

MUNJAL AUTO

27th Annual Report & Accounts 2011-12



Munjal Auto Industries Limited



BOARD OF DIRECTORS

CHAIRMAN

Satyanand Munjal

MANAGING DIRECTOR

Sudhir Munjal

WHOLE TIME DIRECTORS

Anju Munjal

Anuj Munjal

DIRECTORS

Om Prakash Munjal (Ceased w.e.f. 24.09.2011)

Vikram Shah

Naresh Chawla

Mahendra Sanghvi

Ramkisan Devidayal

Sudesh Kumar Duggal

Jal Ratanshaw Patel

FINANCE TEAM

S. K. Sharma, GM – Finance

Rakesh Johari, Company Secretary

AUDITORS

Vakil Jain & Hindocha

Chartered Accountants

38, Gautam Nagar, Race Course,

Vadodara 390 007

PRINCIPAL BANKERS

State Bank of India

IDBI Limited

HDFC Bank Limited

REGISTERED OFFICE & PLANT - I

187, GIDC Industrial Estate,

Waghodia 391760

Dist. Vadodara (Gujarat)

PLANT II

Plot No.37, Sector 5

Phase II, Growth Centre

Bawal – 123501

Dist. Rewari (Haryana)

PLANT III

Plot No.11, Industrial Park -2

Village: Salempur, Mehdood

Haridwar – 249402 (Uttarakhand)

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DIRECTORS' REPORT

To
The Members
Munjral Auto Industries Limited

Your Directors have pleasure in presenting the 27th Annual Report and Audited Accounts of the Company for the year ended March 31, 2012.

FINANCIAL RESULTS

	(Rs. in Lacs)	
Year ended March 31,	2012	2011
Sales & Other Income	73185.63	57224.59
Profit before Finance Cost & Depreciation	6609.56	4534.67
Depreciation	1003.05	807.99
Finance Cost	778.72	448.63
Profit before Taxation	4827.79	3278.05
Provision for Taxation (Deferred & Current)	395.90	791.34
Profit after Taxation	4431.89	2486.71
Prior Period Expenditure	-	3.73
Profit available for Appropriations	4431.89	2482.98
Appropriations		
Proposed Dividend on Equity Shares	1000.00	750.00
Tax on Dividend	162.22	121.66
Transfer to General Reserve	443.19	248.29
Profit remaining after Appropriation/s	2826.48	1363.01

DIVIDEND

The Board of Directors of the Company is pleased to recommend a dividend of 100% i.e. Rs.2/- on equity share of Rs. 2 each for the fiscal ended 31st March, 2012. The dividend, if approved by the Members in the ensuing Annual General Meeting, would absorb Rs.1162.22 lacs (Rs.871.66 lacs previous year) out of the distributable surplus.

The Register of Members and Share Transfer Books will remain closed from September 17, 2012 to September 22, 2012 (both days inclusive).

APPROPRIATIONS

After setting aside the amount of Rs.1162.22 lacs for dividend including dividend distribution tax and after transferring an amount of Rs. 443.18 lacs (Rs.248.29 lacs previous year) to General Reserve, the balance amount of Rs.2826.48 lacs (Rs.1363.01 lacs previous year) is being retained in the Profit and Loss Account.

PERFORMANCE

The Company has achieved a record sales turnover of Rs. 728.22

Crore registering a growth of 27.63% per cent. Profit before tax is Rs.48.28 Crore and profit after tax at Rs. 44.32 Crore during the year as against Rs.32.78 Crore and 24.86 Crore respectively in the previous year. A rise of 47 per cent in PBT and 78 per cent in PAT over that of FY 11 is commendable.

CREATION OF ADDITIONAL CAPACITIES & PLANT OPERATIONS

All three units of the Company at Waghodia (Gujarat), Bawal (Haryana) and Haridwar in Uttarakhand are running well and operating at a satisfactory level of efficiency.

