sharma)**  
**Company Secretary**  
ACS No. 42219

Place: Gurugram  
Date: June 23, 2021

**Registered Office:**

9-11, Maruti Industrial Area  
Sector- 18, Gurugram, Haryana - 122015  
CIN: L34101HR1985PLC020934  
Phone No. 0124-4783000  
Email: cs@munjalshowa.net  
Website: www.munjalshowa.net

**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 36<sup>th</sup> 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 and May 05, 2020, 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 2020 or become due in the year 2021, to conduct their AGMs on or before December 31, 2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020. The Securities and Exchange Board of India ('SEBI') also issued Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 the validity of which has been extended till December 31, 2021 by SEBI, vide its Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 ("SEBI Circulars"). In compliance with these Circulars, provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the 36<sup>th</sup> AGM of the Company is being conducted through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") Facility, which does not require physical presence of members at a common venue. The deemed venue for the 36<sup>th</sup> AGM shall be the Registered Office of the Company situated at 9-11, Maruti Industrial Area, Sector-18 Gurugram Haryana-122015.
  - 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 36<sup>th</sup> 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 36<sup>th</sup> AGM through VC/OAVM Facility and e-Voting during the 36<sup>th</sup> 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](mailto:satyenderfcs@gmail.com) with a copy marked to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and [cs@munjalshowa.net](mailto: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 36<sup>th</sup> AGM through VC/OAVM Facility and e-Voting during the 36<sup>th</sup> AGM.
  - f. In line with the MCA Circulars and SEBI Circulars, the Notice of the 36<sup>th</sup> AGM will be available on the website of the Company at [www.munjalshowa.net](http://www.munjalshowa.net), on the website of NSE Limited at [www.nseindia.com](http://www.nseindia.com), on the website of BSE Limited at [www.bseindia.com](http://www.bseindia.com) and also on the website of CDSL at [www.evotingindia.com](http://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 36<sup>th</sup> 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 36<sup>th</sup> AGM and the Company may close the window for joining the VC/OAVM Facility 30 minutes after the scheduled time to start the 36<sup>th</sup> 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 36<sup>th</sup> AGM without any restriction on account of first-come-first-served principle.
  - j. Attendance of the Members participating in the 36<sup>th</sup> 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 36<sup>th</sup> AGM and facility for those Members participating in the 36<sup>th</sup> AGM to cast vote through e-Voting system during the 36<sup>th</sup> AGM.
- 3. Instructions for Members for Remote e-Voting are as under:**
- a. The remote e-Voting period will commence on Sunday, August 22, 2021 (9:00 am IST) and end on Tuesday, August 24, 2021 (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 18, 2021, 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 36<sup>th</sup> 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. However, it has been observed that the participation by the public non-institutional shareholders'/retail shareholders is at a negligible level.
- 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 <b>CDSL</b>	<ol style="list-style-type: none"> <li>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 <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>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.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; 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.</li> </ol>

<p>Individual Shareholders holding securities in demat mode with <b>NSDL</b></p>	<p>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: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> 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 website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p> <p>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “Register Online for IDeAS Portal” or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></p>	<p>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> 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 &amp; voting during the meeting.</p>
		<p>Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants</b></p> <p>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 &amp; voting during the meeting.</p>

**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 <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk. <a href="mailto:evoting@cDSLindia.com">evoting@cDSLindia.com</a> or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> 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](http://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 alphanumeric 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 <b>OR</b> 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](http://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](mailto:helpdesk.evoting@cdslindia.com).
- c. After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- d. The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto: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](http://www.evotingindia.com), or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022- 23058738) or Mr. Rakesh Dalvi (022-23058542/43). Members may also write to the Company Secretary at the Company's email address at [cs@munjalshowa.net](mailto:cs@munjalshowa.net).

**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](mailto:cs@munjalshowa.net) or [helpdeskdelhi@mcsregistrars.com](mailto: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](mailto:cs@munjalshowa.net) or [helpdeskdelhi@mcsregistrars.com](mailto: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 36<sup>th</sup> AGM through VC/OVAM are as under:**
- a. Members will be able to attend the 36<sup>th</sup> 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 36<sup>th</sup> 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](mailto:cs@munjalshowa.net) by Monday, August 16, 2021. 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 36<sup>th</sup> AGM with regard to the financial statements or any other matter to be placed at the 36<sup>th</sup> 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](mailto:cs@munjalshowa.net) by Monday, August 16, 2021. Those Members who have registered themselves as a speaker shall be allowed to ask questions during the 36<sup>th</sup> AGM, depending upon the availability of time.
  - f. Institutional Investors who are Members of the Company, are encouraged to attend and vote in the 36<sup>th</sup> AGM through VC/OAVM Facility.
- 7. Instructions for Members for e-Voting during the 36<sup>th</sup> AGM are as under:**
- a. Members may follow the same procedure for e-Voting during the 36<sup>th</sup> AGM as mentioned above for remote e-Voting.
  - b. Only those Members, who will be present in the 36<sup>th</sup> 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 36<sup>th</sup> 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 36<sup>th</sup> AGM may also participate in the 36<sup>th</sup> 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 36<sup>th</sup> AGM may contact Mr. Rakesh Dalvi Manager CDSL on [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or 022-23058542/43.

#### 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. Wednesday, August 18, 2021.
- c. Any person, who acquires shares of the Company and becomes Member of the Company after the Company sends the Notice of the 36<sup>th</sup> AGM by email and holds shares as on the cut-off date i.e. Wednesday, August 18, 2021, may obtain the User ID and password by sending a request to the Company's email address [helpdesk.evoting@cdslindia.com](mailto: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](http://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. F4087), 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 36<sup>th</sup> AGM, the Chairman shall, after response to the questions raised by the Members in advance or as a speaker at the 36<sup>th</sup> AGM, formally propose to the Members participating through VC/OAVM Facility to vote on the resolutions as set out in the Notice of the 36<sup>th</sup> 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 with the formal announcement of closure of the 36<sup>th</sup> AGM.
- h. The Scrutinizer shall after the conclusion of e-Voting at the 36<sup>th</sup> 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 48 (forty eight) hours from the conclusion of the 36<sup>th</sup> 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](http://www.munjalshowa.net) and on the website of CDSL at [www.evotingindia.com](http://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.
9. Pursuant to the MCA Circulars and SEBI Circulars, the Notice of the 36<sup>th</sup> AGM and the Annual Report for the financial year 2020-21 including therein the Audited Financial Statements for the financial year 2020-21, 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 36<sup>th</sup> AGM and the Annual Report for the financial year 2020 -21 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 Licence, Passport, Bank Statement, AADHAR) supporting the registered address of the Member, by email to the Company's email address [cs@munjalshowa.net](mailto:cs@munjalshowa.net) or at RTA email address at [helpdeskdelhi@mcsregistrars.com](mailto: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 36<sup>th</sup> AGM and the Annual Report for the financial year 2020-21 including therein the Audited Financial Statements for the financial year 2020-21, will be available on the website of the Company at [www.munjalshowa.net](http://www.munjalshowa.net) and on the website of National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com), on the website of BSE Limited at [www.bseindia.com](http://www.bseindia.com) and also on the website of CDSL at [www.evotingindia.com](http://www.evotingindia.com).
11. The Register of Members and the Share Transfer books of the Company will remain closed from Saturday August 14, 2021 to Wednesday August 25, 2021, both days inclusive, for annual closing and determining the entitlement of the Members to the Dividend for the financial year 2020-21.
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, 2021 that is proposed to be paid subject to the approval of the shareholders at the 36<sup>th</sup> AGM.
13. The Company has fixed Friday, August 13, 2021 as the 'Record Date' for determining entitlement of members to dividend for the financial year ended March 31, 2021, 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, 2020 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](mailto: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, August 13, 2021;
  - 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, August 13, 2021.

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](mailto:cs@munjalshowa.net) by Saturday August 14, 2021.
- 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 ₹ 7,25,046/- being the unpaid and unclaimed dividend amounts pertaining to Dividend for the financial year 2012-13, during the financial year 2020-21 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](http://www.munjalshowa.net). Members who have not encashed dividend for the final year 2013-14 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, 8,152 Equity Shares of ₹ 2.00 each on which the dividend remained unpaid or unclaimed for seven consecutive years, were transferred during the financial year 2020-21, 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](http://www.iepf.gov.in).
23. Further, Members who have not claimed/encashed their dividends in the last seven consecutive years from

- 2014 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](mailto: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 36<sup>th</sup> AGM, forms integral part of the Notice of the 36<sup>th</sup> AGM. Requisite declarations have been received from the Director for seeking appointment/re-appointment.

By Order of the Board of Directors,  
**For Munjal Showa Limited**

**(Geetanjali Sharma)**  
**Company Secretary**  
ACS No. 42219

Place: Gurugram  
Date: June 23, 2021

**Registered Office:**

9-11, Maruti Industrial Area  
Sector- 18, Gurugram, Haryana - 122 015  
CIN: L34101HR1985PLC020934  
Phone No. 0124-4783000  
Email: [cs@munjalshowa.net](mailto:cs@munjalshowa.net)  
Website: [www.munjalshowa.net](http://www.munjalshowa.net)

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

As required 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**

The Board of Directors of the Company, upon the recommendation of the Nomination and Remuneration Committee at its meeting held on June 23, 2021, appointed Mr. Kazuhiro Nishioka (DIN: 00602255) as an Additional Director (Non-Executive) of the Company with effect from June 23, 2021 in accordance with the provisions of Section 161(1) of the Act and SEBI Listing Regulations. He holds office as an additional director upto the date of this Annual General Meeting and is eligible for appointment as a Director of the Company. Requisite Notice under Section 160 of the Act proposing his candidature for the appointment of Mr. Kazuhiro Nishioka as a Director on the Board of the Company, and shall be liable to Retire by rotation, has been received by the Company.

Mr. Kazuhiro Nishioka, aged 57 years, having 34 years of vast experience in the field of Engineering, Production, Planning, operations and new development in Automobile Industry. He is currently Vice President, Motorcycle Business division in Hitachi Astemo Ltd. Japan.

Keeping in view the rich and varied experience of Mr. Kazuhiro Nishioka in the Industry, it would be in the interest of the Company to consider the appointment of Mr. Kazuhiro Nishioka as the Director of the Company.

The Company has received requisite disclosures/declaration from Mr. Kazuhiro Nishioka for being appointed as Director of the Company. As per the circular of BSE Limited and National Stock Exchange of India Limited relating to the 'Enforcement of SEBI Orders regarding appointment of Directors by the listed companies dated June 20, 2018, Mr. Kazuhiro Nishioka is not debarred from holding the office of Director pursuant to any SEBI order or any other such statutory authority.

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

Except Mr. Kazuhiro Nishioka 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. 5 of the notice.

Mr. Nishioka 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. Nishioka shall not be entitled to any 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. 5, to the members for their approval as Ordinary Resolution.

### Item No. 6

Mr. Yogesh Chander Munjal, aged 81 years, is an eminent personality in the corporate world. He graduated in the

field of Architecture from the IIT, Roorkee. Ever since he finished his formal education, he was associated with many of the Hero Group companies in the capacity of CEO and contributed for making the companies as world leaders.

He was Chairman of CII, TPM Club of India, Founder Chairman of QCFI- Delhi Chapter, President of Gurgaon Industrial Association, Chairman of Confederation of Indian Industry (Haryana Committee), Regional Council Member of Confederation of Indian Industry, an Executive Committee Member of Automotive Component Association of India, President of the Rotary Club of Delhi Southend during the year 1991-92 & Vice Chairman of Rotary Education Foundation R.I. District-3010 and was on the Board of PANIIT Alumni Association.

Currently, he is Emeritus Chairman of Quality Circle Forum of India (Delhi Chapter), Director of Hero Cycles Limited, Chairman of Indian National Suggestion Schemes' Association (INSSAN), Northern India Chapter, Chairman of CII- Cluster of Competitiveness Committee, Executive Committee Member of Alumni Association of Roorkee, Patron of Arya Samaj, Greater Kailash-I, New Delhi, Patron of Alumni Association of National Institute of Technology, Life Member of Indian Institute of Public Administration, Member of National Safety Council, India Habitat Center, All India Management Association, Senior Active Member of Rotary Club of Delhi Southend and Vice Chairman of DAV School and Lala Diwan Chand Trust, Trustee in Vedic Sadhan Ashram, Dehradun and also working President of Shri Maharish Dayanand Saraswati Samarak Trust, Tankara.

Throughout his career, he has received numerous awards including TPM Excellence Consistency Award from JIPM, Japan for Gurugram and Manesar plant and Life Time Achievement Award from Rotary Club (Delhi Chapter) and from Alumni Association of Roorkee, he has also received the Best Client Award from Leadership Management Institute, USA.

He strongly believes in promoting education and is actively involved in corporate social activities of Educational institute, Hospitals, Spiritual & Religious institutions. His motto is to spread happiness and peace in the universe.

Mr. Yogesh Chander Munjal, who was appointed as Managing Director of the Company by the members to hold the office upto August 31, 2021, has attained the age of 70

years on February 13, 2010 and hence continuation of his employment as Managing Director requires the approval of members by way of a special resolution under Section 196(3) of the Act.

Keeping in view that Mr. Yogesh Chander Munjal has rich and varied experience in the Industry and has been involved in the operations of the Company over a long period of time, it would be in the interest of the Company to consider and continue the employment of Mr. Yogesh Chander Munjal as Managing Director of the Company.

In terms of the Corporate Governance Guidelines of the Company and pursuant to the recommendation of the Audit and Nomination and Remuneration Committee, the Board of Directors of the Company, passed a resolution on June 23, 2021 approving re-appointment of Mr. Yogesh Chander Munjal, as Chairman & Managing Director of the Company for a further period of five years with effect from September 01, 2021 to August 31, 2026. This is subject to the approval of the shareholders at this Annual General Meeting.

The Company has received requisite disclosures/declaration from Mr. Yogesh Chander Munjal for being appointed as Director of the Company. As per the circular of BSE Limited and National Stock Exchange of India Limited relating to the 'Enforcement of SEBI Orders regarding appointment of Directors by the listed companies dated June 20, 2018, Mr. Yogesh Chander Munjal is not debarred from holding the office of Director pursuant to any SEBI order or any other such statutory authority.

The Board has recommended the following remuneration to Mr. Munjal, which is in line with industry standards for a similar role:

1. **Basic Salary:** ₹ 20,50,000/- (Rupees Twenty Lakhs Fifty Thousand only) per month which is eligible for revision on a date to be determined by the Nomination and Remuneration Committee.
2. **Special Pay:** ₹ 3,00,000/- (Rupees Three Lakhs only) per month.
3. **Commission:** He shall also be allowed to a commission in addition to Basic Salary & Special Pay, perquisites and any other allowances, benefits, or amenities subject to the condition that the amount of commission shall not exceed 1% of the net profits of the Company in a particular financial year as computed in the manner referred to in Section 198 and any other applicable provisions of the Act.
4. **Perquisites and Allowances:** In addition to the above Basic Salary, Special Pay and Commission, he shall be entitled to the following perquisites and allowances:
  - a) **Residential Accommodation:** He shall be entitled to 60% of the basic salary relevant for the concerned period as and by way of House Rent Allowance with free use of all the facilities and amenities including deploy of security guards which shall be provided by the Company;
  - b) **Medical Reimbursement:** Reimbursement of actual medical insurance premium and medical expenses incurred by him and his family;
  - c) **Leave Travel Concession:** Once in a year incurred in accordance with the Rules specified by the Company;
  - d) **Club Fees:** Actual fees of clubs will be reimbursed;
  - e) **Gas, Electricity & Water:** Actual Expenses on Gas, Electricity and Water will be paid by the Company;
  - f) **Personal Accident Insurance:** Actual premium to be paid by the Company;
  - g) **Insurance of Household goods:** Actual premium to be paid by the Company;
  - h) **Car:** Facility of car(s) with driver;
  - i) **Telephone:** Free telephone facility at Residence including mobile phone facility;
  - j) **Leave:** One month's leave with full salary for every 11 months of service subject to the condition that the leave accumulated but not availed will not be en-cashed;
  - k) **Provisions for servants at residence:** The Company shall provide the service of servants not exceeding two at the residence of appointee.
  - l) **Reimbursement of other expenses:** Reimbursement of entertainment, traveling, hotel and other expenses actually and properly incurred for the business of the Company;

- m) **Contribution to Provident and Superannuation Funds:** Company's contribution to Provident and Superannuation funds will be as per the Rules of the Company; and
- n) **Gratuity:** Not exceeding half month's salary for each completed year of service, as per the Rules of the Company.

## 5. Minimum Remuneration

In terms of the applicable provisions of Section 196, 197 and Schedule V of the Act, where in any financial year during the tenure of Mr. Yogesh Chander Munjal, the Company has no profits, or its profits are inadequate, the Company shall pay Mr. Yogesh Chander Munjal, the remuneration as specified in this explanatory statement, as the minimum remuneration for a period of three years effective from September 01, 2021 till August 31, 2024.

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

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

### Memorandum of Interest/Concern:

Mr. Yogesh Chander Munjal shall be liable to retire by rotation in pursuance of Section 152 and any other provisions of the Act.

The terms of appointment and remuneration including minimum remuneration as detailed in the resolution read with Explanatory Statement may be regarded as an abstract of the terms of Appointment and Memorandum of Interest under section 190 of the Act.

In compliance with the provisions of Secretarial Standard 2 and SEBI Listing Regulations, the details of the director are attached with the notice as Annexure A.

Except Mr. Yogesh Chander Munjal, Mrs. Charu Munjal and his relatives, none of the Director, Key Managerial Personnel (KMPs) and their relatives are interested / concerned either financially or otherwise, except to the extent of their shareholding in the Company, in the Resolution under Item No. 6 of the notice.

As at date of this notice, Mr. Munjal does not hold any shares in the Company.

Information as required under Schedule V of the Companies Act, 2013 is enclosed as Annexure B.

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

## Item No. 7 & 8

The Board of Directors pursuant to the recommendation of Audit Committee and Nomination and Remuneration Committee appointed Mr. Yasuhiro Ashiki (DIN: 09132637) as the Additional Director (Executive, Joint Managing Director) of the Company for five years with effect from June 23, 2021, subject to approval of Members.

Mr. Ashiki succeeded Mr. Shigeki Kobayashi the erstwhile Joint Managing Director of the Company.

In accordance with Section 161(1) of the Companies Act, 2013, Mr. Ashiki holds office as an Additional Director up to the date of this Annual General Meeting of the Company.

The Company has received requisite disclosures/declaration from Mr. Ashiki for being appointed as Director of the Company. As per the circular of BSE Limited and National Stock Exchange of India Limited relating to the 'Enforcement of SEBI Orders regarding appointment of Directors by the listed companies dated June 20, 2018, Mr. Ashiki is not debarred from holding the office of Director pursuant to any SEBI order or any other such statutory authority.

### Profile of Mr. Yasuhiro Ashiki

Mr. Yasuhiro Ashiki, aged 57 years, having 32 years of vast experience in the field of Engineering, Production, Planning and new development, completed his Graduation from Hamamatsu Technical High School, Japan. He started his career with Showa Corporation in 1989. He managed General Affairs division, Production, Business Planning office, Motorcycle and Hydraulic Components operation department. Recently he has been elevated by Showa Corporation as the Manager of Production planning Office, Motorcycle and Hydraulic Components Operations. Before coming to India he has been handling the responsibilities of New Model Department, Hitachi Astemo Ltd.

The Board has recommended the following remuneration to Mr. Ashiki, which is in line with industry standards for a similar role:

1. **Basic Salary:** ₹ 18,50,000/- (Rupees Eighteen Lakhs Fifty Thousand only) per month which is eligible for revision on a date to be determined by the Nomination and Remuneration Committee.
2. **Special Pay:** ₹ 3,00,000/- (Rupees Three Lakhs only) per month.
3. **Commission:** He shall also be allowed to a commission in addition to Basic Salary & Special Pay, perquisites and any other allowances, benefits, or amenities subject to the condition that the amount of commission shall not exceed 1% of the net profits of the Company in a particular financial year as computed in the manner referred to in Section 198 and any other applicable provisions of the Act.
4. **Perquisites and Allowances:** In addition to the above Basic Salary, Special Pay and Commission, he shall be entitled to the following perquisites and allowances:
  - a) **Residential Accommodation:** Rent free furnished residential accommodation with free use of all the facilities and amenities including deploy of security guards shall be provided by the Company;
  - b) **Medical Reimbursement:** Reimbursement of actual medical insurance premium and medical expenses incurred by him and his family;
  - c) **Leave Travel Concession:** Once in a year incurred in accordance with the Rules specified by the Company;
  - d) **Club Fees:** Actual fees of clubs will be reimbursed;
  - e) **Gas, Electricity & Water:** Actual Expenses on Gas, Electricity and Water will be paid by the Company;
  - f) **Personal Accident Insurance:** Actual premium to be paid by the Company;
  - g) **Car:** Facility of car(s) with driver;
  - h) **Telephone:** Free telephone facility at Residence including mobile phone facility;
  - i) **Provision for servants at residence:** Company shall provide the service of servants not exceeding two at the residence of appointee;
  - j) **Leave:** One month's leave with full salary for every 11 months of service subject to the condition that the leave accumulated but not availed will not be en-cashed;
  - k) **Reimbursement of shifting expenses:** Reimbursement of expenses incurred for joining duty and returning to home country after completion of tenure: Actual expenses incurred on travel and packing, forwarding, loading/unloading as well as freight, insurance, custom duty, clearing expenses, local transportation and installation expenses in connection with the moving of personal effects for self and family for joining duty in India. On completion of the tenure, all the expenses referred to herein above for travel and forwarding the personal effects to Japan shall also be allowable to the appointee on his finally leaving the employment of Company. If, however, they join another branch of the same/ related multinational Company, the branch to which they are transferred shall bear these expenses;
  - l) **Reimbursement of other expenses:** Reimbursement of entertainment, traveling, hotel and other expenses actually and properly incurred for the business of the Company.

#### Attendance at Company's Board Meetings

The Company had not conducted any Board Meetings post Mr. Ashiki's appointment. Only one meeting has been conducted on the date of his appointment and he has attended that meeting.

#### Recommendation of the Board

As Joint Managing Director of the Company, Mr. Ashiki will head the entire operations of Company. The Board strongly believes that Mr. Ashiki's wide experience and leadership stature in managing the large global automobile company will multiply the Company's commitment to creating lasting value for all its stakeholders.

**Minimum Remuneration**

In terms of the applicable provisions of Section 196, 197 and Schedule V of the Act, where in any financial year during the tenure of Mr. Yasuhiro Ashiki, the Company has no profits, or its profits are inadequate, the Company shall pay Mr. Yasuhiro Ashiki, the remuneration as specified in this explanatory statement, as the minimum remuneration for a period of three years effective from June 23, 2021 till June 22, 2024.

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

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

**Memorandum of Interest/Concern**

Mr. Yasuhiro Ashiki has consented to act as Director in terms of Section 152 of the Companies Act, 2013 and has provided a declaration that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

Mr. Ashiki shall be liable to retire by rotation in pursuance of Section 152 and any other provisions of the Act.

Further, the Company has received the requisite notice under Section 160 of the Companies Act, 2013 signifying the intention to propose the candidature of Mr. Ashiki as the Joint Managing Director of the Company.

The terms of appointment and remuneration including minimum remuneration as detailed in the resolution read with Explanatory Statement may be regarded as an abstract of the terms of Appointment and Memorandum of Interest under section 190 of the Act.

In compliance with the provisions of Secretarial Standard 2 and SEBI Listing Regulations, the details of the director are attached with the notice as Annexure A.

Further, the Company had made application under Section 197 and other applicable provisions of the Companies Act, 2013 to the Central Government seeking approval for the payment of remuneration to Mr. Yasuhiro Ashiki on the terms and conditions approved by the Board.

The disclosure under Regulation 36(3) of the SEBI Listing Regulations is provided at Annexure A of this Notice.

Except Mr. Yasuhiro Ashiki and his relatives, none of the Director, Key Managerial Personnel (KMPs) and their relatives are interested /concerned either financially or otherwise, except to the extent of their shareholding in the Company, in the Resolution under Item No. 7 and 8 of the notice.

As at date of this notice, Mr. Ashiki does not hold any shares in the Company.

Information as required under Schedule V of the Companies Act, 2013 is enclosed as Annexure B.

The Board recommends the resolution as set out in Item No. 7, to the members for their approval as Ordinary Resolution and resolution as set out in Item No. 8, to the members for their approval as Special Resolution.

By Order of the Board of Directors,  
**For Munjal Showa Limited**

**(Geetanjali Sharma)**  
**Company Secretary**  
ACS No. A42219

Place: Gurugram  
Dated: June 23, 2021

**Registered Office:**

9-11, Maruti Industrial Area  
Sector- 18, Gurugram, Haryana - 122 015  
CIN: L34101HR1985PLC020934  
Phone No. 0124-4783000  
Email: cs@munjalshowa.net  
Website: www.munjalshowa.net



## Annexure A

Details of the Directors seeking appointment/re-appointment in the 36<sup>th</sup> Annual General Meeting/ variation of the terms of remuneration, in pursuance of SEBI Listing Regulations and Secretarial Standard-2 on General Meeting issued by the Institute of Company Secretaries of India:

Name of the Director	Mrs. Charu Munjal	Mr. Yogesh Chander Munjal	Mr. Kazuhiro Nishioka	Mr. Yasuhiro Ashiki
DIN	03094545	00003491	00602255	09132637
Date of Birth & age	04/06/1972 49 years	13/02/1940 81 Years	08/01/1964 57 Years	18/02/1970 51 Years
Qualification	Diploma in Textile Designing	B. Arch.	Bachelors of Engineering	Graduation in Electrical Course
Experience and Expertise	Wide managerial experience	57 years of experience in the field of engineering industry, investment, finance and auto component	34 years of experience in the field of Engineering, Production, Planning, operations and new development in Automobile Industry.	32 years of experience in field of Engineering, Production, Planning and new development
Remuneration proposed to be paid	NIL	Provided in Explanatory Statement of the Notice	NIL	Provided in Explanatory Statement of the Notice
Date of first appointment on the Board	23/05/2014	16/05/1985	23/06/2021	23/06/2021
Number of Meetings of Board attended during the year	Details mentioned in the Corporate Governance report	Details mentioned in the Corporate Governance report	Details mentioned in the Corporate Governance report	Details mentioned in the Corporate Governance report
Directorships held in other companies	1. Munjal Showa Limited 2. Shivam Autotech Limited	1. Hero Cycles Limited 2. Dayanand Munjal Investments Private Limited	NIL	NIL
Board Membership of Listed Companies as on March 31, 2021	1. Munjal Showa Limited 2. Shivam Autotech Limited	Munjal Showa Limited	Munjal Showa Limited	Munjal Showa Limited

Name of the Director	Mrs. Charu Munjal	Mr. Yogesh Chander Munjal	Mr. Kazuhiro Nishioka	Mr. Yasuhiro Ashiki
Chairman/ Member of the Committee of the Board of directors as on March 31, 2021	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	NIL	NIL
Number of Shares held in the Company as on March 31, 2021	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 sought to be paid and 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.	As per Nomination and Remuneration Policy of the Company as displayed on the Company's website <a href="http://www.munjalshowa.net">www.munjalshowa.net</a> Details of the remuneration drawn is mentioned in the Corporate Governance Report.	NIL	As per Nomination and Remuneration Policy of the Company as displayed on the Company's website <a href="http://www.munjalshowa.net">www.munjalshowa.net</a> Details of the remuneration drawn is mentioned in the Corporate Governance Report.

## Annexure B

Information as required under Schedule V of the Companies Act, 2013 is provided below:

### I. GENERAL INFORMATION

S. No.	Particulars/Subject	Information
1.	Nature of industry	Manufacturer of Auto Components
2.	Date or expected date of commencement of commercial Production	March 11, 1987
3.	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	NA
4.	Financial performance based on given indicators	In the Financial Year 2020-21, the Company made a turnover of ₹ 1,10,935.48 lakhs (Gross) and Profit of ₹ 2,614.02 lakhs after tax.
5.	Export performance and net foreign exchange collections	₹ 52.95 lakhs
6.	Foreign Investments or collaborators, if any	Collaboration with Hitachi Astemo Ltd., Japan

### II. INFORMATION ABOUT THE APPOINTEE

S. No.	Particulars/Subject	Mr. Yogesh Chander Munjal	Mr. Yasuhiro Ashiki
1.	Background Details	As mentioned in explanatory statement under Item No. 6	As mentioned in explanatory statement under Item No. 7 & 8
2.	Past remuneration		
3.	Recognition or awards		
4.	Job profile and his suitability		
5.	Remuneration proposed		
6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person		
7.	Pecuniary relationship directly or indirectly with the Company personnel, if any	Mr. Yogesh Chander Munjal does not have any pecuniary relationship with the Company other than the remuneration he received as Executive Director of the Company and he is not related to any director/ managerial personnel except Mrs. Charu Munjal, Non-Executive Director of the Company.	Mr. Yasuhiro Ashiki does not have any pecuniary relationship with the Company other than the remuneration he received as Executive Director of the Company and he is not related to any director/ managerial personnel of the Company.

**III. OTHER INFORMATION**

S. No.	Particulars/Subject	Information
1.	Reason of loss or inadequate profits	<p>The Company is currently profitable and we expect the trend to continue in coming years.</p> <p>These Special Resolution is proposed pursuant to the sub-section (1) of Section 197 of the Companies Act, 2013 as a matter of abundant precaution as the profitability of the Company may be adversely impacted in future due to business environment during the period for which remuneration is payable to Mr. Yogesh Chander Munjal and Mr. Yasuhiro Ashiki.</p>
2.	Steps taken or proposed to be taken for improvement	<p>Reducing the expenditure to the extent possible through "Unnati Project" completed by the Company.</p> <p>Searching for new customers and doing active discussion with proposed customers.</p> <p>Company has been aggressively pursuing and implementing its strategies to improve financial performance.</p>
3.	Expected increase in the productivity and profits in measurable terms	<p>The Company has taken various initiatives to maintain its leadership, improve market share and financial performance.</p> <p>It has been aggressively pursuing and implementing its strategies to improve financial performance. But it is difficult to forecast the productivity and profitability in measurable terms. However, the Company expects that productivity and profitability may improve and would be comparable with the industry average.</p>

# Board's Report

## BOARD'S REPORT

Dear Members,

Your Directors are pleased to present the 36<sup>th</sup> Board Report on the business and operations of the Company together with the Audited Financial Statements for the financial year ended March 31, 2021.

**FINANCIAL SUMMARY AND HIGHLIGHTS** The salient features of the Company's financial performance for the year ended March 31, 2021 are as follows:

	(₹ In lakhs)	
	Year Ended 31.03.21	Year Ended 31.03.20
Sales and other Income (Net of GST)	<b>110,935.48</b>	131,277.29
Profit before Interest, Depreciation & Tax	<b>4,785.77</b>	7,925.32
Financial Cost	<b>14.77</b>	42.53
Depreciation	<b>1,626.74</b>	2,037.66
Profit before Tax	<b>3,144.26</b>	5,845.13
Tax Expenses		
-Current tax	<b>500.80</b>	1,466.89
-Deferred tax	<b>29.44</b>	124.54
Total Tax Expense	<b>530.24</b>	1,591.43
Profit after Tax	<b>2,614.02</b>	4,253.70
Other comprehensive income net of taxes	<b>70.10</b>	108.39
Total Comprehensive Income	<b>2,684.12</b>	4,362.09
Surplus brought forward including items of other comprehensive income	<b>30,547.37</b>	30,355.01
Profit available for appropriation	<b>33,231.49</b>	34,717.10
Dividend payment	<b>1,799.78</b>	1,799.78
Dividend Tax	-	369.95
Transfer to General Reserve	<b>2,000.00</b>	2,000.00
Surplus available including items of other comprehensive income	<b>29,431.71</b>	30,547.37

## OPERATIONS & STATE OF THE COMPANY'S AFFAIRS

The Company has achieved a sales turnover (Net of GST) including other income of ₹ 110,935.48 lakhs as compared to ₹ 131,277.29 lakhs in the previous year. The profit before tax in the current year was at ₹ 3,144.26 lakhs as compared to ₹ 5,845.13 lakhs 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	AA/Negative
Short-Term Rating	CRISIL A1+
₹ (in crores)	
₹ 99 Long-Term Loans	AA/Negative
₹ 15 Cash Credit	AA/Negative
₹ 28 Letter of Credit	CRISIL A1+
₹ 2.25 Bank Guarantee	CRISIL A1+
₹ 6 Commercial Paper	CRISIL A1+

## TRANSFER TO GENERAL RESERVE

The Board has transferred an amount of ₹ 2,000/- lakhs to General Reserve for the financial year ended March 31, 2021 before recommending the final dividend. The balance amount of ₹ 29,431.71 lakhs (Previous year ₹ 30,547.37 lakhs) will be retained as surplus in the statement of Profit and Loss.

## DIVIDEND

Your 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, 2021 amounting to ₹ 1,799.78 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](http://www.munjalshowa.net).

In view of the changes made under the Income-tax Act, 1961, by the Finance Act, 2020, dividends 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 36<sup>th</sup> 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 Record Date i.e. August 13, 2021.

### SHARE CAPITAL & DEBENTURES

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, 2021 was ₹ 7,99,90,000 (Rupees Seven Crore Ninety-Nine Lakhs Ninety Thousand only) divided into 3,99,95,000 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 except Mr. Surinder Kumar Mehta who holds 2000 equity shares of the Company jointly with his wife Mrs. Santosh Mehta. The Company does not have any Debentures or Preferential Shares as on March 31, 2021.

### FINANCE

Cash and cash equivalent as at March 31, 2021 was ₹ 1,018.45 lakhs. The Company continues to focus on judicious management of its working capital. Receivables, inventories and other working capital parameters were kept under strict check through continuous monitoring.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has neither given any guarantee nor provided any security covered under the provision of Section 186 of the Companies Act, 2013 ("the Act"). The Company has made investments in Mutual funds, Alternative Investments Funds, CP & 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 and 5B of the financial statements for the year ended March 31, 2021.

### 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. A separate section on Corporate Governance along with a Certificate of the Auditors of your Company confirming the compliance of Corporate Governance is annexed as **Annexure-B** and forms an integral part of this Report.

In terms of Regulation 17(8) of Listing Regulations, a Certificate signed by Chief Executive Officer and Chief Financial Officer is annexed as **Annexure-C** and forms an integral part of the Report.

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

### TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

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 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 & 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 ₹ 7.25 lakhs pertaining to financial Year 2012-13 to the IEPF Account.

Further, the Company has also transferred ₹ 3.87 lakhs on September 14, 2020 for financial year 2019-20 being the dividend declared on shares already transferred to IEPF.

The Company has transferred 8,152 Equity Shares of ₹ 2.00 each on which the dividend remained unpaid or unclaimed for seven consecutive years, during the financial year 2020-21, to the IEPF Account, after following the prescribed procedure.

Further, amount of unclaimed dividend due in respect of financial year 2013-14 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 32<sup>nd</sup> 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, who shall hold office from the conclusion of this 32<sup>nd</sup> AGM up to the conclusion of the 37<sup>th</sup> AGM of the Company subject to the ratification by members at every AGM.

The requirement of annual ratification for appointment of Statutory Auditor has been omitted vide Companies (Amendment) Act, 2017. Therefore, the Statutory Auditors are no more required to be ratified at every Annual General Meeting of the Company.

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 2020-21, 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 and the Secretarial Auditor 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 2020-21. 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 one remark that:

“During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. We have observed that the Company has submitted unpaid dividend details for the Financial Year 1998-99 onwards (Form 1A alongwith excel template) under Rule 4 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. The Company despite of its best efforts is unable to trace the data of unpaid dividend for the Financial Year 1988-89 to 1997-98. The Company vide its letter dated July 8, 2020 has sought necessary guidance/clarification from IEPF Authority in this regard”.

The Report given by the Secretarial Auditor for the financial year ended on March 31, 2021 is annexed as **Annexure D** and forms an integral part of this report.

The Board has re-appointed M/s Satyender Kumar & Associates, Company Secretary (COP No. 5189) as the Secretarial Auditors of the Company for the financial year 2021-22. 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.

### 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, 2021 has been placed on the website of the company. Same can be accessed by the any person through below given the web-link. may be accessed on the Company's website i.e. [www.munjalshowa.net](http://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, 2021, 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 ₹ 167.76 lakhs during the financial year 2020-21 being about 104% of ₹ 161.42 lakhs, to be spent during the financial year. 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 2020-21 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 - 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 2021-22 has been paid to them well before the due date i.e. April 30, 2021. Annual Custody/Issuer fee for the year 2021-22 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.

### 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 2020-21.

### DIRECTORS AND KEY MANAGERIAL PERSONNELS

During the financial year 2020-21, Mr. Yasuhiro Yamamoto (DIN: 08127304), Director was liable to retire by rotation and being eligible had offered himself, for re-appointment before the shareholders at 35<sup>th</sup> Annual General Meeting ("AGM") of the Company. The shareholders confirmed his re-appointment at the 35<sup>th</sup> AGM of the Company.

At the 35<sup>th</sup> AGM of the Company, the members approved the variation in the terms of appointment of Mr. Shigeki Kobayashi, Joint Managing Director of the Company with retroactive effect from financial year ended March 31, 2020.

Mr. Shigeki Kobayashi ceased to be a director of the Company w.e.f. April 10, 2021. The Board placed its appreciation for the valuable services rendered by Mr. Shigeki Kobayashi during his tenure as Director of the Company.

Mrs. Charu Munjal, Non-Executive Director and Mr. Yogesh Chander Munjal, Executive Director are liable to retire by rotation at the 36<sup>th</sup> AGM and being eligible they have offered themselves for re-appointment.

Mr. Kazuhiro Nishioka (DIN: 00602255) has been appointed as an Additional Director (Non-executive, Non Independent Director) of the Company w.e.f. June 23, 2021. The Board, after considering the recommendations of Nomination and Remuneration Committee, recommends his appointment as a Non-Executive Director of the Company, liable to retire by rotation u/s 152 of the Companies Act, 2013, at the 36<sup>th</sup> AGM of the Company.

Mr. Yasuhiro Ashiki (DIN 09132637) has been appointed as an additional director in the Company w.e.f. June 23, 2021. The Board, after considering the recommendations of Nomination and Remuneration Committee, recommends her appointment as an Executive Director (Joint Managing Director) of the Company, liable to retire by rotation u/s 152 of the Companies Act, 2013, at the 36<sup>th</sup> AGM of the Company for a period of five years with effect from June 23, 2021 to June 22, 2026.

The Board proposed the re-appointment of Mr. Yogesh Chander Munjal (DIN 00003491) as Managing Director of the Company at the 36<sup>th</sup> AGM of the Company for a further period of five years with effect from September 01, 2021 to August 31, 2026.

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 36<sup>th</sup> 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.

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 20<sup>th</sup> 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.

### 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, 2021, 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 financial year 2020-21, 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 has carried out an annual performance evaluation of its own, the Directors individually as well as its various committees 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 half 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.

During the Financial Year 2020-21, certain modifications in the policy were made and approved by the Board of Directors in their meeting held on May 30, 2019, pursuant to amendments in SEBI Listing Regulations. The revised 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](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. VIII 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

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 30, 2020, July 31, 2020, November 05, 2020 and February 04, 2021. 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, 2021, 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, 2021 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

All transactions entered into with Related Parties as defined under the Act and Listing Regulations during the financial year 2020-21 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.

All transactions with related parties were placed before Audit Committee and committee has also given omnibus approval for repetitive and foreseen transactions. The Board also noted these related party transactions on quarterly basis. The details of related party transactions are given in note number 32 of Audited Financial Statements.