During the year, the Company has commissioned its own modern Central Tool Room located at Bawal unit. Also its new plant at Waghodia to make fuel tanks for TATA NANO cars is fully operational now.

DIRECTORS

Mr. Ramkisan Devidayal and Mr. Jal Ratanshaw Patel, retire by rotation in the forthcoming Annual General Meeting. Both of them, being eligible, offer themselves for reappointment.

Attention of the Members is invited to the relevant items in the Notice of the Annual General Meeting and Explanatory Statement thereto.

QUALITY:

Being an ISO / TS 16949:2009 certified company, the goals of defect prevention, continual improvement and reduction of variations/wastes in the supply chain are interwoven in the system and hence an ongoing process to achieve excellence in manufacturing by adopting a principle of lean manufacturing.

Various initiatives have been taken like launching quality circles for involvement of the grass root level employees in problem-solving and various improvements. The Company has, besides taken help of Quality Circle Forum of India, Vadodara Chapter for regular training, guidance and facilitation.

Your Company has completed more than 53,600 Kaizens [Continual Improvement by all level of employees] till date, as a part of journey seeking all round betterment of the eco-system in the company.

Customer satisfaction is being achieved by striving toward zero-defect approach with measures such as - Focus on defects prevention [through Poka-Yoke], implementation of combined improvement programs and adhering to targets/expectations and being responsive/ deadline driven in meeting with the commitments made to the customers.

For quality improvements, your Company has taken several steps such as robotic welding in manufacturing process, installing gas manifold system and setting up a new modern "Paint Shop" at Waghodia plant with all modern facilities.

The company has received a recommendation for certification of Occupational, Health and Safety Assessment Series (OHSAS) 18001:2007 from Bureau Veritis.



FINANCE

Your Company was able to raise the short-term/long term funds needed for its working capital related requirements & term loans for establishment of the new Fuel Tank plant at Waghodia and Central Tool Room at Bawal, Haryana at optimal rates despite a prevalent environ of hardened interest rates in the Indian Financial System. Excellent credit ratings for both long and short tenure borrowings enjoyed by the company were enablers. Effective use of available financial resources has helped the Company to further contain the finance costs during the year.

CORPORATE GOVERNANCE

In terms of the Listing agreement, Management Discussion and Analysis Report is annexed and forms part of the Annual Report. A report on Corporate Governance along with the Auditors Certificate on its compliance is also annexed forming part of the Annual Report.

FIXED DEPOSITS

The Company has not accepted any fixed deposits during the year and hence, no amount of principal or interest was outstanding as on Balance Sheet date.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and there has been no material departure;
- b) The selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and the profit & loss account of the Company for the year ended on that date.
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The Annual Accounts have been prepared on a going concern basis.

AUDIT COMMITTEE RECOMMENDATION

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

RATINGS

The Company has been reaffirmed by rating agency ICRA as LAA-(stable) for Rs.73.90 Cr. for its long term loan including cash credit and A1+ for commercial papers of Rs.15 Cr. And A1+ for short term loans for non fund/ fund based limits for Rs.16.10 Cr.

AUDITORS

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

SUB DIVISION OF SHARE

Equity Shares of the Company are listed on The National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE) and are actively traded. The market price of the Equity Shares of the Company has witnessed significant increase over the last few years. In order to improve liquidity of the Company's shareholders in the stock exchanges and to facilitate participation of small investors by making the shares affordable to them, every 1 (One) existing equity share of Rs. 10/- (Ten only) each was subdivided into 5 (Five only) Equity Shares of Rs. 2/- (Two only) each pursuant to Section 94 (1) (d) of the Companies Act, 1956 w.e.f.31st December, 2011 resulting into paid up share capital of 5,00,00,000 Equity share of Rs.2 each .

ENVIRONMENT

The Company has received Environment Excellence Award,2012 1st prize in Medium scale category from Vadodara News Magazine(VNM) local News channel.

The company has received merit & participation award in case study on small, medium enterprise development from INSAAN (Indian Suggestion Summit Association).

The company has also received Business Excellence Award,2010 from Baroda Management Association.

Rain water harvesting systems are in place at all possible points across the complexes in all the three plants of the company as a conscious and ongoing commitment of the company for water conservation/ improvement in the water tables in the surrounding areas of its plants.

The Company is committed for reducing the impact on environments from its organizations activities as a part of social responsibilities and actively supporting the 'Green Vendor Development Program' initiated by its principal customer HMCL. This is ensured by improving operational efficiencies at all levels and in particular, by identifying six pillars of improvements as follows;

1. Water Management
2. Energy Management
3. Waste Management
4. Prevention of Pollution
5. Substitute of Hazardous Substance, and
6. Compliance of Environmental Legal Requirement.

Concrete steps for improving the environment have been initiated, some of which are set out below:

1. Reduction of consumption of hazardous chemicals by doing process improvement.
2. Elimination of hazardous substances by using environment friendly materials at phosphating hence eliminated the sludge generated from the process.
3. Reduction of water consumption at various places by recirculation through cooling tower and by using treated water for toilet flushing.
4. Reduction of power consumption by engaging in process improvements and loading pattern in the paint shop.
5. New ETP is being constructed considering the future requirements of the organization and initiatives towards zero discharge.

The journey is being continued by involvement of suppliers in improving the environmental sustainability.

CORPORATE SOCIAL RESPONSIBILITY

The Company is proactively pursuing measures and reaching out to the communities surrounding the areas of its operations by extending support and lending a helping hand to some very credible social institutions that are committed to address social causes.

ENERGY, TECHNOLOGY, FOREIGN EXCHANGE

The particulars as prescribed under Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 are given in the ANNEXURE – II that forms part of this report.

PARTICULARS OF EMPLOYEES

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

INDUSTRIAL RELATIONS

Industrial relations have remained cordial throughout the year in the Company at all of its units.

HEALTH AND SAFETY

Your Company is committed for safety and health of its employees and other persons who may be affected by its operations. Your Company believes that safe working practice leads to motivated workforce and higher productivity and to that end, all possible safety measures are put in place to eliminate accidents at the factory. Even small incidents are investigated and analysed to prevent reoccurrence and improve upon safety record. Safe working culture across the Company is ensured by:

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

ACKNOWLEDGEMENTS

The Company would like to thank its Stakeholders including Suppliers, Vendors, Investors, Bankers and its Customers in particular to its principal customer Hero MotoCorp Limited for their consistent, abiding support throughout the year.

Your Company also records its appreciation of the contributions made by employees at all levels. Their commitment, cooperation and support are indeed the backbone of all endeavours of the Company.

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

For and on behalf of the Board
Munjral Auto Industries Limited

Date : 07.08.2012
Place : Waghodia

Sudhir Munjal
Managing Director

ANNEXURE 'I' TO THE DIRECTORS' REPORT MANAGEMENT DISCUSSION ANALYSIS

Opportunities and Threats

Automotive Sector

Auto industry in India has had a consistent and sustained high growth of 15 percent CAGR in the first decade of a new millennium. It was primarily driven by an unprecedented streak of high growth witnessed by Indian Economy in almost all years of this decade. Couple of favorable variables stemming from this high-growth era of the economy like rising middle class and its lifestyle aspirations, low existing penetration of vehicles and a demographically advantageous population profile are the main contributors to the auto sector's spectacular growth story. SIAM (Society of Indian Automobile Manufacturers) estimates that the growth of the auto industry in

coming years will moderate to some extent on a high base of the numbers and prevalent uncertainty of Economic environ – worldwide and a considerable deceleration in India's Growth in GDP and other economic indicators in the recent past, which is expected to be continuing in FY 12-13.