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

<https://www.munjalshowa.net/wp-content/uploads/2020/06/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 2020-21.

### 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.

### 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. 2020-21.

## 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](http://www.munjalshowa.net)

Policy	Web-link
Policy for Determination of Materiality of Information or Events	<a href="http://www.munjalshowa.net/wp-content/uploads/2019/05/Policy-for-Determination-of-Materiality-of-Information-or-Events.pdf">http://www.munjalshowa.net/wp-content/uploads/2019/05/Policy-for-Determination-of-Materiality-of-Information-or-Events.pdf</a>
Boards Diversity Policy	<a href="http://www.munjalshowa.net/wp-content/uploads/2016/02/Boards-Diversity-Policy.pdf">http://www.munjalshowa.net/wp-content/uploads/2016/02/Boards-Diversity-Policy.pdf</a>
Corporate Social Responsibility Policy	<a href="https://www.munjalshowa.net/wp-content/uploads/2021/02/Corporate-Social-Responsibility-Policy.pdf">https://www.munjalshowa.net/wp-content/uploads/2021/02/Corporate-Social-Responsibility-Policy.pdf</a>
Vigil Mechanism / Whistle Blower Policy	<a href="https://www.munjalshowa.net/wp-content/uploads/2019/06/Vigil-Mechanism-or-Whistle-Blower-Policy.pdf">https://www.munjalshowa.net/wp-content/uploads/2019/06/Vigil-Mechanism-or-Whistle-Blower-Policy.pdf</a>
Nomination and Remuneration Policy	<a href="https://www.munjalshowa.net/wp-content/uploads/2020/07/NRC-Policy_Updated_24.07.2020.pdf">https://www.munjalshowa.net/wp-content/uploads/2020/07/NRC-Policy_Updated_24.07.2020.pdf</a>
Records and Archives Management Policy	<a href="http://www.munjalshowa.net/wp-content/uploads/2016/02/Records-and-Archives-Management-Policy.pdf">http://www.munjalshowa.net/wp-content/uploads/2016/02/Records-and-Archives-Management-Policy.pdf</a>
Related Party Transaction Policy	<a href="https://www.munjalshowa.net/wp-content/uploads/2020/06/Related-Party-Transaction-Policy.pdf">https://www.munjalshowa.net/wp-content/uploads/2020/06/Related-Party-Transaction-Policy.pdf</a>
Code of Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons	<a href="https://www.munjalshowa.net/wp-content/uploads/2020/09/Prohibition_of_Insider_Trading-Code_of_Conduct.pdf">https://www.munjalshowa.net/wp-content/uploads/2020/09/Prohibition_of_Insider_Trading-Code_of_Conduct.pdf</a>
Code of Conduct for Directors and Senior Management Personnel	<a href="http://www.munjalshowa.net/wp-content/uploads/2016/02/Code-of-conduct.pdf">http://www.munjalshowa.net/wp-content/uploads/2016/02/Code-of-conduct.pdf</a>
Policy on prevention of Sexual Harassment at workplace	<a href="https://www.munjalshowa.net/wp-content/uploads/2020/07/20200724121738.pdf">https://www.munjalshowa.net/wp-content/uploads/2020/07/20200724121738.pdf</a>
Quality Policy	<a href="https://www.munjalshowa.net/wp-content/uploads/2021/02/Quality-Policy.pdf">https://www.munjalshowa.net/wp-content/uploads/2021/02/Quality-Policy.pdf</a>
Occupational Health and Safety Policy	<a href="https://www.munjalshowa.net/wp-content/uploads/2021/02/Occupational-Health-and-Safety-Policy.pdf">https://www.munjalshowa.net/wp-content/uploads/2021/02/Occupational-Health-and-Safety-Policy.pdf</a>

Policy	Web-link
Environment Policy	<a href="https://www.munjalshowa.net/wp-content/uploads/2021/02/Environment-Policy.pdf">https://www.munjalshowa.net/wp-content/uploads/2021/02/Environment-Policy.pdf</a>
Risk Management Policy	<a href="https://www.munjalshowa.net/wp-content/uploads/2021/06/Risk-Management-Policy.pdf">https://www.munjalshowa.net/wp-content/uploads/2021/06/Risk-Management-Policy.pdf</a>
Dividend Distribution Policy	<a href="https://www.munjalshowa.net/wp-content/uploads/2021/06/Dividend-Distribution-Policy.pdf">https://www.munjalshowa.net/wp-content/uploads/2021/06/Dividend-Distribution-Policy.pdf</a>

## ACKNOWLEDGEMENT

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

The Directors also place on record their appreciation for the valuable assistance and guidance extended to the Company by Showa Corporation and 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: June 23, 2021

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

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



## ANNEXURE-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** increased at 2.36% CAGR between FY16-20 with 26.36 million vehicles being manufactured in the country in FY20. Overall, domestic automobiles sales increased at 1.29% CAGR between FY16-FY20 with 21.55 million vehicles being sold in FY20.
- **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)** The total domestic sales of the passenger vehicles jumped 115.20 per cent to 2,90,939 units in March 2021 from 1,35,196 units in the year-ago month.

There was an increase of 78.73 per cent in the total production of the passenger vehicles to 3,44,349 units in March 2021 from 1,92,661 units in the same month last year. Their total export climbed 17.14 per cent to 40,183 units in March 2021 from 34,303 units in March 2020

- Overall, **automobile export** reached 4.77 million vehicles in FY20, growing at a CAGR of 6.94% during FY16-FY20. Two wheelers made up 73.9% of the vehicles exported, followed by passenger vehicles at 14.2%, three wheelers at 10.5% and commercial vehicles at 1.3%.
- **EV sales**, excluding E-rickshaws, in India witnessed a growth of 20% and reached 1.56 lakh units in FY20

driven by two wheelers. According to NITI Aayog and Rocky Mountain Institute (RMI) India's EV finance industry is likely to reach ₹ 3.7 lakh crore (US\$ 50 billion) in 2030.

- **Premium motorbike** sales in India recorded seven-fold jump in domestic sales, reaching 13,982 units during April-September 2019. The **luxury car** market is expected to register sales of 28,000-33,000 units in 2021, up from 20,000-21,000 units sold in 2020. The entry of new manufacturers and new launches is likely to propel this market in 2021.

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 on becoming '**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.

As per the Union Budget 2019-20, government moved GST council to lower the GST rate on electric vehicles from 12 per cent to 5 per cent. Also, to make electric vehicle affordable

to consumers, our government will provide additional income tax deduction of ₹ 1.5 lakh (US\$ 2,115) on the interest paid on loans taken to purchase electric vehicles.

In November 2020, the Union Cabinet approved PLI scheme in automobile and auto components with an approved financial outlay over a five-year period of ₹ 57,042 crores (US\$ 8.1 billion)

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 FY20-22.
- Under National Automotive Testing and research and development (R&D) Infrastructure Project (NATRIIP), 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 2021.

### 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 has already 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 ₹ 108,537.06 lakhs as against ₹ 128,820.17 lakhs during the previous year and contracted 15.75 percent. The profit before tax was ₹ 3,144.26 lakhs as against ₹ 5,845.13 lakhs of previous year. The decreases in profit before tax was 46.20 percent and profit after tax was lower by 38.54 percent at ₹ 2,614.02 lakhs as against ₹ 4,253.70 lakhs in the previous year.

Key financial Ratios:

Ratio	2020-21	2019-20	Change %
Debtor Turnover Ratio	6.45	7.60	15.11
Inventory Turnover Ratio	10.07	12.44	19.08
Interest Coverage Ratio	0.00	0.00	0.00
Current Ratio	3.68	4.00	8.08
Debt to Equity Ratio	0.00	0.00	0.00
Operating Profit Margin (%)	3.91	4.57	36.32
Net Profit Margin (%)	2.41	3.30	27.06

### 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 2500 as on March 31, 2021.

### 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: June 23, 2021

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

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

## ANNEXURE-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, 2021.

#### 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, 2021, the Board of Directors of the Company consists of ten (10) Directors including 2 (Two) Executive Directors; 3 (three) Non-Executive Non-Independent Directors and 5 (five) Non-Executive Independent Directors of which one is woman Director. Since the Chairman of the Board is an Executive Director, the board of the Company has 5 Non-executive Independent Director which is half of the total strength of the Board. The Board have 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 is in conformity with the provisions of the Companies Act, 2013 ("the Act") and SEBI (Listing, Obligations and Disclosure Requirement) Regulations, 2015 ("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 2020-21 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					
<b>Executive &amp; Promoter Directors</b>							
Mr. Yogesh Chander Munjal (Chairman & Managing Director) (DIN: 00003491)	4	4	Yes	2	1	2	16/05/1985
Mr. Shigeki Kobayashi** (Joint Managing Director) (DIN: 07626553)	4	4	Yes	1	None	1	26/10/2016
<b>Non-Executive Non-Independent Directors</b>							
Mr. Ashok Kumar Munjal (DIN: 00003843)	4	4	Yes	3	0	2	02/01/1989
Mrs. Charu Munjal^ (Woman Director) (DIN: 03094545)	4	3	Yes	None	None	2	23/05/2014
Mr. Yasuhiro Yamamoto (DIN: 08127304)	4	3	No	None	None	1	30/05/2018
<b>Non-Executive Independent Directors</b>							
Ms. Geeta Anand (DIN: 00078091)	4	4	Yes	None	None	1	03/11/2018
Mr. Devi Singh (DIN: 00015681)	4	4	Yes	2	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: 0002888)	4	4	Yes	None	None	1	23/09/2008
Mr. Vinod Kumar Agrawal (DIN: 00004463)	4	4	Yes	1	1	1	29/07/2005

\*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.

\*\* Resigned as Executive Director (Joint Managing Director) w.e.f April 10, 2021

Note: Any other Director does not hold directorship in any other listed entities except Munjal Showa Limited as on March 31, 2021.



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 Board members have the appropriate experience and have the following skills/area of expertise/competencies:

S. No.	Skills/Area of Expertise/ Competencies	Names of Board members
1.	Automotive/Mobility/Technology/R&D/Product Development	Mr. Yogesh Chander Munjal Mr. Shigeki Kobayashi Mr. Ashok Kumar Munjal Ms. Geeta Anand Mr. Yasuhiro Yamamoto
2.	Strategic planning, Business Development, Business Operations	Mr. Yogesh Chander Munjal Mr. Shigeki Kobayashi Ms. Geeta Anand Mr. Ashok Kumar Munjal Mr. Yasuhiro Yamamoto
3.	Human resources/people management	Mr. Yogesh Chander Munjal Mr. Surinder Kumar Mehta 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. Shigeki Kobayashi Mr. Yasuhiro Yamamoto
7.	Sales and Customer Management	Mr. Yogesh Chander Munjal Mr. Shigeki Kobayashi Ms. Geeta Anand Mr. Ashok Kumar Munjal
8.	Communication, Innovative Management	Mr. Yogesh Chander Munjal Mr. Devi Singh Mr. Surinder Kumar Mehta Mr. Nand Lal Dhameja

There are (5) five Independent Directors on the Board of the Company as on March 31, 2021. All the Independent Directors fulfill the conditions of Independence as given under Companies Act, 2013 and SEBI Listing Regulations and are independent of the management of the Company.

During the year none of the Independent directors of the Company had resigned before the expiry of their respective tenure(s).

None of the Directors hold any shares or any other security of the Company as on March 31, 2021 except Mr. Surinder Kumar Mehta who holds 2000 equity shares of the Company jointly with his wife Mrs. Santosh Mehta.

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 33<sup>rd</sup> 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 (1B) of the 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, Mr. Surinder Kumar Mehta and Mr. Nand Lal Dhameja have attained the age of more than 75 years and the shareholders have approved their re-appointment through Special Resolutions in the 33<sup>rd</sup> Annual General Meeting for their continuation as Independent Directors of the Company.

#### **B. Board Meetings held in financial year 2020-21**

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 2020-21 for which exemptions were granted by Ministry of Corporate Affairs vide its General Circular No. 11 /2020 dated March 24, 2020 and Securities Exchange Board of India vide its circular SEBI/HO/CFD/CMD1/CIR/P/2020/3 dated March 19, 2020 (hereinafter collectively referred as "Circulars"), due to COVID-19 outbreak. Thus Board held four (4) meetings during the financial year 2020-21 i.e. on June 30, 2020, July 31, 2020, November 05, 2020 and February 04, 2021 respectively.

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 Companies Act, 2013, Listing Regulations and Secretarial Standards, 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](http://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 2020-21. 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/2021/04/Familiarization-programme-for-Independent-Directors-2020-21.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, Listing Regulations and other relevant regulations including amendments, recent pronouncements, economic scenario, market outlook etc.

#### Familiarization programme for Independent Directors:

<b>Objective</b>	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.
<b>Familiarization Program for Independent Directors</b>	Industry overview and business model of the Company and an outline of corporate plan and annual targets Introduction to product profile Operations overview Financial performance and budget & control processes Overview of sales & marketing Familiarization on Statutory compliances as a Board Member including their Roles, Rights and Responsibilities

Note: The above programme was conducted for Independent Directors of the Company during the financial year 2020-21.

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/2020/06/Familiarization-programme-for-Independent-Directors-2019-20.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, 2021, 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 Mr. Vinod Kumar Agrawal, Mr. Ashok Kumar Munjal, Mr. Nand Lal Dhameja and Mr. Devi Singh, being Non-Executive Directors and except Mr. Ashok Kumar Munjal all the other members of the Committee are Independent Directors of the Company. Mr. Vinod Kumar Agrawal,

Non-Executive Independent Director is the Chairman of the Committee. 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 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 Listing Regulations. The quarterly/ half yearly/annual financial results/statements of the Company are reviewed by the 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 2020-21, the Audit Committee met four (4) times, on June 30, 2020, July 31, 2020, November 05, 2020 and February 04, 2021. The time gap between any two consecutive meetings was less than 120 days except the first meeting held on June 30, 2020, which was relaxed by the MCA and SEBI through the Circulars, 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 2020-21 was as under:**

Name of the Chairman and Member	Attendance at the Audit Committee Meetings held on			
	June 30, 2020	July 31, 2020	November 05, 2020	February 04, 2021
<b>Non-Executive Directors</b>				
Mr. Ashok Kumar Munjal (Member)	Yes	Yes	Yes	No
<b>Non-Executive Independent Directors</b>				
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

**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, 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 Nomination & Remuneration Committee comprises of Mr. Surinder Kumar Mehta, Mr. Yogesh Chander Munjal, Mr. Vinod Kumar Agarwal and Mr. Devi Singh. Mr. Surinder Kumar Mehta, Non-Executive Non-Independent Director is the Chairman of the

Committee. The Chairperson of the Company i.e. Mr. Yogesh Chander Munjal is also the member of the Committee. Mr. Surinder Kumar Mehta, Chairman of the Committee attended the AGM held on September 10, 2020.

The Company Secretary of the Company acts as the secretary of the Committee. During the Financial Year 2020-21, the Nomination & Remuneration Committee met 1 (one) time i.e. on June 18, 2020.

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;
- 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 held during 2020-21 are as under:**

Name of the Chairman and Member	Attendance at the Nomination and Remuneration Committee Meeting held on June 18, 2020
Mr. Surinder Kumar Mehta (Chairman) <b>(Non-Executive Independent Director)</b>	Yes
Mr. Yogesh Chander Munjal (Member) <b>(Executive Director)</b>	Yes
Mr. Vinod Kumar Agrawal (Member) <b>(Non-Executive Independent Director)</b>	Yes
Mr. Devi Singh (Member) <b>(Non-Executive Independent Director)</b>	Yes

**V. STAKEHOLDERS RELATIONSHIP COMMITTEE**

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 / 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. Shigeki Kobayashi and Mr. Ashok Kumar Munjal. Mr. Nand Lal Dhameja, Non-Executive Independent Director is the Chairman of the Committee.

During FY 2020-21, two (2) Stakeholders Relationship Committee meetings were held on June 18, 2020 and February 04, 2021. Attendance of Members at the meetings of the Stakeholders Relationship Committee held during 2020-21 was as under:

Name of the Chairman and Member	Attendance at the Stakeholders Relationship Committee Meetings held on	
	June 18, 2020	February 04, 2021
<b>Executive Directors</b>		
Mr. Yogesh Chander Munjal (Member)	Yes	Yes
Mr. Shigeki Kobayashi (Member)	No	Yes
<b>Non-Executive Directors</b>		
Mr. Ashok Kumar Munjal (Member)	Yes	Yes
<b>Non-Executive Independent Director</b>		
Mr. Nand Lal Dhameja (Chairman)	Yes	Yes

Mr. Shigeki Kobayashi, Member of Stakeholder Relationship Committee, has been 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 effective from June 23, 2021, and Mr. Yasuhiro Ashiki has appointed as Members in place Mr. Shigeki Kobayashi. The Composition of Stakeholder Relationship Committee as on date is as follows:

- Mr. Nand Lal Dhameja (Chairman) - Non-Executive Independent Director
- Mr. Yogesh Chander Munjal (Chairman) - Executive Director
- Mr. Ashok Kumar Munjal (Member) - Non-Executive Director
- Mr. Yasuhiro Ashiki (Member) – Executive Director

**Compliance Officer**

Ms. Geetanjali Sharma, Company Secretary of the Company acts as the Compliance Officer of the Company and any request/complaint can be forwarded to the Company at e-mail Id cs@munjalshowa.net.

During the year, the company 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 transfers in physical form are processed and the share certificates are generally returned to the transferees within a period of thirty days from the date of receipt of transfer, provided the transfer documents lodged with the Company are complete in all respects.

The Board of Directors has delegated the authority to approve the share transfers/ transmission to the Company Secretary and/or 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 obtains from a Company Secretary in practice half yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the Listing Regulations, and files a copy of the same with the Stock Exchanges.

**B. RECONCILIATION OF SHARE CAPITAL AUDIT**

As required by the Securities & Exchange Board of India (SEBI) quarterly audit of the Company's share capital is being carried out by an independent external auditor with a view to reconcile the total share capital admitted with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and held in physical form, with the issued and listed capital. The Auditors' Certificate in regard to the same is

submitted to BSE Limited and the National Stock Exchange of India Limited and is also placed before Share 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 broadly comprises as:

- Formulate, monitor and review risk management policy and plan, inter alia covering investment of surplus funds, 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.

The committee comprises of Mr. Yogesh Chander Munjal (Chairman & Managing Director), Mr. Pankaj Gupta (Chief Financial Officer) and Mr. Devesh Gupta (Senior Divisional Manager). 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	Attendance at the Risk Management Committee Meetings held on			
	June 18, 2020	July 27, 2020	November 02, 2020	February 04, 2021
Mr. Yogesh Chandra Munjal (Chairman)	Yes	Yes	Yes	Yes
Mr. Pankaj Gupta (Member)	Yes	Yes	Yes	Yes
Mr. Devesh Gupta (Member)	Yes	Yes	Yes	Yes

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

With effect from June 23, 2021 the committee comprises 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.

The Company Secretary of the Company acts as the secretary of the Committee. During the Financial Year 2020-21, the CSR Committee met 1 (one) time i.e. on June 18, 2020. The composition of the CSR Committee as on March 31, 2021 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 18, 2020
<b>Executive Directors</b>	
Mr. Yogesh Chander Munjal (Chairman)	Yes
Mr. Shigeki Kobayashi (Member)	No
<b>Non-Executive Independent Director</b>	
Mr. Vinod Kumar Agrawal (Member)	Yes

Mr. Shigeki Kobayashi, Member of CSR Committee, has been 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 effective from June 23, 2021, and Mr. Yasuhiro Ashiki has appointed as Members 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 2020-21 are as under:

(Amount in Rupees)

Name	Salary	Perquisites	Cont. to PF & Allowances	Commission	Sitting Fee	Total
Mr. Yogesh Chander Munjal	2,67,90,000	40,01,722	1,91,81,123	23,82,000	NIL*	5,23,54,845
Mr. Shigeki Kobayashi	2,45,10,000	7,91,769	20,40,633	23,82,000	NIL*	2,97,24,402
Mr. Ashok Kumar Munjal	NIL	NIL	NIL	NIL	5,40,000	5,40,000
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	3,60,000	3,60,000
Mr. Nand Lal Dhameja	NIL	NIL	NIL	NIL	7,20,000	7,20,000
Mr. Surinder Kumar Mehta	NIL	NIL	NIL	NIL	4,20,000	4,20,000
Mr. Vinod Kumar Agrawal	NIL	NIL	NIL	NIL	7,20,000	7,20,000
Mr. Yasuhiro Yamamoto	NIL	NIL	NIL	NIL	NIL*	NIL

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

\*Directors have agreed not to receive sitting fess for the meetings.