However, the Auto sector and in particular, its two-wheeler segment will grow a healthy rate in coming years in India due to the several factors weighing in its favor and therefore significant growth opportunities lie ahead for the Industry. As a result, the Indian automobile industry, which has emerged as one of the fastest growing markets in the world in recent years will have an abiding growth over a medium-term horizon.



Given the importance of the automobile industry to the economy and its potential for employment and due to its backward and forward linkages with many sectors, the Government in India is keen to support the development of the industry. Rising fuel prices in recent years and prevalent Global uncertainty will confront Auto Industry as road blocks. Growing environmental consciousness among consumers, government regulations to manage traffic congestion as well as improvement in public transport infrastructure are trends which will have significant impact on the future of the automobile industry. Auto component manufacturers such as your company have to monitor such trends carefully and adapt to them quickly.

Risks and Concerns – Automotive Sector

Any company's business is inherently exposed to many internal and external risks. Your Company has put in place robust systems and processes, along with appropriate review mechanisms to actively monitor, manage and mitigate these risks. Some of the risks are listed below:

- Raw Material

Financial Year 2011-12 saw a continuing pressure in commodity prices on account of high inflation that continues to besiege India. Going forward in FY 12-13, company will have to cope with uncertain scenario on raw material pricing front. Fallout of this will be an increased pressure on margins; your Company will have to rely with increased focus on cost re-engineering/operational efficiencies to minimize adverse impact.

- Environment Regulations

Stringent regulatory norms are being introduced to safeguard the environment, especially in the area of emissions.

- Fuel prices and Its Adverse Impact

Fuel prices increase witnessed of the biggest scale and extent in last two years is taking a toll on the entire Auto Industry and is acting as the biggest dampener and the most worry-causing phenomenon. Geo-political tensions creating regular ripples in crude prices and coupled with that Indian currency's steep decline in external value since last quarter of 2011 has only added to the woes of fuel prices that have already skyrocketed. It's hurting everyone cutting across all sections of the society – public and private transport being a very vital cog in the modern way of human living.

While an increase in prices of fuel brings about some shift in auto sector – from four-wheeler to two-wheeler – continuous price increase in fuel of the kind seen in last two years, acts as a dampener even for the two-wheelers with which your Company's future is intertwined.

- Financial market conditions

With the unabated threat of inflation, Reserve Bank of India has raised its policy interest rates significantly in last 24 months. It seems Government of India is quite seized with the inflationary pressure that has built up considerably in India since 2009. Dear Money Policy has already set in to rein in inflation and is expected to continue well into Year 2013 as per present reckoning.

Depreciation in Indian Rupee, pretty sharp and almost sudden, happened in last 12 months has acted like a *double whammy* and accentuating inflation/cost pressures in business arena.

Future Outlook

Given the constant changes occurring in the environment as stated above, it is inevitable that we, as a part of the environment, also change. As you have already seen there have been significant improvements in the performance of the company over the past few years. This has been possible due to certain quantum measures initiated by your company, and we are confident that these will take us forward a long way:

- Research and Development:

As times are becoming more competitive, it is imperative that we move away from being a commodity supplier towards becoming a system supplier. For this your company is actively working towards setting up its own R&D center. For this we are currently looking for global partners.

- Increase Product Range:

Your Company is also constantly working on broadening its product portfolio. From manufacturing Mufflers till three years back, your company today manufactures, other than mufflers, fuel tanks for cars, and chassis components like impact beams. Also within mufflers, we are studying opportunities of higher cc motorcycles for exports.

- Continuous improvement and automation:

As the business environment gets more competitive, it is imperative that we constantly look for better ways of doing work. In the past year, your company has gone in for various automations like robotic welding, spray phosphating, tool manufacturing and upto 1000 ton presses. Also through technical partnerships with certain expert organisations, we have worked towards increasing efficiencies and reducing operational costs.

To sum up, your company fully recognizes the opportunities and challenges the changing paradigm is posing and is leaving no stone untouched in making sure it is prepared for the future.