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

The Company enters 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 appropriate Notice.

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

## IX. INDEPENDENT DIRECTORS MEETING

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 26, 2021 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 26, 2021
Mr. Nand Lal Dhameja (Chairman)	Yes
Mr. Devi Singh (Member)	Yes
Ms. Geeta Anand (Member)	Yes
Mr. Surinder Kumar Mehta (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.

## 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](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 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 Listing Regulations during the financial year 2020-21 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 number 32 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 is 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, 2021. 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, 2021, 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 2020-21.

#### **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 relieves employees from their duty

of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations against people in authority and / or colleagues in general.

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

#### **Vigilance and Ethics Officer is as under:**

Name and Address –Mr. R K Arora, Head Personnel & Administration (Advisor)

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- agrawalnagraval@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 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.

SEBI vide circular no. SEBI/HO/CFD/CMD1/P/ CIR/2021/556 dated April 29, 2021 had extended the timeline for submission of financial results under regulations 33(3) of the SEBI Listing Regulations to June 30, 2021.

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](http://www.munjalshowa.net).

In compliance with the 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 website [www.listing.bseindia.com](http://www.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, 1st Floor, Okhla Industrial Area, Phase I, New Delhi- 110 020  
Tel: 011-41406149-52; Fax; 41709881  
Email: [helpdeskdelhi@mcsregistrars.com](mailto: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)
<b>BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001	520043	INE577A01027
<b>The National Stock Exchange of India Limited</b> Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai 400051	MUNJALSHOW	

### Munjal Showa Limited Share Price on BSE & NSE from April, 2020 to March, 2021

(In Rupees)

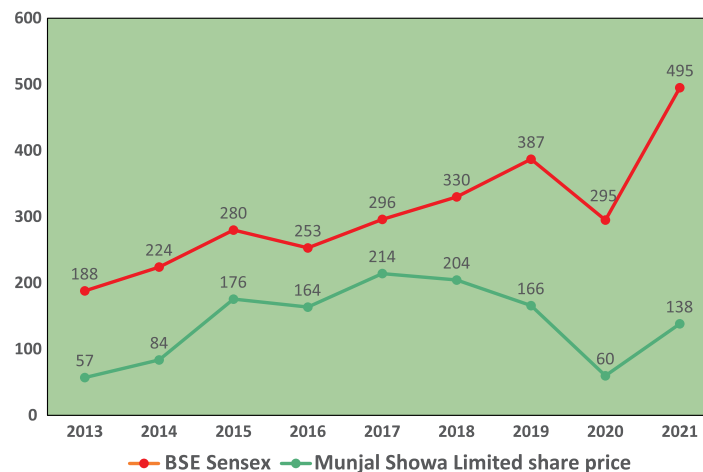
Month	BSE Limited		National Stock Exchange of India Limited	
	High Price	Low Price	High Price	Low Price
Apr-20	79.65	57.00	79.60	56.95
May-20	86.55	70.90	87.30	69.70
Jun-20	106.15	86.05	106.80	85.30
Jul-20	108.65	98.95	109.20	98.10
Aug-20	165.80	102.10	164.95	102.00
Sep-20	145.00	114.05	142.45	114.35
Oct-20	146.40	122.00	146.80	122.05
Nov-20	150.00	129.80	150.50	129.30
Dec-20	153.30	129.80	154.00	129.00
Jan-21	152.00	135.20	153.10	134.80
Feb-21	176.45	138.20	176.45	137.50
Mar-21	165.00	135.30	165.15	136.90

### Stock Performance of Munjal Showa Limited vs. Bombay Stock Exchange (BSE) Indices and Nifty 50

Year	BSE Sensex	% Change	Nifty 50	% Change	Munjal Showa Limited	% Change
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
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

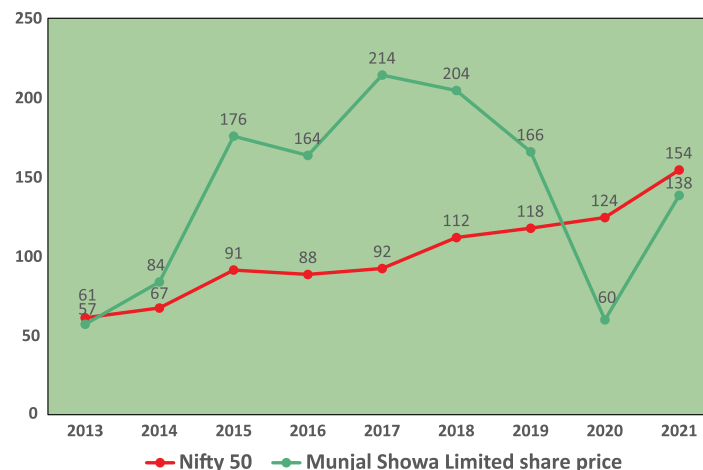
BSE is considered to be in the round of hundred



Source: ([www.bseindia.com](http://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](http://www.nseindia.com))



### Dematerialization of Shares and Liquidity

The Status of the shares held in demat and physical form as on March 31, 2021 are given below:

No. of Shares held with NSDL	33,964,663	84.92%
No. of Shares held with CDSL	5,611,235	14.03%
No. of Shares held in Physical	419,102	1.05%
<b>Total</b>	<b>39,995,000</b>	<b>100.00%</b>

### Shareholding pattern as on March 31, 2021

Category of shareholder	Number of shareholders	Total number of shares	Total shareholding as a percentage of total number of shares
<b>Indian Promoters</b>	2	16,044,048	40.11
<b>Foreign Promoters</b>	1	9,960,027	24.90
<b>Public Shareholding</b>			
<b>Institutions</b>			
Mutual Funds/ UTI	2	2,000	0.005
Financial Institutions/ Banks	3	7,056	0.02
Foreign Portfolio Investors	2	154,348	0.39
<b>Non-institutions</b>			
Bodies Corporate	224	2,896,961	7.24
Individuals -			
i. Individual shareholders holding nominal share capital up to ₹ 2 lakhs	20,071	9,842,079	24.61
ii. Individual shareholders holding nominal share capital in excess of ₹ 2 lakhs.	4	561,757	1.40
NBFCs registered with RBI	1	200	0.005
Non resident Indians	426	422,373	1.06
IEPF Authority Demat Account	1	96,408	0.24
Any Other-Trust & foundation	4	7,743	0.02
<b>GRAND TOTAL</b>	<b>20,741</b>	<b>39,995,000</b>	<b>100.00</b>

### Statement showing Shareholding of persons belonging to the category "Promoter and Promoter Group" as on March 31, 2021

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)	4,075	0.01
<b>TOTAL</b>		<b>26,004,075</b>	<b>65.01</b>

No shares have been pledged by the promoters.

#### Distribution of Shareholding as on March 31, 2021

Shares Holding on Nominal Value of ₹ 2			No. of Shares	No. of Shareholders	% of Shares	% of Shareholders
1	To	500	2,204,712	17,851	5.51	83.98
501	To	1000	1,470,017	1,705	3.68	8.02
1001	To	2000	1,481,851	888	3.70	4.18
2001	To	3000	698,843	270	1.75	1.27
3001	To	4000	536,155	145	1.34	0.68
4001	To	5000	550,681	115	1.38	0.54
5001	To	10000	1,120,115	154	2.80	0.72
10001	To	50000	2,226,153	109	5.57	0.51
50001	To	100000	986,783	14	2.47	0.07
And Above			28,719,690	07	71.80	0.03
Total			<b>39,995,000</b>	<b>18,909</b>	<b>100.00</b>	<b>100.00</b>

#### 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
2019-2020	9-11, Maruti Industrial Area, Sec-18, Gurugram-122015	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
2017-2018	9-11, Maruti Industrial Area, Sec-18, Gurugram-122015	Wednesday, September 26, 2018	11.00 A.M.	06

2019-20- Special Resolutions passed for:

- Variation in terms of appointment of Mr. Shigeki Kobayashi, Joint Managing Director

2018-19- Special Resolutions passed for:

- Variation in terms of appointment of Mr. Yogesh Chander Munjal, Managing Director
- Variation in terms of appointment of Mr. Shigeki Kobayashi, Joint Managing Director

2017-18- Special Resolutions passed for:

- Variation in terms of appointment of Mr. Shigeki Kobayashi, Joint Managing Director
- Variation in terms of appointment of Mr. Yogesh Chander Munjal, Managing Director
- Four separate resolutions for the re-appointment of Independent Directors, Mr. Vinod Kumar Agrawal, Mr. Devi Singh, Mr. Nand Lal Dhameja and Mr. Surinder Kumar Mehta

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

#### Extraordinary General Meeting (EGM)

No EGM was held during the Financial Year 2020-21.

#### 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
2013-14	Final	₹ 3.50	02-Nov-2021
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

#### 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](http://www.munjalshowa.net)

During the financial year 2017-18, 64,497 Equity Shares of ₹ 2/- each fully paid up, during the financial year 2018-19, 21,650 Equity Shares of ₹ 2/- each fully paid up, during the financial year 2019-20, 4,109 Equity Shares of ₹ 2/- each fully paid up and during the financial year 2020-21, 8,152 Equity Shares of ₹ 2/- each fully paid up in respect of which the dividend remained unpaid or unclaimed for seven consecutive years were transferred to the IEPF Authority.

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

Details of equity shares which have been transferred into IEPF Demat Account are available on the website of the Company at [www.munjalshowa.net](http://www.munjalshowa.net) and at the website of IEPF authority at [www.iepf.gov.in](http://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](http://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- 249402 Uttarakhand

**04) Shareholder Correspondence may be addressed to** : Ms. Geetanjali Sharma  
 (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** : Wednesday, August 25, 2021 at 11:00 AM

**- Venue** : 9-11, Maruti Industrial Area, Sector 18, Gurugram-122015 (HR)

**06) Financial Calendar**

**(a) Financial Year 2021-2022** : April 01<sup>st</sup> to March 31<sup>st</sup>

**(b) Financial reporting for the quarter ending June 2021** : By August 14, 2021

**(c) Financial reporting for the quarter and half year ending September 2021** : By November 14, 2021

- |     |   |   |
|-----|---|---|
| (d) | Financial reporting for the quarter and nine months ending December 2021  | : By February 14, 2022  |
| (e) | Financial reporting for the year ending March 2022  | : By End of May, 2022   |
| (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, August 14, 2021 to Wednesday, August 25, 2021 (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 24, 2021 to the members |
| 10) | Company Identification Number (CIN)<br>Permanent Account Number (PAN)   | : L34101HR1985PLC020934<br>: AAACM0070D   |
| 11) | Annual Listing Fee  | : Paid for the F.Y. 2021-22   |
| 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	AA/Negative
Short-Term Rating	CRISIL A1+
₹ (in crores)	
₹ 99 Long-Term Loans	AA/Negative
₹ 15 Cash Credit	AA/Negative
₹ 28 Letter of Credit	CRISIL A1+
₹ 2.25 Bank Guarantee	CRISIL A1+
₹ 6 Commercial Paper	CRISIL A1+

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 2020-21:

	(Amount in ₹)
Audit fee (Including fees for Internal Control Over Financial Reporting)	27,50,000
Limited review of unaudited financial results	10,50,000
Other services (certification etc.)	1,00,000
Tax audit fee	3,00,000
Out of pocket expenses	1,39,000
<b>Total</b>	<b>43,39,000</b>

- 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.

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 2020-21	NIL
Number of complaints disposed of during the financial year 2020-21	NIL
Number of complaints pending at the end of financial year 2020-21	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 Managing Director of the Company upto April 10, 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 Listing Regulations. Specifically, 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 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](http://www.munjalshowa.net)

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

**Reporting of Internal Auditor:** The 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
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 1, 2020	NIL	NIL
Shareholders who approached the Company for transfer of shares from suspense account during the year	NIL	NIL
Shareholders to whom shares were transferred from the suspense account during the year	NIL	NIL
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Act.	NIL	NIL
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2021	NIL	NIL

## XXIII. 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: June 23, 2021

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

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

## ANNEXURE 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 2020-21.

For and on behalf of the Board

Place: Gurugram  
Date: June 23, 2021

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

**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, 2021 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: June 23, 2021

**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 31<sup>st</sup> March, 2021**

**(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 31<sup>st</sup> March, 2021 ("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 31<sup>st</sup> March, 2021 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 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. We have observed that the Company has submitted unpaid dividend details for the Financial Year 1998-99 onwards (Form 1A alongwith excel template) under Rule 4 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. The Company despite of its best efforts is unable to trace the data of unpaid dividend for the Financial Year 1988-89 to 1997-98. The Company vide its letter dated July 8, 2020 has sought necessary guidance/clarification from IEPF Authority in this regard.

**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 Directors. There were no 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.

Limitations

*The prevailing lockdown on account of COVID-19 situation has impacted the physical verification of the documents and records as being maintained by the Company at their offices and we are constrained to determine the quantum of said impact. We have taken all possible steps as possible with the present limitations of COVID 19, to verify the records as made available to us on a remote basis by the Company through electronic medium and as a best possible endeavor have taken necessary confirmation /representation/undertakings, from the officials of Company, wherever required.*

For **SATYENDER KUMAR & ASSOCIATES**

**Company Secretaries**  
**Satyender Kumar**  
**(Proprietor)**  
**C.P. No. 5189**  
**FCS 4087**  
**UDIN-F004087C000503762**

Place: Gurugram  
Date : 23.6.2021

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,  
**Munjla 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**

Place: Gurugram  
Date : 23.06.2021

**Company Secretaries**  
**Satyender Kumar**  
(Proprietor)  
C.P. No. 5189  
FCS 4087  
UDIN-F004087C000503762

**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 2020-21 the Company has worked mainly in the following areas:

1. Stopped Air Leakages
2. Big Motors to small Motors
3. Clubbing of Operations
4. Providing Auto stop timers to stop machines during breaks
5. Auto stop timers on exhaust fans
6. Power factor improved to 0.981
7. Chip conveyor motor removed
8. 250 watts mercury vapour lamps replaced with 100 LED lights
9. Transformer type rectifier replaced with IGBT based rectifier in new plating plant
10. Electric heaters replaced with hot water heating in soak and nickel tanks

**(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	₹ 15,190,985/-
Recurring	₹ 14,557,443/-
<b>Total</b>	<b>₹ 29,748,428/-</b>

**(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 ₹ 52.95 lakhs and foreign exchange outgo during the year was ₹ 15,306.11 lakhs.

**For and on behalf of the Board**

Place: Gurugram  
Date: June 23, 2021

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

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

**ANNEXURE '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 2020-2021**

S.NO.	NAME	DESIGNATION	RATIO
1.	Mr. Yogesh Chander Munjal	Managing Director	91
2.	Mr. Shigeki Kobayashi	Joint Managing Director	52

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 2020-2021**

The changes made in the remuneration of each Director, Chief Financial Officer, Company Secretary in the financial year 2020-21 is as follows:

S. NO.	NAME	DESIGNATION	PERCENTAGE CHANGE
1.	Mr. Yogesh Chander Munjal	Managing Director	-10.11
2.	Mr. Shigeki Kobayashi	Joint Managing Director	-14.97
3.	Mr. Pankaj Gupta	Chief Financial Officer	-7.12
4.	Ms. Geetanjali Sharma	Company Secretary	16.37

**THE PERCENTAGE INCREASE IN THE MEDIAN REMUNERATION OF EMPLOYEES IN THE FINANCIAL YEAR 2020-21: 0.017**

**THE NUMBER OF PERMANENT EMPLOYEES ON THE ROLLS OF COMPANY**

There were 1300 employees on the rolls of the Company as on March 31, 2021 as compared to 1,256 employees as on March 31, 2020.

**AVERAGE PERCENTILE INCREASE/DECREASE 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 increase in the salaries of employees was around 3.37% and the percentile decrease in the managerial remuneration for the year was 11.93%.

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: June 23, 2021

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

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

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, 2021

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 held	Percentage/ Nos. of Equity Share	Whether any such employee is a relative of any Director of the company
			(₹)										
1	HIDEKAZU SHIMAZAKI	Technical Advisor	₹ 70,73,354		Contractual	Graduate in Mechanical Engineering	21	Technical	03.10.2017	40	Showa Corporation, Japan	NIL	NO
2	SANJIV RAHI	V.P.	₹ 48,69,212		Permanent Employee	Executive Programme, Leadership Next-ILM B - 2015	30	Sr. Mgt. Group Plant Head	30.09.2019	53	Anest Iwata Motherson Private Limited	NIL	NO
3	ASHUTOSH SRIVASTAVA	V.P.	₹ 41,18,344		Permanent Employee	B. Tech. (Mech.)	31	Sr. Mgt. Purchase Department Head	14.11.2005	56	Saroj Pvt. Ltd	NIL	NO
4	PANKAJ GUPTA	VP & CFO	₹ 35,54,508		Permanent Employee	CA, CS & CMA	31	Sr. Mgt. Head Finance and Accounts	27.09.1994	54	Omega Bright Steels Pvt. Ltd	05 shares	NO
5	SANJAY KUMAR SHARMA	A.V.P.	₹ 32,36,816		Permanent Employee	BE	30	Sr. Mgt. Haridwar Plant Head	10.10.2008	55	Thai Summit	NIL	NO
6	RAKESH KUMAR VASHIST	V.P.	₹ 30,94,056		Permanent Employee	B. Sc. (Chem.)	40	Sr. Mgt- Paint Shop Head	03.10.1997	58	Birla Yamaha Ltd, Dehradun	NIL	NO
7	MANOJ KUMAR SAXENA	V.P.	₹ 29,57,278		Permanent Employee	Diploma (Mech.)	39	Sr. Mgt- Quality Head	19.12.1986	59	Diamond Spring	NIL	NO
8	PARAMJEET SINGH YADAV	A.V.P	₹ 26,88,379		Permanent Employee	Diploma (Mech.)	32	Sr. Mgt- Manesar Plant Head	13.06.1994	55	Kelvinator, Alwar	NIL	NO
9	AVI MUNJAL	Deputy General Manager	₹ 23,85,531		Permanent Employee	Masters in Management	06	Sr. Mgt- Business Development	01.12.2018	25	Hilti (Manufacturing Company)	NIL	YES*
10	RAKESH ATRE	A.V.P.	₹ 23,66,766		Permanent Employee	B.E. Mechanical	43	Sr. Mgt- TPM Head	08.03.1999	65	Essel International Zee TV Group	NIL	NO

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 2020-21, 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	₹ 5,23,54,845/-	Contractual	B. Arch.	57	Overall management of the affairs of the Company	01.09.1986	81	Chief Executive-Rockman Cycle Industries Limited	NIL	Yes, disclosure is given in Note 32 of Financial Statements
2.	Shigeki Kobayashi	Joint Managing Director	₹ 2,97,24,402/-	Contractual	Graduate	39	Overall management of the affairs of the Company	26.10.2016	57	Showa India Private 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:**

- 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;
- 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;
- The above employees are not related to any Director of the Company;
- The appointment is contractual as per the policy/rules of the Company;
- Terms and conditions are as per the Appointment Letter given to the appointee from time to time;
- All the employees have adequate experience to discharge the responsibilities assigned to them.

For and on behalf of the Board

Place: Gurugram

Date: June 23, 2021

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

B-175, Greater Kailash, Part I, New  
Delhi, 110048

**Vinod Kumar Agrawal**  
(Director)  
(DIN 00004463)

A-224 1st Floor, Defence Colony  
New Delhi, 110024



ANNEXURE '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. Shigeki Kobayashi	Member- Executive Director	One	Nil

## 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	<a href="https://www.munjalshowa.net/wp-content/uploads/2020/06/Composition-of-Board-and-its-Committees.pdf">https://www.munjalshowa.net/wp-content/uploads/2020/06/Composition-of-Board-and-its-Committees.pdf</a>
2.	CSR Policy	<a href="https://www.munjalshowa.net/wp-content/uploads/2021/02/Corporate-Social-Responsibility-Policy.pdf">https://www.munjalshowa.net/wp-content/uploads/2021/02/Corporate-Social-Responsibility-Policy.pdf</a>
3.	CSR Projects	<a href="https://www.munjalshowa.net/wp-content/uploads/2021/05/CSR-2020-21.pdf">https://www.munjalshowa.net/wp-content/uploads/2021/05/CSR-2020-21.pdf</a>

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

No such amount available for set off.

6. Average net profit of the Company as per Section 135(5): ₹ 8,071 lakhs

7. (a) Two percent of average net profit of the company as per section 135(5): ₹ 161.42 lakhs

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL

(c) Amount required to be set off for the financial year, if any: NIL

(d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 161.42 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.
₹ 16,776,053	NIL	NA	NA	NIL	NA

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

1 Sl. No.	2 Name of the Project	3 Item from the list of activities in Schedule VII to the Act	4 Local area (Yes/No)	5 Location of the Project.		6 Project Duration	7 Amount allocated for the project (in ₹)	8 Amount spent in the current Financial year (in ₹)	9 Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	10 Mode of implementation - Direct (Yes/No)	11 Mode of implementation- Through Implementing Agency	
				State	District						Name	CSR Registration number. (Applicable w.e.f. April 01, 2021)
1.	Paid to CII to Promote technical and financial education activities by setting up the Advanced TPM centre at CII Institute of Quality Bangalore	ii. Promoting Education	No	Karnataka	Bengaluru	3 years	3,00,00,000/-	125,00,000/-	NIL	No	Confederation of Indian Industry	Not Applicable
	TOTAL						3,00,00,000/-	125,00,000/-				

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

1. S. No.	2. Name of the Project	3. Items from the list of activities in Schedule VII to the Act	4. Local area (Yes/No)	5. Location of the Project		6. Cumulative expenditure upto March 31, 2020 (In `)	7. Amount spent for the project (in ₹)	8. Mode of implementation Direct (Yes/No)	9. 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	32,50,000	14,41,453/-	Yes	-	-
2.	Paid to Sri Sathya Sai Central Trust for performing general public healthcare and utility activities	i. Preventive Health care	No	Andhra Pradesh	Anantapur		10,50,000/-	No	Sri Sathya Sai Central Trust	Not Applicable
3.	Paid to Arya Veer Netra Chikitsalaya for Construction of Conference Hall 1000 sq.ft. there	i. Preventive Health care	Yes	Haryana	Gurugram		10,00,000/-	Yes	-	-
4.	Paid to SGT University, fees and other related charges for BPL Students studying there.	ii. Promoting Education	Yes	Haryana	Gurugram	137,50,000	180,000/-	Yes	-	-
5.	Paid to Raman Kant Munjal Foundation for furniture and other Expenses for Students studying there	ii. Promoting Education	Yes	Haryana	Gurugram		1,04,600/-	Yes	-	-
6.	Payment through Rotary Southend Charitable Trust for skill development through their various projects	i. Preventive Health care ii. Promoting Education	No	New Delhi	South Delhi		5,00,000/-	No	Rotary Southend Charitable Trust	Not Applicable
<b>TOTAL</b>							<b>42,76,053/-</b>			

(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): ₹ 16,776,053

(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)	1,61,42,256/-
(ii)	Total amount spent for the financial year	1,67,76,053/-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	6,33,797/-
(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.	2017-18 ₹ 71.92 lakhs was unspent due to non-identification of appropriate projects / activities / programmes in line with the CSR policy of the Company	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:

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: June 23, 2021

**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 1st 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, 2021.

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	2020-2021
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 offices 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 (₹)	108,537.06 lakhs
Total profit after taxes (₹)	2,614.02 lakhs
Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	167.76 lakhs which is more than 2% of average net profits of the last three financial years
Activities in which expenditure in 4 above has been incurred:	Education and Healthcare

## 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

#### 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	<a href="https://www.munjalshowa.net/wp-content/uploads/2019/06/Vigil-Mechanism-or-Whistle-Blower-Policy.pdf">https://www.munjalshowa.net/wp-content/uploads/2019/06/Vigil-Mechanism-or-Whistle-Blower-Policy.pdf</a> <a href="https://www.munjalshowa.net/wp-content/uploads/2016/02/Code-of-conduct.pdf">https://www.munjalshowa.net/wp-content/uploads/2016/02/Code-of-conduct.pdf</a>
Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.	Environment Policy Quality Policy	<a href="https://www.munjalshowa.net/wp-content/uploads/2021/02/Environment-Policy.pdf">https://www.munjalshowa.net/wp-content/uploads/2021/02/Environment-Policy.pdf</a> <a href="https://www.munjalshowa.net/wp-content/uploads/2021/02/Quality-Policy.pdf">https://www.munjalshowa.net/wp-content/uploads/2021/02/Quality-Policy.pdf</a>
Principle 3: Businesses should promote the wellbeing of all employees.	Safety Policy Code of Conduct Prevention of Sexual Harassment Policy	<a href="https://www.munjalshowa.net/wp-content/uploads/2021/02/Occupational-Health-and-Safety-Policy.pdf">https://www.munjalshowa.net/wp-content/uploads/2021/02/Occupational-Health-and-Safety-Policy.pdf</a> <a href="https://www.munjalshowa.net/wp-content/uploads/2016/02/Code-of-conduct.pdf">https://www.munjalshowa.net/wp-content/uploads/2016/02/Code-of-conduct.pdf</a> <a href="https://www.munjalshowa.net/wp-content/uploads/2020/07/20200724121738.pdf">https://www.munjalshowa.net/wp-content/uploads/2020/07/20200724121738.pdf</a>
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	<a href="https://www.munjalshowa.net/wp-content/uploads/2021/02/Corporate-Social-Responsibility-Policy.pdf">https://www.munjalshowa.net/wp-content/uploads/2021/02/Corporate-Social-Responsibility-Policy.pdf</a>
Principle 5: Businesses should respect and promote human rights.	Code of Conduct	<a href="https://www.munjalshowa.net/wp-content/uploads/2016/02/Code-of-conduct.pdf">https://www.munjalshowa.net/wp-content/uploads/2016/02/Code-of-conduct.pdf</a>
Principle 6: Businesses should respect, protect, and make efforts to restore the environment.	Environment Policy	<a href="https://www.munjalshowa.net/wp-content/uploads/2021/02/Environment-Policy.pdf">https://www.munjalshowa.net/wp-content/uploads/2021/02/Environment-Policy.pdf</a>
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	<a href="https://www.munjalshowa.net/wp-content/uploads/2019/06/Vigil-Mechanism-or-Whistle-Blower-Policy.pdf">https://www.munjalshowa.net/wp-content/uploads/2019/06/Vigil-Mechanism-or-Whistle-Blower-Policy.pdf</a>
Principle 8: Businesses should support inclusive growth and equitable development.	Corporate Social Responsibility Policy	<a href="https://www.munjalshowa.net/wp-content/uploads/2021/02/Corporate-Social-Responsibility-Policy.pdf">https://www.munjalshowa.net/wp-content/uploads/2021/02/Corporate-Social-Responsibility-Policy.pdf</a>
Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.	Quality Policy	<a href="https://www.munjalshowa.net/wp-content/uploads/2021/02/Quality-Policy.pdf">https://www.munjalshowa.net/wp-content/uploads/2021/02/Quality-Policy.pdf</a>



(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?

This is for the first time Company is publishing its Business Responsibility Report in its Annual Report.

#### 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 2020-21.

##### 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 2020-21 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 2020-21 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 2020-21 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 2021 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 FACILITY:** Various insurance policies like 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 2020-2021.

- (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: **2,500**
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis: **1200**
3. Please indicate the Number of permanent women employees: **9**
4. Please indicate the Number of permanent employees with disabilities: **5**
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.**

Munjjal 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.

Various insurance policies like EDLI, Public Liability Insurance, Mediclaim for employee and their family, employee death insurance policies are implemented for the well-being of our employees.

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 2020-21.

#### 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.**

Munjjal 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? Y/N**

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. Y/N. 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 ₹ 167.76 lakhs on the CSR activities. Details on project wise CSR spending is included in Annexure – G of Annual 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 Directors 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, 2021, 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 any 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: June 23, 2021

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

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

## ANNEXURE '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 31<sup>st</sup> March, 2021 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](http://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 31<sup>st</sup> March, 2021, 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. Surinder Kumar Mehta	00002888	23/09/2008
2.	Mr. Yogesh Chander Munjal	00003491	16/05/1985
3.	Mr. Ashok Kumar Munjal	00003843	02/01/1989
4.	Mr. Vinod Kumar Agrawal	00004463	29/07/2005
5.	Mr. Devi Singh	00015681	23/09/2008
6.	Ms. Geeta Anand	00078091	03/11/2018
7.	Mr. Nand Lal Dhameja	02351762	23/09/2008
8.	Mrs. Charu Munjal	03094545	23/05/2014
9.	Mr. Shigeki Kobayashi*	07626553	26/10/2016
10.	Mr. Yasuhiro Yamamoto	08127304	30/05/2018

\*Mr. Shigeki Kobayashi (DIN: 07626553) has resigned as Joint Managing Director w.e.f. 10.4.2021.

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 31<sup>st</sup> March, 2021.

For SATYENDER KUMAR & ASSOCIATES

Place: Gurugram  
Date : June 23, 2021

Company Secretaries  
Satyender Kumar  
(Proprietor)  
C.P. No. 5189  
FCS 4087  
UDIN: F004087C000503841

**ANNEXURE 'J' TO THE BOARD'S REPORT**

To The Members of  
MUNJAL SHOWA LIMITED

## Independent Auditor's Certificate on Corporate Governance

1. This certificate is issued in accordance with the terms of our engagement letter dated November 26, 2020.
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 31 March 2021, 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.

**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, 2021.
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)

**Akash Kumar Agarwal**  
Partner  
(Membership No.063092)  
(UDIN:- 21063092AAAAAF8386)

Gurugram, June 23, 2021

# 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, 2021, 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, 2021, 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 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as at March 31, 2021 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 38 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 39 of the financial statements.

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)

**Akash Kumar Agarwal**  
Partner

Place: Gurugram  
Date: June 23, 2021

(Membership No. 063092)  
(UDIN:21063092AAAAAE2189)

## 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, 2021 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, 2021, 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)

**Akash Kumar Agarwal**  
Partner

Place: Gurugram  
Date: June 23, 2021

(Membership No. 063092)  
(UDIN:21063092AAAAAE2189)

## 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)

- (i) In respect of its property, plant and equipment:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of the property, plant and equipment.
  - All the property, plant and equipment were physically verified by the management during the year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
  - According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed and conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings included under the head "Property, plant and equipment", are held in the name of the Company as at the balance sheet date except the following:

Particulars of the land	Carrying amount as at March 31, 2021 (₹ in lakhs)	Remarks
Freehold land located at Manesar admeasuring 59,273 Sq. ft.	2,377.36	Pending registration in the name of Company

- (ii) As explained to us, the inventories (other than inventories in transit and inventories lying with third party) were physically verified during the year by the Management at the reasonable intervals and no material discrepancies have been noticed on such physical verification. In case of inventories laying with the third parties and inventories in- transit, physical verification of such inventories were performed by performing alternate procedures such as obtaining confirmations, checking of subsequent receipt of in- transit material at the manufacturing units etc. and no material discrepancies were noted in respect of such inventories
- (iii) According to the information and explanations given to us, the Company has not granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 except intercorporate unsecured loan provided to a Company controlled by the relative of key management personnel, in respect of which:
- The terms and conditions of the grant of such loan is, in our opinion, prima facie, not prejudicial to the Company's interest.
  - The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
  - There is no overdue amount remaining outstanding as at the year-end.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has neither accepted any deposit during the year nor has any unclaimed deposits within the meaning of Section 73 to Section 76 or any other relevant provisions of the Companies Act, 2013.



(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

(vii) According to the information and explanations given to us, in respect of statutory dues:

- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, , Goods and Services Tax, Custom Duty and Cess with the appropriate authorities and there are no undisputed amounts payable in respect of these dues outstanding as at March 31, 2021 for a period of more than six months from the date they became payable. The operations of the Company didn't give rise to Excise duty.
- (b) There are no dues in respect of Sales Tax, Customs Duty, Excise Duty, Value Added Tax and Goods & Services Tax as at March 31, 2021 which have not been deposited on account of dispute. The following are the particulars of Income-tax which have not been deposited/deposited under protest as at March 31, 2021 by the Company on account of disputes:

Name of Statute	Nature of Dues	Amount** (₹ in lakhs)	Amount paid under protest (₹ in lakhs) #	Period to which the Amount Relates	Forum where Dispute is Pending
Income-tax Act, 1961	Income-tax	1,385.91	435.36	AY 2010-11	Set aside by Income Tax Appellate Tribunal pending with Dispute resolution panel.
		2,060.47	1442.72	AY 2011-12	Set aside by Income Tax Appellate Tribunal pending with assessing officer.
		45.40	33.72	AY 2015-16	Income Tax Appellate Tribunal
		59.10	-	AY 2016-17	Income Tax Appellate Tribunal

\* Amount as per demand orders including interest and penalty wherever indicated in the order.

# exclude amount fully paid under protest for disputed dues amounting to ₹ 3,339.61 lakhs in respect of Income Tax and ₹ 342.28 lakhs in respect of Goods and Services Tax.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans/borrowings to banks. The Company has not taken any loans or borrowings from financial institutions and government or has not issued any debentures during the year.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with schedule V of the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No.: 117366W/W-100018)

**Akash Kumar Agarwal**  
Partner  
(Membership No.063092)  
(UDIN:21063092AAAAAE2189)

Place: Gurugram  
Date: June 23, 2021

## Balance Sheet as at March 31, 2021

Particulars	Notes	₹ in lakhs	
		As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	3	13,258.49	14,279.42
(b) Capital work-in-progress	3a	98.64	187.41
(c) Intangible assets	4	146.01	229.93
(d) Intangible assets under development		9.00	6.00
(e) Financial assets			
(i) Investments	5a	5,225.93	4,239.27
(ii) Loans	5b	187.71	162.30
(iii) Other financial assets	5c	550.92	574.81
(f) Deferred tax assets (net)	15	299.98	353.00
(g) Income tax assets (net)	6	5,793.43	5,597.57
(h) Other non-current assets	7	21.52	24.04
<b>Total Non- Current Assets</b>		<b>25,591.63</b>	<b>25,653.75</b>
<b>Current assets</b>			
(a) Inventories	8	8,803.87	7,284.58
(b) Financial assets			
(i) Investments	5a	24,000.38	27,621.84
(ii) Trade Receivables	9	19,649.06	13,997.78
(iii) Cash and cash equivalents	10	1,018.45	304.20
(iv) Bank balances other than (iii) above	11	75.47	72.80
(v) Loans	5b	575.49	214.57
(vi) Other financial assets	5c	7.10	5.81
(c) Other current assets	7	420.33	956.58
<b>Total Current Assets</b>		<b>54,550.15</b>	<b>50,458.16</b>
<b>Total Assets</b>		<b>80,141.78</b>	<b>76,111.91</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	12	799.93	799.93
(b) Other equity	13	63,339.56	62,455.22
<b>Total Equity</b>		<b>64,139.49</b>	<b>63,255.15</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
(a) Provisions	14	1,173.87	1,083.82
(b) Other non-current liabilities	17	3.79	5.79
<b>Total Non-Current Liabilities</b>		<b>1,177.66</b>	<b>1,089.61</b>
<b>Current liabilities</b>			
(a) Financial Liabilities			
(i) Trade Payables	16a		
Total outstanding dues of micro enterprises and small enterprises		1,685.85	903.26
Total outstanding dues of creditors other than micro enterprises and small enterprises		10,939.52	9,177.11
(ii) Other financial liabilities	16b	144.96	250.85
(b) Other current liabilities	17	1,682.51	991.04
(c) Provisions	14	371.79	444.89
<b>Total Current Liabilities</b>		<b>14,824.63</b>	<b>11,767.15</b>
<b>Total Equity and Liabilities</b>		<b>80,141.78</b>	<b>76,111.91</b>
See accompanying notes to the financial statements	1 to 41		

In terms of our report attached

For and on behalf of the Board of Directors

 For Deloitte Haskins & Sells LLP  
Chartered Accountants

 Akash Kumar Agarwal  
Partner

 Yogesh Chander Munjal  
Chairman & Managing Director  
DIN- 00003491

 Vinod Kumar Agrawal  
Chairman-Audit Committee  
DIN- 00004463

 Pankaj Gupta  
Chief Financial Officer

 Geetanjali Sharma  
Company Secretary  
Membership No. A42219

 Place : Gurugram  
Date : June 23, 2021

 Place : Gurugram  
Date : June 23, 2021

## Statement of Profit and Loss for the year ended March 31, 2021

		(₹ in lakhs)	
Particulars	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>I INCOME</b>			
Revenue from operations	18	108,537.06	128,820.17
Other income	19	2,398.42	2,457.12
<b>Total Income (I)</b>		<b>110,935.48</b>	<b>131,277.29</b>
<b>II EXPENSES</b>			
Cost of raw materials and components consumed	20	81,005.81	95,260.78
Changes in inventories of finished goods, work-in progress and scrap	21	437.58	(158.09)
Employee benefit expenses	22	12,288.80	12,079.40
Finance costs	23	14.77	42.53
Depreciation and amortization expenses	24	1,626.74	2,037.66
Other expenses	25	12,417.52	16,169.88
<b>Total expenses (II)</b>		<b>107,791.22</b>	<b>125,432.16</b>
<b>III Profit before tax (I-II)</b>		<b>3,144.26</b>	<b>5,845.13</b>
<b>IV Tax expense:</b>			
Current tax	26	466.00	1,489.00
Tax adjustment for earlier year	26	34.80	(22.11)
Deferred tax (credit)/ charge	26	29.44	124.54
<b>Total tax expenses (IV)</b>		<b>530.24</b>	<b>1,591.43</b>
<b>V Profit for the year (III-IV)</b>		<b>2,614.02</b>	<b>4,253.70</b>
<b>VI Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Re-measurement gains (losses) on defined benefit plans		93.67	144.84
Income tax benefit/(expenses)	26	(23.57)	(36.45)
<b>Items that will be reclassified to profit or loss:</b>			
<b>Net other comprehensive income for the year, net of tax (VI)</b>		<b>70.10</b>	<b>108.39</b>
<b>VII Total Comprehensive Income for the year (net of tax) (V+VI)</b>		<b>2,684.12</b>	<b>4,362.09</b>
<b>VIII Earnings per equity share (of ₹ 2 each) in ₹</b>	27		
(1) Basic		6.54	10.64
(2) Diluted		6.54	10.64
<b>See accompanying notes to the financial statements</b>	1 to 41		