ANNEXURE 'II' TO THE DIRECTORS' REPORT

Information as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988

1. Conservation of Energy

The Management is deeply involved in the areas for conservation of energy which is being utilised in manufacturing processes like power, fuel (LPG and furnace oil), oils and lubricants. Many initiatives have been taken, as follows;

- Conversion of LPG to propane and ultimate goal to use the natural gas (clean fuel).
- As a part of conserving hydraulic oils, filtration units have been installed to use the oil after filtration resulted into reduction in the qty. of oil consumed.
- All street lights have been connected with timer control switch to avoid the excess running of lights.
- At manufacturing process levels, optimization of motor capacities have been done based upon process requirements and actions have been initiated by reducing the HP of the motors without effecting the functional requirements.
- Energy Audits have been carried out and actions required to implement important recommendations have been initiated.

Actions are underway to actualize a felt need to develop the internal team of Energy Auditors for exploring the more possibilities for energy conservation.

2. Technology Absorption, Adaptation and Innovation

As a part of Continual Improvement Journey, enhancing customer satisfaction by quality improvements and need of the competitive edge. Following initiatives have been taken during the financial year.

- Implementation of environment friendly process through spray pre treatment process in place of conventional phosphating process that will eliminate the impact on environment by elimination of sludge generation.
- Complete spot welding lines with all prevention controls and PLC controls have been established for a consistent product quality, reliability and capability of the process for fuel tank manufacturing.
- To improve the product realization, complete modification along with automation in Paint Plant is undertaken for productivity, quality improvements and optimization on energy conservation.
- Automation in welding process by installation of Special Purpose Machines [SPM's] have been done at many process.

3. Foreign Exchange Earnings and outgo

(Rs. in Lacs)

	2011-12	2010-11
(a) Total Foreign Exchange Earnings	—	—
(b) Total Foreign Exchange Outgo	446.50	613.98

ANNEXURE 'III' TO DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975 and forming part of the Directors' report for the year ended March 31, 2012

Sr. No	Name and Qualification	Designation	Remuneration (In Rs.)	Exp. (Years)	Age (Years)	Date of Commencement of Employment	Previous Employment & Designation
1.	Mr. Sudhir Munjal B.A.	Managing Director	2,48,36,400	42	66	31.10.1993	Majestic Auto Ltd. Executive Director
2.	Ms. Anju Munjal B.A.	Whole Time Director	1,69,92,000	26	62	01.01.1995	Munjral Auto Industries Ltd. Chief Executive
3.	Mr. Anuj Munjal MBA	Whole Time Director	1,13,31,815	15	38	01.06.2010	Hero Cycles Limited Chief Executive

Notes:

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



AUDITORS' REPORT

To
**THE MEMBERS OF
MUNJAL AUTO INDUSTRIES LIMITED**

1. We have audited the attached Balance Sheet of Munjal Auto Industries Limited as at 31st March, 2012 and Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free of material misstatement. An Audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) Order, 2004 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the Paragraph 4 and 5 of the said order.
 4. Further to our comments in the Annexure referred in paragraph 3 above, we report that:
 - a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e) on the basis of written representations received from the Directors, as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31st March, 2012 from being appointed as a Director, in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;
 - f) in our opinion and to the best of our information and according to explanations given to us, the said Accounts, read together with significant Accounting Policies and the notes thereon appended thereto, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

SURENDRA MODIANI
PARTNER
Membership No.047966

Place : Vadodara
Date : 26-05-2012

ANNEXURE TO AUDITORS' REPORT

Annexure referred to in paragraph 3 of the Auditors' Report to the members of Munjal Auto Industries Limited for the year ended 31st March, 2012