In terms of our report attached

For and on behalf of the Board of Directors

 For Deloitte Haskins & Sells LLP  
Chartered Accountants

**Akash Kumar Agarwal**  
Partner

**Yogesh Chander Munjal**  
Chairman & Managing Director  
DIN- 00003491

**Vinod Kumar Agrawal**  
Chairman-Audit Committee  
DIN- 00004463

**Pankaj Gupta**  
Chief Financial Officer

**Geetanjali Sharma**  
Company Secretary  
Membership No. A42219

 Place : Gurugram  
Date : June 23, 2021

 Place : Gurugram  
Date : June 23, 2021

## Cash Flow Statement for the year ended March 31, 2021

	(₹ in lakhs)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit after tax	2,614.02	4,253.70
Adjustments for:		
Add: Depreciation and amortization expenses	1,626.74	2,037.66
Tax expense	530.24	1,591.43
Loss on property, plant and equipment sold/discarded	8.42	-
Finance cost	14.77	42.53
Fair value loss on financial instruments at fair value through profit or loss	-	897.18
	<b>2,180.17</b>	<b>4,568.80</b>
Less: Interest income	148.86	121.19
Net gain on sale of investments	448.64	2,125.12
Liabilities no longer required written back (net)	-	23.67
Profit on sale of property, plant and equipment	-	5.78
Fair value profit on financial instruments at fair value through profit or loss	1,582.94	-
Doubtful advance to vendor recovered	-	17.60
Deferred income from government grant	2.00	2.00
	<b>2,182.44</b>	<b>2,295.36</b>
<b>Operating profit before working capital changes</b>	<b>2,611.75</b>	<b>6,527.14</b>
<u>Changes in working capital:</u>		
<b>Adjustment for (increase)/decrease in operating assets:</b>		
Inventories	(1,519.29)	749.44
Trade receivables	(5,651.28)	5,904.85
Loans-Current	(360.92)	5.31
Loans-Non-Current	(25.41)	8.91
Other financial assets-current	0.83	0.41
Other financial assets-non-current	23.89	(126.68)
Other current assets	536.25	306.24
Other non-current assets	(8.02)	5.87
	<b>(7,003.95)</b>	<b>6,854.35</b>
<b>Adjustment for increase/(decrease) in operating liabilities:</b>		
Trade payables	2,545.00	(4,309.48)
Other financial liabilities-Current	(12.55)	(21.11)
Other current liabilities	691.47	(310.02)
Short-term/long-term provisions	110.62	(390.08)
	<b>3,334.54</b>	<b>(5,030.69)</b>
Cash (used in)/generated from operations	(1,057.66)	8,350.80
Less: Direct taxes paid (net)	696.66	1,783.33
<b>Net cash (used in) / flow from operating activities</b>	<b>(1,754.32)</b>	<b>6,567.47</b>

## Cash Flow Statement for the year ended March 31, 2021 (Contd.)

	(₹ in lakhs)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on property, plant & equipment and intangible assets including capital advances	(531.05)	(2,019.65)
Proceeds from sale of property, plant & equipment	1.03	11.48
Sale of investments - current	29,544.00	80,651.14
Purchase of investments- current	(24,877.63)	(86,511.06)
Sale of investments - Non current	511.54	1,052.86
Purchase of investments- Non current	(511.51)	(1,500.00)
Net increase/(decrease) in other bank balances and margin money deposits	(2.67)	(34.53)
Interest received	146.74	119.90
<b>Net cash from / (used in) investing activities</b>	<b>4,280.45</b>	<b>(8,229.86)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(14.77)	(42.53)
Dividends paid	(1,797.11)	(1,798.08)
Tax on dividend	-	(369.95)
<b>Net cash (used in)/ flow from financing activities</b>	<b>(1,811.88)</b>	<b>(2,210.56)</b>
<b>D. INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>714.25</b>	<b>(3,872.95)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>304.20</b>	<b>4,177.15</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>1,018.45</b>	<b>304.20</b>

In terms of our report attached  
For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Akash Kumar Agarwal**  
Partner

Place : Gurugram  
Date : June 23, 2021

**For and on behalf of the Board of Directors**

**Yogesh Chander Munjal**  
Chairman & Managing Director  
DIN- 00003491

**Pankaj Gupta**  
Chief Financial Officer

Place : Gurugram  
Date : June 23, 2021

**Vinod Kumar Agrawal**  
Chairman-Audit Committee  
DIN- 00004463

**Geetanjali Sharma**  
Company Secretary  
Membership No. A42219

## Statement of Changes in equity for the year ended March 31, 2021

Particulars	(₹ in lakhs)	
	Nos. (in lakhs)	Amount
<b>A. Equity share capital</b>		
Balance as at April 1, 2019	399.95	799.93
Issued during the year	-	-
Closing balance as at March 31, 2020	399.95	799.93
Issued during the year	-	-
Closing balance as at March 31, 2021	399.95	799.93

Particulars	Reserves and Surplus			Items of Other Comprehensive Income	Total
	Retained earnings	General reserve	Defined Benefit Plan		
<b>B. Other equity</b>					
As at April 1, 2019	30,679.99	29,907.85	(324.98)		60,262.86
Profit for the year	4,253.70	-	-	-	4,253.70
Remeasurement of the defined benefit plan (net of income tax)	-	-	108.39	-	108.39
Transfer to general reserves	(2,000.00)	2,000.00	-	-	-
Payment of dividends	(1,799.78)	-	-	-	(1,799.78)
Tax on dividend	(369.95)	-	-	-	(369.95)
<b>As at March 31, 2020</b>	<b>30,763.96</b>	<b>31,907.85</b>	<b>(216.59)</b>		<b>62,455.22</b>
Add: Profit for the year	2,614.02	-	-	-	2,614.02
Remeasurement of the defined benefit plan (net of income tax)	-	-	70.10	-	70.10
Transfer to general reserves	(2,000.00)	2,000.00	-	-	-
Payment of dividends	(1,799.78)	-	-	-	(1,799.78)
<b>As at March 31, 2021</b>	<b>29,578.20</b>	<b>33,907.85</b>	<b>(146.49)</b>		<b>63,339.56</b>

In terms of our report attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants

**Akash Kumar Agarwal**  
Partner

For and on behalf of the Board of Directors

**Yogesh Chander Munjal**  
Chairman & Managing Director  
DIN- 00003491

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DIN- 00004463

**Pankaj Gupta**  
Chief Financial Officer

**Geetanjali Sharma**  
Company Secretary  
Membership No. A42219

Place : Gurugram  
Date : June 23, 2021

Place : Gurugram  
Date : June 23, 2021

## Notes forming part of the Financial Statements for the year ended March 31, 2021

### 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, 2021 were approved by the Board of Directors and authorised for issue on June 23, 2021.

### 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



## Notes forming part of the Financial Statements for the year ended March 31, 2021

differences arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss.

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 of 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.

## Notes forming part of the Financial Statements for the year ended March 31, 2021

### 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.

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

## Notes forming part of the Financial Statements for the year ended March 31, 2021

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.

### 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.

## Notes forming part of the Financial Statements for the year ended March 31, 2021

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

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.

## Notes forming part of the Financial Statements for the year ended March 31, 2021

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)

## Notes forming part of the Financial Statements for the year ended March 31, 2021

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.

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.

### **Transition**

The Company applied Ind AS 116 initially on 1 April 2019, using the modified retrospective approach with Option 2 where an amount equal to lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease is recognised in the balance sheet as Right-of use asset immediately before the date of initial application.

The following is the summary of practical expedients elected on initial application.

Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

## Notes forming part of the Financial Statements for the year ended March 31, 2021

### 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.

### 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

## Notes forming part of the Financial Statements for the year ended March 31, 2021

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.

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



## Notes forming part of the Financial Statements for the year ended March 31, 2021

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.

### 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.

## Notes forming part of the Financial Statements for the year ended March 31, 2021

### 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').

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

## Notes forming part of the Financial Statements for the year ended March 31, 2021

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 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.

## Notes forming part of the Financial Statements for the year ended March 31, 2021

### 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.

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.

## Notes forming part of the Financial Statements for the year ended March 31, 2021

### xxii) Impact of the Initial application of new and amended Ind ASs that are effective for the current year

In the current year, the Company has applied the below amendments to Ind ASs that are effective for an annual period that begins on or after April 1, 2020.

#### Amendments to Ind AS-1 and Ind AS-8 - Definition of 'material'.

The Company has adopted the amendments to Ind AS 1 and Ind AS 8 for the first time in the current year. The amendments make the definition of material in Ind AS 1 easier to understand and are not intended to alter the underlying concept of materiality in Ind ASs. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in Ind AS 8 has been replaced by a reference to the definition of material in Ind AS 1. In addition, the MCA amended other standards that contain the definition of 'material' or refer to the term 'material' to ensure consistency.

The adoption of the amendments has not had any material impact on disclosures or on the amounts reported in these financial statements.

### xxiii) Recent Accounting pronouncements

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are :

#### **Balance Sheet:**

- a) Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- b) Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- c) Specified format for disclosure of shareholding of promoters.
- d) Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- e) If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- f) Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

#### **Statement of profit and loss:**

- g) Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of financial statements.
- h) The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

## Notes to Financial Statements for the year ended March 31, 2021

**3. Property, plant and equipment**

Particulars	(₹ in lakhs)									
	Freehold land*	Factory Buildings	Plant and machinery	Furniture & fixtures	Office equipments	Computers	Vehicles	Total		
Carrying value as at April 1, 2019	5,197.38	5,173.27	10,862.74	57.25	72.64	71.30	285.74	21,720.32		
Additions	-	166.80	1,781.71	3.05	17.11	17.90	9.73	1,996.30		
Disposals	-	-	(23.01)	(0.34)	(3.56)	-	(47.30)	(74.21)		
Carrying value as at March 31, 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)		
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		
<b>Accumulated Depreciation</b>										
As at April 1, 2019	-	739.43	6,595.79	27.84	47.36	49.63	153.28	7,613.33		
Depreciation expense	-	230.34	1,515.49	5.92	10.70	18.36	37.36	1,818.17		
Accumulated depreciation on deletions	-	-	(21.51)	(0.22)	(3.56)	-	(43.22)	(68.51)		
As at March 31, 2020	-	969.77	8,089.77	33.54	54.50	67.99	147.42	9,362.99		
Depreciation expense	-	235.41	1,120.75	5.71	11.60	12.95	32.17	1,418.59		
Accumulated depreciation on deletions	-	-	(1,721.78)	-	(2.08)	(16.88)	(2.91)	(1,743.65)		
As at March 31, 2021	-	1,205.18	7,488.74	39.25	64.02	64.06	176.68	9,037.93		
<b>Net Carrying value</b>										
As at March 31, 2020	5,197.38	4,370.30	4,531.67	26.42	31.69	21.21	100.75	14,279.42		
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		

\* Registration in the name of the Company is pending for freehold land located at Manesar measuring 59,273 sq. ft having a carrying value of ₹ 2,377.36 lakhs.

**3a. Capital work in progress**

Particulars	(₹ in lakhs)	
	Plant and Machinery	
As at April 1, 2019	303.55	
Add: Additions during the year	1665.57	
Less: Transfer to property, plant and equipment	(1,781.71)	
Closing balance as at March 31, 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	

## Notes to Financial Statements for the year ended March 31, 2021

**4. Intangible assets**

(₹ in lakhs)

Particulars	Computer Software	Designs and drawings	Total
Carrying value as at April 1, 2019	37.05	628.96	666.01
Additions	0.24	284.87	285.11
Carrying value as at March 31, 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
Accumulated amortisation			
As at April 1, 2019	22.27	479.43	501.70
Amortisation expense	6.55	212.94	219.49
As at March 31, 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
Net Carrying Value			
As at March 31, 2020	8.47	221.46	229.93
As at March 31, 2021	56.19	89.82	146.01

**5. Financial Assets**
**5.(a) Investments**

(₹ in lakhs)

	Units as at March 31, 2021	Units as at March 31, 2020	Non-current		Current	
			As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Category-wise investments						
Investment in debentures			-	-	1,209.68	209.10
Investment in mutual funds			-	-	22,790.70	26,917.70
Other investments			5,225.93	4,239.27	-	495.04
			5,225.93	4,239.27	24,000.38	27,621.84
<u>Investments carried at fair value through profit or loss (FVTPL)</u>						
Investment in debentures- Quoted						
Face value of ₹ 200,000 each of JM Financial Products Limited - Non-convertible Market Linked Debentures	100.00	100.00	-	-	230.28	209.10
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	-	-	-	537.00	-
Investment in debentures			-	-	1,209.68	209.10

## Notes to Financial Statements for the year ended March 31, 2021

(₹ in lakhs)

	Units as at March 31, 2021	Units as at March 31, 2020	Non-current		Current	
			As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
<b>Investment in mutual funds- unquoted</b>						
<b>Units of the face value of ₹ 10 each</b>						
BNP Paribas Arbitrage Fund	24,393,725.82	16,688,169.82	-	-	3,168.26	2,082.85
Edelweiss Arbitrage Fund -Direct Plan Growth	28,767,616.83	28,767,616.83	-	-	4,530.12	4,349.72
HSBC Corporate Bond Fund Direct Growth	14,999,250.04	-	-	-	1,525.27	-
Mahindra Manulife Credit Risk Yojna-Direct Growth	19,523,934.48	19,523,934.48	-	-	2,332.15	2,218.86
Mahindra Manulife Short term Fund-Direct Growth	10,118,446.94	-	-	-	1,018.14	-
Nippon India Arbitrage Fund - Direct Growth	9,654,672.16	4,971,612.10	-	-	2,107.33	1,040.56
PGIM India Arbitrage fund Direct Plan-Growth	-	22,132,316.68	-	-	-	3,229.61
PGIM India Ultra Short term Fund Direct Plan-Growth	8,870,053.55	-	-	-	2,445.69	-
Sundaram Arbitrage Fund-Direct Growth	-	10,463,870.98	-	-	-	1,057.88
<b>Units of the face value of ₹ 1000 each</b>						
HSBC Ultra Short Duration Fund Direct Growth	52,581.17	100,026.45	-	-	557.99	1,009.58
BNP Paribas Liquid Fund- Direct Growth	44,419.41	-	-	-	1,406.71	-
Mahindra Manulife Liquid Fund Direct Growth	-	281,131.71	-	-	-	3,622.89
Mahindra Manulife Ultra Short Term Fund-Direct Growth	340,150.57	199,055.08	-	-	3,699.04	2,055.62
Nippon India Liquid Fund-Direct Growth	-	77,156.25	-	-	-	3,742.61
PGIM India Money Market Fund-Direct Plan-Growth	-	250,000.00	-	-	-	2,507.52
<b>Investment in mutual funds</b>					<b>22,790.70</b>	<b>26,917.70</b>
<b>Other Investments</b>						
<b>Investment in alternate investment funds- unquoted</b>						
Alchemy Leaders of tomorrow Class A2 - Series 1	-	-	610.51	342.11	-	-
Aventus Absolute Return Fund - Class A3	-	-	2,283.38	1,624.02	-	-
Aventus Enhance Fund series 1	-	-	588.86	398.30	-	-
Aventus Enhance Fund series 2	-	-	607.03	411.90	-	-
Aventus Enhance Fund series 3	-	-	-	431.78	-	-
DSP India Enhanced Equity SatCore fund	-	-	1,136.15	1,031.16	-	-
<b>Investment in alternate investment funds</b>			<b>5,225.93</b>	<b>4,239.27</b>		
<b>Investment in commercial papers</b>						
<b>Unquoted</b>						
Face value of ₹ 500,000 of IIFL Wealth Finance Limited CP Account (ROI 8.5%)	-	100.00	-	-	-	495.04
<b>Investment in commercial papers</b>						<b>495.04</b>
<b>Total</b>			<b>5,225.93</b>	<b>4,239.27</b>	<b>24,000.38</b>	<b>27,621.84</b>



## Notes to Financial Statements for the year ended March 31, 2021

	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Aggregate book value of quoted investments	-	-	1,100.00	209.10
Aggregate market value of quoted investments	-	-	1,209.68	209.10
Aggregate carrying value of unquoted investments	5,225.93	4,239.27	22,790.70	27,412.74
<b>Category-wise investment as per Ind AS 109 classification</b>				
<b>Financial assets carried at fair value through profit or loss (FVTPL)</b>				
<b>Unquoted</b>				
Investment in mutual funds	-	-	22,790.70	26,917.70
<b>Other investments</b>				
Alternate Investment Funds	5,225.93	4,239.27	-	-
Commercial papers	-	-	-	495.04
	<b>5,225.93</b>	<b>4,239.27</b>	<b>22,790.70</b>	<b>27,412.74</b>
<b>Quoted</b>				
Investment in debentures	-	-	1,209.68	209.10
<b>Total</b>	<b>5,225.93</b>	<b>4,239.27</b>	<b>24,000.38</b>	<b>27,621.84</b>

**5.(b) Loans (Unsecured, considered good)**

	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Loan to employees	187.71	162.30	215.49	214.57
Loan to vendor (Refer Note 32)			360.00	-
<b>Total</b>	<b>187.71</b>	<b>162.30</b>	<b>575.49</b>	<b>214.57</b>

Note: These financial assets are carried at amortised cost.

**5.(c) Other financial assets**

	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
<b>Unsecured, considered good unless otherwise stated</b>				
Security deposits	517.59	541.48	3.46	4.29
Non-current bank balances*	33.33	33.33	-	-
Interest accrued but not due on deposit	-	-	3.64	1.52
<b>Total</b>	<b>550.92</b>	<b>574.81</b>	<b>7.10</b>	<b>5.81</b>

Note: These financial assets are carried at amortised cost.

\*Fixed deposit receipt of ₹ 33.33 lakhs (For 2019-20 ₹ 33.33 lakhs) pledged with GST/VAT authorities

## Notes to Financial Statements for the year ended March 31, 2021

**6. Income Tax Assets (net)**

(₹ in lakhs)

	As at March 31, 2021	As at March 31, 2020
<b>Income tax assets</b>		
<b>Advance income tax*</b>	6,259.43	7,086.57
Less: Provision for tax	466.00	1,489.00
<b>Net</b>	<b>5,793.43</b>	<b>5,597.57</b>

\* include ₹ 5,251.41 lakhs (previous year ₹ 5,070.24 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, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
<b>Unsecured, considered good (unless otherwise stated)</b>				
Capital advances	13.50	24.04	-	-
Prepaid expenses	8.02	-	309.34	365.19
Balance with statutory/government authorities	-	-	31.55	475.16
DEPB Licences	-	-	-	96.48
Advances to vendors - considered good	-	-	62.88	17.05
- considered doubtful	-	-	226.15	226.15
Less: Provision for doubtful advances	-	-	(226.15)	(226.15)
Others	-	-	16.56	2.70
<b>Total</b>	<b>21.52</b>	<b>24.04</b>	<b>420.33</b>	<b>956.58</b>

**8. Inventories**

(₹ in lakhs)

	As at March 31, 2021	As at March 31, 2020
Raw materials and components	5,675.95	3,140.36
Raw materials and components - in transit	901.08	1,345.00
Work in progress	687.63	913.40
Finished goods	914.83	1,120.98
Stores and spares	615.35	702.09
Stores and spares - in transit	8.08	56.14
Scrap	0.95	6.61
<b>Total</b>	<b>8,803.87</b>	<b>7,284.58</b>

The cost of inventories (Include spares and consumables) recognised as an expense during the year was ₹ 83,977.15 lakhs ( for 2019-20: ₹ 98,038.50 lakhs).

## Notes to Financial Statements for the year ended March 31, 2021

The mode of valuation of inventories has been stated in note no. 2(vii)

The cost of inventory recognised as an expense includes ₹ 24.13 lakhs (for 2019-20: ₹ 176.79 lakhs) in respect of write-downs of inventory to net realisable value.

### 9. Trade receivables

Particulars	(₹ in lakhs)	
	As at March 31, 2021	As at March 31, 2020
Secured, considered good	-	10.03
Unsecured, considered good	19,649.06	13,987.75
Credit impaired	2.00	2.00
	<b>19,651.06</b>	<b>13,999.78</b>
Allowance for credit losses	(2.00)	(2.00)
<b>Total</b>	<b>19,649.06</b>	<b>13,997.78</b>

Particulars	(₹ in lakhs)	
	As at March 31, 2021	As at March 31, 2020
Within credit period	19,540.37	12,066.47
Up to 6 months past due	95.63	1,923.80
More than 6 months past due	15.05	9.51
<b>Total</b>	<b>19,651.05</b>	<b>13,999.78</b>

Trade receivables are non-interest bearing and are generally on terms of 25 to 52 days.

Of the trade receivables balance at the end of the year, ₹ 17,071.24 lakhs (March 31, 2020: ₹ 12,461.93 Lakhs) is 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.

### 10. Cash and Cash Equivalents

Particulars	(₹ in lakhs)	
	As at March 31, 2021	As at March 31, 2020
Cash on hand	7.04	8.61
<b>Balances with banks:</b>		
In current accounts	159.74	244.30
In cash credit accounts*	851.67	51.29
<b>Total</b>	<b>1,018.45</b>	<b>304.20</b>

\*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 to Financial Statements for the year ended March 31, 2021

**11. Bank balance other than cash and cash equivalents above**

Particulars	(₹ in lakhs)	
	As at March 31, 2021	As at March 31, 2020
In dividend current accounts (earmarked accounts)	75.47	72.80
<b>Total</b>	<b>75.47</b>	<b>72.80</b>

For the purpose of the statement of cash flow, cash and cash equivalents comprise the following:

Particulars	(₹ in lakhs)	
	As at March 31, 2021	As at March 31, 2020
<b>Cash on hand</b>	7.04	8.61
<b>Balances with banks:</b>		
In current accounts	159.74	244.30
In cash credit accounts	851.67	51.29
<b>Total</b>	<b>1,018.45</b>	<b>304.20</b>

**12. Equity Share Capital**

Particulars	(₹ in lakhs)	
	As at March 31, 2021	As at March 31, 2020
<b>Authorised share capital</b>		
750 lakhs (March 31, 2020: 750 lakhs ) equity shares of ₹ 2 each	1,500.00	1,500.00
<b>Issued share capital</b>		
399.98 lakhs (March 31, 2020: 399.98 lakhs ) equity shares of ₹ 2 each	799.95	799.95
	<b>799.95</b>	<b>799.95</b>
<b>Subscribed and fully paid-up share capital</b>		
399.95 lakhs (March 31, 2020: 399.95 lakhs ) equity shares of ₹ 2 each	799.90	799.90
	<b>799.90</b>	<b>799.90</b>
<b>Shares forfeited (amount originally paid up) (refer note below)</b>	0.03	0.03
<b>Total paid-up share capital</b>	<b>799.93</b>	<b>799.93</b>

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, 2021		As at March 31, 2020	
	Nos. (in lakhs)	₹ in lakhs	Nos. (in lakhs)	₹ in lakhs
Opening Balance	399.95	799.93	399.95	799.93
<b>Closing Balance</b>	<b>399.95</b>	<b>799.93</b>	<b>399.95</b>	<b>799.93</b>

## Notes to Financial Statements for the year ended March 31, 2021

**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.
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, 2021		As at March 31, 2020	
	Nos.(in lakhs)	% holding in the class	Nos.(in lakhs)	% holding in the class
<b>Equity shares of ₹ 2 each fully paid</b>				
(i) Dayanand Munjal Investments Private Limited	160.40	40.10%	156.00	39.00%
(ii) Hitachi Astemo Limited, Japan (erstwhile Showa Corporation, Japan)	99.60	24.90%	104.00	26.00%
(iii) Enam Securities Private Limited	21.51	5.38%	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.

**13. Other equity**

	(₹ in lakhs)	
	As at March 31, 2021	As at March 31, 2020
Retained earnings	29,431.71	30,547.37
General reserve	33,907.85	31,907.85
<b>Total</b>	<b>63,339.56</b>	<b>62,455.22</b>

**A. Retained earnings**

	(₹ in lakhs)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening balance	30,547.37	30,355.01
Add: Profit for the year	2,614.02	4,253.70
Other Comprehensive income arising from remeasurement of defined benefit obligation net of income tax	70.10	108.39
Less: Final dividend- FY 2019-20 and FY 2018-19 @ ₹ 4.5 per equity share	1,799.78	1,799.78
Less: Tax on dividend	-	369.95
Less: Transfer to general reserve	2,000.00	2,000.00
<b>Balance at end of year</b>	<b>29,431.71</b>	<b>30,547.37</b>

## Notes to Financial Statements for the year ended March 31, 2021

**B. General reserve**

(₹ in lakhs)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening balance	31,907.85	29,907.85
Add: Transfer from retained earnings	2,000.00	2,000.00
<b>Balance at end of year</b>	<b>33,907.85</b>	<b>31,907.85</b>

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 directors subject to the approval at the annual general meeting; the dividends have not been recognised as a liability.

(₹ in lakhs)

	As at March 31, 2021	As at March 31, 2020
<b>Proposed dividend on Equity Shares:</b>		
The board proposed dividend on equity shares after the balance sheet date		
Proposed dividend on equity shares for the year ended March 31, 2021 of ₹ 4.50 per share (March 31, 2020: ₹ 4.50 per share)	1,799.78	1,799.78
<b>Total</b>	<b>1,799.78</b>	<b>1,799.78</b>

**14. Provisions**

(₹ in lakhs)

	Non-Current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
<b>Provision for employee benefits</b>				
Provision for gratuity	-	-	73.51	139.20
Provision for leave benefits	942.24	837.70	72.82	69.17
<b>Total (A)</b>	<b>942.24</b>	<b>837.70</b>	<b>146.33</b>	<b>208.37</b>
<b>Other provisions</b>				
Provision for warranties	231.63	246.12	150.46	161.52
Provision for contingency (refer note below)	-	-	75.00	75.00
<b>Total (B)</b>	<b>231.63</b>	<b>246.12</b>	<b>225.46</b>	<b>236.52</b>
<b>Total (A+ B)</b>	<b>1,173.87</b>	<b>1,083.82</b>	<b>371.79</b>	<b>444.89</b>

## Notes to Financial Statements for the year ended March 31, 2021

<b>Movement in provision for warranty</b>		<b>(₹ in lakhs)</b>	
	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>	
At the beginning of the year	407.64	445.97	
Additions during the year	70.60	105.76	
Utilized during the year	(96.14)	(144.09)	
<b>At the end of the year</b>	<b>382.10</b>	<b>407.64</b>	
Current portion	150.47	161.52	
Non-current portion	231.63	246.12	

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.

**Provision for contingency**

The Company had received a show-cause notice from Haryana State Pollution Control Board ('HSPCB') in 2009-10 towards contamination of ground water caused due to higher concentration of chromium used by the Company as compared to the minimum expected level. Pursuant to the show cause notice, the management had submitted a time bound remediation plan as per which specified milestones were to be achieved at the end of each quarter till December 2010. A bank guarantee of ₹ 500 lakhs had also been submitted to HSPCB. The management had initiated adequate steps suggested by the experts and had completed the plan within the overall time frame. Against the appeal filed by the Company with Appellate Authority, HSPCB, the case had been decided by the appellate authority on November 4, 2011 and as per the order of the appellate authority, bank guarantee of ₹ 375 lakhs had been released and bank guarantee of ₹ 125 lakhs had been forfeited by HSPCB. The Company had filed a writ petition against the order of the appellate authority before the Hon'ble High Court of Punjab and Haryana, which gave the decision for transfer of the case to National Green Tribunal, New Delhi. National Green Tribunal has disposed off our Appeal vide Judgment dated 03.11.2016 stating that we see no reason to interfere with the order dated 09.08.2010 passed by the HSPCB, partially encashing the bank guarantee furnished by the appellant industry to the extent of ₹125 lakhs and directed the Chairman of the HSPCB to personally conduct an inquiry into the matter, fix responsibility and take action in accordance with law. Provision of ₹ 75 lakhs (March 31, 2020: ₹ 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.

<b>Movement in provision for contingency</b>		<b>(₹ in lakhs)</b>	
	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>	
At the beginning of the year	75.00	75.00	
Additions during the year	-	-	
Utilized during the year	-	-	
<b>At the end of the year</b>	<b>75.00</b>	<b>75.00</b>	
Current portion	75.00	75.00	
Non-current portion	-	-	

## Notes to Financial Statements for the year ended March 31, 2021

**15. Deferred tax assets (net)**

(₹ in lakhs)

	As at March 31, 2021	As at March 31, 2020
<b>Deferred tax (liabilities) on</b>		
Financials assets carried at fair value through profit or loss	(216.67)	(126.51)
<b>Sub-total(A)</b>	<b>(216.67)</b>	<b>(126.51)</b>
<b>Less: Deferred tax assets on</b>		
Property, plant and equipment & intangible assets	132.50	108.06
Accrued expenses deductible on payment	314.19	304.19
Provision for doubtful debts and advances	69.96	67.26
<b>Sub-total(B)</b>	<b>516.65</b>	<b>479.51</b>
<b>Deferred tax assets/ (liabilities) (net)</b>	<b>299.98</b>	<b>353.00</b>

**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
<b>Deferred tax (liabilities) on</b>				
Financials assets carried at fair value through profit or loss	(126.51)	(90.16)	-	(216.67)
<b>Less: Deferred tax assets on</b>				
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	67.26	2.70	-	69.96
<b>Deferred tax assets (net)</b>	<b>353.00</b>	<b>(29.45)</b>	<b>(23.57)</b>	<b>299.98</b>



## Notes to Financial Statements for the year ended March 31, 2021

## Movement of Deferred tax assets/ (liabilities)

(₹ in lakhs)

For the year ended March 31, 2020				
Particulars	Opening Balance	Recognised in Statement of Profit and Loss	Recognised in Other comprehensive income	Closing Balance
<b>Deferred tax (liabilities) on</b>				
Financials assets carried at fair value through profit & loss	(159.04)	32.53	-	(126.51)
<b>Less: Deferred tax assets on</b>				
Property, plant and equipments & intangible assets	(10.67)	118.73	-	108.06
Accrued expenses deductible on payment (including adjustments on account of remeasurement of defined benefit obligation recognised in other comprehensive income)	595.43	(254.79)	(36.45)	304.19
Provision for doubtful debts and advances	88.27	(21.01)	-	67.26
<b>Deferred tax assets (net)</b>	<b>513.99</b>	<b>(124.54)</b>	<b>(36.45)</b>	<b>353.00</b>

## 16 (a) Financial liabilities - Trade Payables

(₹ in lakhs)

	As at March 31, 2021	As at March 31, 2020
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	1,685.85	903.26
Total outstanding dues of creditors other than micro enterprises and small enterprises	10,939.52	9,177.11
<b>Total</b>	<b>12,625.37</b>	<b>10,080.37</b>

- (i) Due to Micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Company. (Refer Note 36)

## 16 (b) Other financial liabilities

(₹ in lakhs)

	As at March 31, 2021	As at March 31, 2020
<b>Current</b>		
<b>Other financial liabilities at amortised cost</b>		
Security deposit from customers/ others*	25.50	35.50
Unpaid dividend	75.47	72.80
Capital Creditors	36.27	132.28
Others	7.72	10.27
<b>Total</b>	<b>144.96</b>	<b>250.85</b>

\*Security deposits are repayable on demand.

## Notes to Financial Statements for the year ended March 31, 2021

**17. Other liabilities**

(₹ in lakhs)

	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
<b>Statutory remittances</b>				
Tax deducted at source and tax collected at source payable	-	-	184.69	158.16
Provident fund and Employee State Insurance payable	-	-	122.64	123.93
Goods and Services Tax Payable	-	-	1,344.83	700.62
Deferred Government grant	3.79	5.79	2.00	2.00
Others	-	-	28.35	6.33
<b>Total</b>	<b>3.79</b>	<b>5.79</b>	<b>1,682.51</b>	<b>991.04</b>

**Deferred Government Grant**

(₹ in lakhs)

	As at March 31, 2021	As at March 31, 2020
At the beginning of the year	7.79	9.79
Deferred during the year	-	-
Released to the Statement of Profit and Loss	(2.00)	(2.00)
<b>At the end of the year</b>	<b>5.79</b>	<b>7.79</b>
Current portion	2.00	2.00
Non-current portion	3.79	5.79

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 Uttarakhand 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, 2021	For the year ended March 31, 2020
<b>Revenue from operations</b>		
Sale of products:		
- Finished goods	107,712.35	127,704.05
<b>Other operating revenue:</b>		
- Scrap sales	824.71	1,116.12
<b>Total</b>	<b>108,537.06</b>	<b>128,820.17</b>

## Notes to Financial Statements for the year ended March 31, 2021

**19. Other income**

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Interest income:</b>		
Loans to employees	9.74	9.19
Others*	139.12	112.00
<b>Other non-operating income:</b>		
Net gain on sale of investments	448.64	2,125.12
Fair value gain on financial instruments at fair value through Profit or Loss	1,582.94	-
Exchange differences (net)	163.04	63.96
Doubtful advance to vendor recovered	-	17.60
Profit on disposal of property, plant and equipment (net)	-	5.78
Liabilities no longer required written back (net)	-	23.67
Deferred income on government grant (Note 17) #	2.00	2.00
Miscellaneous income	52.94	97.80
<b>Total</b>	<b>2,398.42</b>	<b>2,457.12</b>

# 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, 2021	For the year ended March 31, 2020
Inventory at the beginning of the year	4,485.36	5,481.25
Add : Purchases during the year	83,097.48	94,264.89
	87,582.84	99,746.14
Less : Inventory at the end of the year	6,577.03	4,485.36
<b>Cost of raw material and components consumed</b>	<b>81,005.81</b>	<b>95,260.78</b>

## Notes to Financial Statements for the year ended March 31, 2021

**21. Changes in inventory of finished goods, work-in progress and scrap**

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Inventories at the beginning of the year</b>		
Work-in-progress	913.40	854.70
Finished goods	1,120.98	1,024.99
Scrap	6.61	3.21
<b>Total</b>	<b>2,040.99</b>	<b>1,882.90</b>
<b>Inventories at the end of the year</b>		
Work-in-progress	687.63	913.40
Finished goods	914.83	1,120.98
Scrap	0.95	6.61
<b>Total</b>	<b>1,603.41</b>	<b>2,040.99</b>
<b>Change in inventory</b>	<b>437.58</b>	<b>(158.09)</b>

**22. Employee benefits expenses**

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, wages and bonus	11,014.13	10,820.07
Contribution to provident and other funds (refer note 29)	550.81	555.48
Gratuity expense (refer note 29)	200.30	227.54
Staff welfare expenses	523.56	476.31
<b>Total</b>	<b>12,288.80</b>	<b>12,079.40</b>

Disclosure in compliance with Ind AS-19 "Employee Benefits" has been given in Note 29.

**23. Finance Costs**

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest expense	14.77	42.53
	<b>14.77</b>	<b>42.53</b>

**24. Depreciation and amortization expense**

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation of property, plant and equipment (Note 3)	1,418.58	1,818.17
Amortisation of intangible assets (Note 4)	208.16	219.49
<b>Total</b>	<b>1,626.74</b>	<b>2,037.66</b>

## Notes to Financial Statements for the year ended March 31, 2021

**25. Other expenses**

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Consumption of stores and spares	2,533.76	2,935.81
Job work expenses	1,510.03	1,834.49
Power and fuel	2,859.33	3,671.93
Freight and forwarding charges	332.98	370.11
Rent (refer Note 30)	28.21	36.76
Hire charges	7.51	15.20
Rates and taxes	12.63	9.84
Insurance	323.81	341.55
Repairs and maintenance:		
Plant and machinery	621.73	697.11
Buildings	53.77	60.29
Others	213.17	278.88
Advertising and sales promotion	4.80	4.78
Royalty	2,631.43	3,284.92
Technician fee	66.45	39.33
Warranty expense (refer Note 14)	70.60	105.76
Legal and professional fees	199.96	450.31
Travelling and conveyance	287.90	493.40
Communication costs	18.57	22.57
Printing and stationery	51.23	13.07
Directors' sitting fees	36.00	25.20
Payment to statutory auditors (refer note below)	43.39	39.47
Donations*	6.53	15.36
Bank charges	16.03	14.51
Loss on disposal of property, plant and equipment (net)	8.42	-
Fair value loss on financial instruments at fair value through profit and loss	-	897.18
Corporate social responsibility (CSR) expenditure (refer note below)	167.76	192.47
Miscellaneous expenses	311.52	319.58
<b>TOTAL</b>	<b>12,417.52</b>	<b>16,169.88</b>

## Notes to Financial Statements for the year ended March 31, 2021

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Payment to auditor:</b>		
As statutory auditors:		
Audit fee (Including fees for Internal Control Over Financial Reporting)	27.50	26.00
Limited review of unaudited financial results	10.50	9.00
Other services (certification etc.)	1.00	1.00
Tax audit fee	3.00	3.00
Out of pocket expenses	1.39	0.47
<b>Total</b>	<b>43.39</b>	<b>39.47</b>

**Details of CSR expenditure:**

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Gross amount required to be spent by the Company during the year	161.42	180.20
Amount spent		
i) Construction/acquisition of any asset	-	-
ii) On any other purpose ( paid to CII for training institute, skill enhancement by imparting industrial training and for various health care and education activities)	167.76	192.47

**26. Income taxes**
**(a) Income tax expense recognised in Statement of Profit and Loss**

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Current income tax:</b>		
In respect of current year	466.00	1,489.00
Tax adjustment for earlier year	34.80	(22.11)
<b>Deferred tax:</b>		
In respect of current year	29.44	124.54
<b>Income tax expense reported in the statement of profit or loss</b>	<b>530.24</b>	<b>1,591.43</b>

## Notes to Financial Statements for the year ended March 31, 2021

**(b) Income tax on Other Comprehensive Income**

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Deferred tax benefit</b>		
<b>Arising on income and expenses recognised in other comprehensive income:</b>		
Remeasurement of defined benefit obligation	(23.57)	(36.45)
<b>Total income tax benefit/(expense) recognised in other comprehensive income</b>	<b>(23.57)</b>	<b>(36.45)</b>

**(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, 2021	For the year ended March 31, 2020
<b>Profit before income tax</b>	<b>3,144.26</b>	<b>5,845.13</b>
Income tax expense calculated at 25.168% (2019-20: 25.168%)	791.35	1,471.10
Effect of expenses that are not deductible in determining taxable profit	43.36	52.31
Effect of change in tax rate	-	179.85
Effect of income that is exempt/ taxed on lower rate	(322.92)	(69.48)
Others	(16.35)	(20.24)
	495.44	1,613.54
Tax adjustment for earlier year	34.80	(22.11)
<b>Income tax expense reported in the Statement of Profit and Loss</b>	<b>530.24</b>	<b>1,591.43</b>
	-	-

**(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, 2021	For the year ended March 31, 2020
<b>Other Comprehensive Income</b>		
Re-measurement gains (losses) on defined benefit plans	93.67	144.84
Income tax expense/(benefit) calculated at 25.168% (2019-20: 25.168%)	(23.57)	(36.45)
<b>Income tax expense/(benefit) reported in the Other Comprehensive Income</b>	<b>(23.57)</b>	<b>(36.45)</b>
	-	-

## Notes to Financial Statements for the year ended March 31, 2021

**27. Earnings Per Share (EPS)**

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
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)	2,614.02	4,253.70
Weighted average number of equity shares (B)	399.95	399.95
<b>Basic earnings per share (in ₹) (A/B)</b>	<b>6.54</b>	<b>10.64</b>
<b>Diluted earnings per share (in ₹) (A/B)</b>	<b>6.54</b>	<b>10.64</b>

**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').

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, 2021 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.



## Notes to Financial Statements for the year ended March 31, 2021

### (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 ₹ 550.81 lakhs (2019-20: ₹ 555.48 lakhs) as an expense towards contribution to these plans.

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Employer's contribution to provident fund	464.83	468.07
Employer's contribution to superannuation fund	85.98	87.41
<b>Total</b>	<b>550.81</b>	<b>555.48</b>

## Notes to Financial Statements for the year ended March 31, 2021

### 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, 2021 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:

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
	Gratuity (Funded)	Gratuity (Funded)
<b>Change in benefit obligation</b>		
Present value of obligation as at the beginning of the year	2,632.20	2,534.44
Current service cost	190.84	181.12
Interest cost	178.99	194.14
<u>Remeasurement on the net defined benefit liability</u>		
Actuarial (gain) / loss arising from changes in demographic assumptions	-	1.31

## Notes to Financial Statements for the year ended March 31, 2021

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
	Gratuity (Funded)	Gratuity (Funded)
Actuarial (gain) / loss arising from changes in financial assumptions	-	(27.86)
Actuarial (gain) / loss arising from experience adjustments	(83.23)	(112.56)
Benefits paid	(141.05)	(138.39)
<b>Present value of obligation as at the end of the year</b>	<b>2,777.75</b>	<b>2,632.20</b>
<b>Change in plan assets</b>		
Fair value of plan assets at the beginning of the year	2,493.00	1,928.44
Interest income	169.52	147.72
Return on plan assets (excluding amounts included in interest income)	10.44	5.74
Contribution by the Company	172.33	549.49
Benefits paid	(141.05)	(138.39)
<b>Plan assets at the end of the year</b>	<b>2,704.24</b>	<b>2,493.00</b>
<b>Liability/ (Asset) recognized in the financial statements</b>	<b>73.51</b>	<b>139.20</b>

## Amount recognised in Statement of Profit and Loss:

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Service Cost</b>		
Current service cost	190.84	181.12
Net interest expense	9.47	46.42
<b>Amount recognised in Statement of Profit and Loss</b>	<b>200.31</b>	<b>227.54</b>

## Amount recognised in Other Comprehensive Income:

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Remeasurement on the net defined benefit liability</b>		
Return on plan assets (excluding amounts included in net interest expense)	(10.44)	(5.74)
Actuarial (gains)/ losses arising from changes in demographic assumptions	-	1.32
Actuarial (gains)/ losses arising from changes in financial assumptions	-	(27.86)
Actuarial (gains)/ losses arising from experience adjustments	(83.23)	(112.56)
<b>Amount recognised in Other Comprehensive Income</b>	<b>(93.67)</b>	<b>(144.84)</b>

## Notes to Financial Statements for the year ended March 31, 2021

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

Gratuity	As at March 31, 2021	As at March 31, 2020
<b>Investment Details</b>	<b>Funded</b>	<b>Funded</b>
Investment with Insurer (LIC)	100%	100%

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

	As at March 31, 2021	As at March 31, 2020
Discount rate (%)	6.80	6.80
Future salary increases (%)	7.50	7.50
Retirement Age (Years)	58.00	58.00
<b>Withdrawal rate</b>		
Up to 30 years	3%	3%
From 31 to 44 years	2%	2%
Above 44 years	1%	1%
Mortality rate	<b>100% of IALM (2012-14)</b>	<b>100% of IALM (2012-14)</b>

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 ₹ 106.50 lakhs (increase by ₹ 115.08 lakhs) [as at March 31, 2020: decrease by ₹ 100.43 lakhs (increase by ₹ 108.54 lakhs)].
- If the expected salary growth increases (decreases) by 50 basis points, the defined benefit obligation would increase by ₹ 113.75 lakhs (decrease by ₹ 106.31 lakhs) [as at March 31, 2020: increase by ₹ 107.28 lakhs (decrease by ₹ 100.25 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 to Financial Statements for the year ended March 31, 2021

### Maturity profile of defined benefit obligation

	As at March 31, 2021	As at March 31, 2020
Average duration of the defined benefit obligation (in years)	15.04 years	15.32 years

The Company expects to make a contribution of ₹ 201.01 lakhs (as at March 31, 2020 ₹ 193.63 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, 2021 is ₹ 28.21 lakhs (March 31, 2020: ₹ 36.76 lakhs).

### 31. Contingent liabilities, commitments and assets (to the extent not provided for)

#### a. Capital and other commitments

At March 31 2021, the estimated amount of contracts remaining to be executed on capital account was ₹229.78 lakhs (March 31, 2020: ₹ 86.47 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, 2021	As at March 31, 2020
a) Demands raised by Income tax authorities	182.28	110.08
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 35)

## Notes to Financial Statements for the year ended March 31, 2021

**32. 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 cum Managing Director
- Mrs. Nidhi Kapoor - Daughter of Mr. Yogesh Chander Munjal
- Mr. Shigeki Kobayashi - Joint Managing Director
- Mr. Avi Munjal- Deputy General Manager Grandson of Mr. Yogesh Chander Munjal and son of Mrs. Charu Munjal
- Mr. Pankaj Gupta (Chief Financial Officer)
- Ms. Geetanjali Sharma (Company Secretary)

**Non-Executive and Independent Directors**

- 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
- Mrs. Geeta Anand- Independent director
- Mr. Devi Singh- Independent director
- Mr. Yasuhiro Yamamoto- Non executive director

**(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 restructuring, 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

## Notes to Financial Statements for the year ended March 31, 2021

(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	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
<b>Transactions during the year:</b>								
<b>Sale of goods</b>								
Shivam Autotech Limited					0.18	3.05	0.18	3.05
Showa Corporation, Japan	3.94	11.16	-	-	-	-	3.94	11.16
Hitachi Astemo Ltd., Japan	0.50	-	-	-	-	-	0.50	-
	<b>4.44</b>	<b>11.16</b>			<b>0.18</b>	<b>3.05</b>	<b>4.62</b>	<b>14.21</b>
<b>Purchase of goods</b>								
Shivam Autotech Limited					813.27	1,290.33	813.27	1,290.33
Showa Corporation, Japan	2,970.85	2,550.18	-	-	-	-	2,970.85	2,550.18
Hitachi Astemo Ltd., Japan	302.01	-	-	-	-	-	302.01	-
	<b>3,272.86</b>	<b>2,550.18</b>			<b>813.27</b>	<b>1,290.33</b>	<b>4,086.13</b>	<b>3,840.51</b>
<b>Purchase of goods</b>								
Earthly Possessions	-	-	-	-	3.30	16.43	3.30	16.43
					<b>3.30</b>	<b>16.43</b>	<b>3.30</b>	<b>16.43</b>
<b>Loans given</b>								
Shivam Autotech Limited (Refer note (iii) below)	-	-	-	-	560.00	-	560.00	-
					<b>560.00</b>	<b>-</b>	<b>566.59</b>	<b>32.86</b>
<b>Interest received</b>								
Shivam Autotech Limited (Refer note (iii) below)	-	-	-	-	5.67	-	5.67	-
					<b>5.67</b>	<b>-</b>	<b>1,132.26</b>	<b>32.86</b>
<b>Loan Recovered</b>								
Shivam Autotech Limited (Refer note (iii) below)	-	-	-	-	200.00	-	200.00	-
					<b>200.00</b>	<b>-</b>	<b>200.00</b>	<b>-</b>
<b>Royalty paid/payable</b>								
Showa Corporation, Japan	1,845.27	3,284.92	-	-	-	-	1,845.27	3,284.92
Hitachi Astemo Ltd., Japan	786.15	-	-	-	-	-	786.15	-
	<b>2,631.42</b>	<b>3,284.92</b>			<b>-</b>	<b>-</b>	<b>2,631.42</b>	<b>3,284.92</b>

## Notes to Financial Statements for the year ended March 31, 2021

	(₹ 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	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
<b>Purchase of Intangible assets</b>								
<b>Design and drawing fees</b>								
Showa Corporation, Japan	43.56	284.87	-	-	-	-	43.56	284.87
Hitachi Astemo Ltd., Japan	21.78	-	-	-	-	-	21.78	-
	<b>65.34</b>	<b>284.87</b>	-	-	-	-	<b>65.34</b>	<b>284.87</b>
<b>Expense reimbursement</b>								
Showa Corporation, Japan	33.37	75.13	-	-	-	-	33.37	75.13
Hitachi Astemo Ltd., Japan	35.66	-	-	-	-	-	35.66	-
	69.03	75.13	-	-	-	-	69.03	75.13
<b>Dividend paid</b>								
Showa Corporation, Japan	468.00	468.00	-	-	-	-	468.00	468.00
Dayanand Munjal Investment Pvt. Ltd.	702.00	702.00	-	-	-	-	702.00	702.00
Nidhi Kapoor	0.18	0.18	-	-	-	-	0.18	0.18
	1,170.18	1,170.18	-	-	-	-	1,170.18	1,170.18
<b>Employee Benefits for Key Management Personnel (Salary, Commission and contributions to Provident fund and Superannuation fund)</b>								
Mr. Yogesh Chander Munjal	-	-	523.55	582.40	-	-	523.55	582.40
Mr. Shigeki Kobayashi	-	-	297.24	349.58	-	-	297.24	349.58
Mr. Pankaj Gupta	-	-	35.50	38.22	-	-	35.50	38.22
Ms. Geetanjali Sharma	-	-	6.20	5.33	-	-	6.20	5.33
Mr. Avi Munjal	-	-	23.81	7.87	-	-	23.81	7.87
<b>Sitting fees to non executive and Independent directors</b>								
Mr. Ashok Kumar Munjal	-	-	5.40	1.80	-	-	5.40	1.80
Ms. Charu Munjal	-	-	1.80	1.80	-	-	1.80	1.80
Mr. Vinod Kumar Agrawal	-	-	7.20	6.00	-	-	7.20	6.00
Mr. Nand Lal Dhameja	-	-	7.20	7.20	-	-	7.20	7.20
Mr. Devi Singh	-	-	6.60	5.40	-	-	6.60	5.40
Mr. Surinder Kumar Mehta	-	-	4.20	1.80	-	-	4.20	1.80
Mrs. Geeta Anand	-	-	3.60	1.20	-	-	3.60	1.20
	-	-	922.30	1,008.60	-	-	922.30	1,008.60



## Notes to Financial Statements for the year ended March 31, 2021

	(₹ 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	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
<b>(iii) Balances as at the year end</b>								
<b>Trade payables</b>								
Shivam Autotech Limited	-	-	-	-	54.51	21.79	54.51	21.79
Showa Corporation, Japan	818.34	1,659.19	-	-	-	-	818.34	1,659.19
Hitachi Astemo Ltd., Japan	1,020.51	-	-	-	-	-	1,020.51	-
Earthly Possessions	-	-	-	-	0.05	1.04	0.05	1.04
Mr. Yogesh Chander Munjal	-	-	28.78	76.74	-	-	28.78	76.74
Mr. Shigeki Kobayashi	-	-	33.13	76.74	-	-	33.13	76.74
Mr. Pankaj Gupta	-	-	1.11	-	-	-	1.11	-
Ms. Geetanjali Sharma	-	-	0.50	-	-	-	0.50	-
Mr. Avi Munjal	-	-	1.42	-	-	-	1.42	-
	<b>1,838.85</b>	<b>1,659.19</b>	<b>64.94</b>	<b>153.48</b>	<b>54.56</b>	<b>22.83</b>	<b>1,958.35</b>	<b>1,835.50</b>
<b>Trade receivables</b>								
Shivam Autotech Limited	-	-	-	-	-	4.02	-	4.02
Showa Corporation, Japan	-	2.95	-	-	-	-	-	2.95
Hitachi Astemo Ltd., Japan	64.13	-	-	-	-	-	64.13	-
	64.13	2.95	-	-	-	4.02	64.13	6.97
<b>Loans receivable</b>								
Shivam Autotech Limited (Refer note (iii) below)	-	-	-	-	360.00	-	360.00	-
<b>Interest receivable</b>								
Shivam Autotech Limited	-	-	-	-	5.68	-	5.68	-
	-	-	-	-	5.68	-	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 ₹ 5.67 lakhs.

## Notes to Financial Statements for the year ended March 31, 2021

### 33. Segment information

The Company primarily operates in the auto components segment. The Company operates as an ancillary 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
2020-21	108,484.10	52.95	108,537.05
2019-20	128,721.99	98.18	128,820.17

- Domestic segment includes sales to customers located in India.
- Overseas segment includes sales to customers located outside India.
- There are no non-current assets located outside India.
- 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 March 2021	31 March 2020
Customer 1	91,515.38	100,493.09

### 34. Financial instruments

#### 34.1 Capital Management

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.

## Notes to Financial Statements for the year ended March 31, 2021

The following table summarizes the capital of the Company:

	(₹ in lakhs)	
	As at March 31, 2021	As at March 31, 2020
Share capital	799.93	799.93
Equity reserves	63,339.56	62,455.22
<b>Total Equity</b>	<b>64,139.49</b>	<b>63,255.15</b>

**Categories of financial instruments**

	(₹ in lakhs)	
	As at March 31, 2021	As at March 31, 2020
<b>Financial assets</b>		
<b>Financial assets at fair value through profit or loss</b>		
<b>Non-current</b>		
Investments	5,255.93	4,239.27
<b>Current</b>		
Investments	24,000.38	27,621.84
<b>Financial assets at amortised cost</b>		
<b>Non-current</b>		
Loans	187.71	162.30
Other financial assets	550.92	574.81
<b>Current</b>		
Loans	575.49	214.57
Trade receivables	19,649.06	13,997.78
Cash and bank balances	1,018.45	377.00
Other financial assets	7.10	5.81
<b>Total</b>	<b>51,245.04</b>	<b>47,193.38</b>
<b>Financial liabilities at amortised cost</b>		
<b>Current</b>		
Trade payables	12,625.37	10,080.37
Other financial liabilities	144.96	250.85
<b>Total</b>	<b>12,770.33</b>	<b>10,331.22</b>

**34.2 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.

## Notes to Financial Statements for the year ended March 31, 2021

- 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.

### 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, 2020		
	Level 1	Level 2	Level 3
<b>Financial assets at fair value through profit or loss</b>			
<b>Non-current</b>			
Other Investments - Alternate investment funds	-	-	4,239.27
<b>Current</b>			
Investments in mutual funds	-	26,917.70	-
Investments in debentures	209.10	-	-
Other Investments - Commercial Papers	-	495.04	-

(₹ in lakhs)

	Fair value as at March 31, 2021		
	Level 1	Level 2	Level 3
<b>Financial assets at fair value through profit or loss</b>			
<b>Non-current</b>			
Other Investments - Alternate investment funds	-	-	5,225.93
<b>Current</b>			
Investments in mutual funds	-	22,790.70	-
Investments in debentures	1,209.68	-	-

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 input.
- 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.

## Notes to Financial Statements for the year ended March 31, 2021

- 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.

### 34.3 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)\*

	As at March 31, 2021		As at March 31, 2020	
	In foreign Currency (in lakhs)	In ₹	In foreign Currency (in lakhs)	In ₹
Trade Receivables	0.24	16.88	0.24	16.88
In USD	92.27	59.89	-	-
In JPY				
Trade Payables				
In USD	0.01	0.75	13.83	1064.59
In JPY	536.68	362.53	523.25	372.29
In EURO	0.15	12.79	0.02	1.38
In THB	63.62	151.8	72.93	172.34

\*The Company does not have any hedged foreign currency instruments outstanding as at March 31, 2021

## Notes to Financial Statements for the year ended March 31, 2021

### 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 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.

Currency	As at March 31, 2021		As at March 31, 2020	
	5% increase	5% decrease	5% increase	5% decrease
<b>Receivable</b>				
In USD	0.86	(0.86)	0.93	(0.93)
In JPY	2.99	(2.99)	-	-
<b>Payable</b>				
In USD	(0.04)	0.04	(53.23)	53.23
In JPY	(18.13)	18.13	(18.61)	18.61
In EURO	(0.63)	0.63	(0.07)	0.07
In THB	(7.29)	7.29	(8.62)	8.62
Impact on profit or loss as at the end of the reporting period	<b>(22.24)</b>	<b>22.24</b>	<b>(79.60)</b>	<b>79.60</b>
Impact on total equity as at the end of the reporting period	<b>(16.64)</b>	<b>16.64</b>	<b>(59.56)</b>	<b>59.57</b>

(₹ in lakhs)

### 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. 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 to Financial Statements for the year ended March 31, 2021

**Movement in the expected credit loss allowance of financial assets**

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Balance at beginning of the year</b>	2.00	5.57
Add: Provided during the year	-	-
Less: Reversals of provision	-	-
Less: Amounts written off	-	3.57
<b>Balance at the end of the year</b>	2.00	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, 2021 would increase/decrease by ₹ 280.17 lakhs (for the year ended March 31, 2020: increase/decrease by ₹ 316.52 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 ₹ 2530 Lakhs (March 31, 2020 : ₹ 4030 Lakhs) which remained unutilised as at March 31, 2021.

**Maturity profile of financial liabilities:**

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date.

Particulars	(₹ in lakhs)			
	As at March 31, 2021		As at March 31, 2020	
	Less than 1 year	Total	Less than 1 year	Total
Current				
(i) Trade payables	12,625.37	12,625.37	10,080.37	10,080.37
(ii) Other financial liabilities	144.96	144.96	250.85	250.85

The surplus funds with the Company and operational cash flows will be sufficient to dispose the financial liabilities with in the maturity period.

## Notes to Financial Statements for the year ended March 31, 2021

**35. Information in respect of disputed dues, not deposited as at March 31, 2021, 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	1,385.91	435.36	AY 2010-11	Set aside by Income Tax Appellate Tribunal pending with assessing officer.
		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

\* 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 ₹ 3158.43 lakhs)

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

(₹ in lakhs)

	As at March 31, 2021	As at March 31, 2020
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	1,685.85	903.26
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	-	3.77
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	-	-

**37.** Cost of materials consumed for the year ended March 31, 2021, include ₹ 867.68 lakhs, with respect to price increases for the year ended March 31, 2021 agreed with vendors, subsequent to the year-end. The Company is in the process of negotiating with its customer for recovery of such price increases, however, pending negotiations, no amounts have been recognised in these financial statements.

**38.** The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.



## Notes to Financial Statements for the year ended March 31, 2021

39. 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, 2021 which are required to be credited to Investor Education and Protection Fund.
40. The Company's operations for the period ended June 30, 2020 were adversely impacted by the outbreak of COVID-19 pandemic and the consequent lockdown announced by the Government of India. Pursuant to easing of lockdown, the operations have resumed with requisite precautions in place. The Company has carried out a comprehensive assessment of possible impact on its business operations, financial assets, contractual obligation and its overall liquidity position, based on the internal and external sources of information and application of reasonable estimates. The Company does not foresee any significant incremental risk to the recoverability of trade receivables and inventories. As the situation is continuously evolving, the impact assessed may be different from the estimates made as at the date of approval of these financial statements. Management will continue to monitor any material changes arising due to the impact of this pandemic on financial and operational performance of the Company and take necessary measures to address the situation.
41. The financial statements were approved for issue by the board of directors on June 23, 2021.

### 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

Place : Gurugram  
Date : June 23, 2021

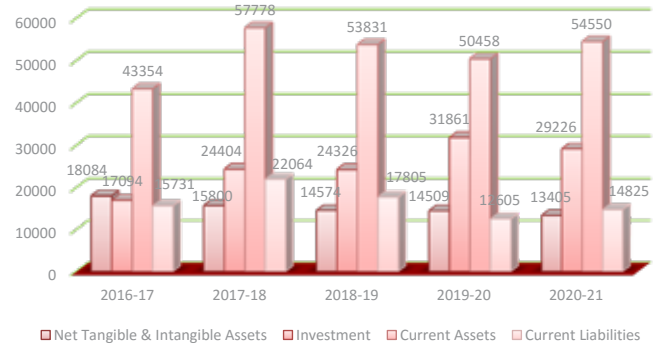
**Pankaj Gupta**  
Chief Financial Officer

**Geetanjali Sharma**  
Company Secretary  
Membership No. A42219

# FINANCIAL PERFORMANCE



**NET SALES (₹ in Lakhs)**



**APPLICATION OF FUNDS (₹ in Lakhs)**



**BOOK VALUE PER SHARE (In ₹)**



**INCOME TAX (₹ in Lakhs)**



**NET WORTH (₹ in Lakhs)**



Gurugram Plant



Manesar Plant



Haridwar Plant

## MUNJAL SHOWA LIMITED

CIN: L34101HR1985PLC020934

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Website: [www.munjalshowa.net](http://www.munjalshowa.net)