- 1) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets;
- (b) These fixed assets have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification;
- (c) The Company has not disposed off substantial part of fixed assets.
- 2) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3) The Company has not either granted or taken any loans to/from companies, firms or other parties covered in the register maintained under section 301 of the Act and therefore, the matters referred in paragraph 4 (iii) of the Companies (Auditors' Report) Order, 2003 are not applicable.
- 4) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our Audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- 5) According to the information and explanations given to us,
 - (a) The particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section;
 - (b) In our opinion and according to the information and explanations given to us, the transactions, exceeding the value of five lac rupees in respect of any party during the year, made in pursuance of such contracts or arrangements, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 6) The Company has not accepted deposits from the public. Accordingly, paragraph 4(vi) of the Order is not applicable to the company.
- 7) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 8) We have broadly reviewed the books of accounts and records maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained;
- 9) According to the information and explanations given to us and as shown by our examination of the books of accounts:
 - (a) The Company is regular in depositing with the appropriate authorities, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it and no undisputed amounts payable in respect thereof were in arrears, as on the last day of the financial year, for a period of more than six months from the date they became payable.
 - (b) The Company has not deposited disputed Sales Tax demand of Rs.25.50 lacs pertaining to the Financial Year 2002-03. The company has preferred appeal against the order of the Assessing Officer and the matter is pending before the Joint Commissioner of Sales Tax (Appeals), Vadodara.

There are no dues of Income-tax / Wealth-tax / Service-tax / Custom duty / Excise duty / Cess which have not been deposited on account of any dispute except demand of Rs.1028890/- under Income-tax Act against which appeal is pending before the Commissioner (Appeals).
- 10) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses during the financial year and in the immediately preceding financial year.
- 11) The Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders. The details of claim made but not accepted by the company are as per notes on accounts;



- 12) The Company has not granted any loans or advances on the basis of any security.
- 13) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 14) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 15) The Company has not given any guarantee for loans taken by others.
- 16) In our opinion and according to the information and explanations given to us, the new term loans have been applied for the purpose for which they were raised.
- 17) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment by the Company.
- 18) The Company has not made any preferential allotment of shares during the year.
- 19) The Company has not raised funds by way of debentures in respect of which any security was required to be created.
- 20) The Company has not raised any money by public issue during the year.
- 21) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

SURENDRA MODIANI
PARTNER
Membership No.047966

Place : Vadodara
Date : 26-05-2012

BALANCE SHEET AS AT MARCH 31, 2012

(Amount in Rs.)

Particulars	Note No	As at March 31, 2012	As at March 31, 2011
<u>EQUITY AND LIABILITIES</u>			
<u>SHAREHOLDERS' FUNDS</u>			
Share Capital	2.1	100,000,000	100,000,000
Reserves and Surplus	2.2	1,155,161,034	828,194,987
		<u>1,255,161,034</u>	<u>928,194,987</u>
<u>NON-CURRENT LIABILITIES</u>			
Long Term Borrowings	2.3	488,122,026	543,950,550
Deferred Tax Liabilities (Net)	2.4	52,395,933	34,785,643
Long Term Provisions	2.5	23,780,381	26,229,367
		<u>564,298,340</u>	<u>604,965,560</u>
<u>CURRENT LIABILITIES</u>			
Short Term Borrowings	2.6	50,686,120	42,467
Trade Payables	2.7	849,158,636	662,555,485
Other Current Liabilities	2.8	235,386,952	179,617,242
Short Term Provisions	2.9	132,425,309	93,184,077
		<u>1,267,657,017</u>	<u>935,399,271</u>
TOTAL		<u>3,087,116,391</u>	<u>2,468,559,818</u>
<u>ASSETS</u>			
<u>NON-CURRENT ASSETS</u>			
Fixed Assets			
- Tangible Assets	2.10	1,277,101,582	1,102,866,467
- Intangible Assets	2.11	12,208,079	16,503,049
- Capital Work in Progress	2.12	21,293,509	123,762,335
Long Term Loans and Advances	2.13	22,135,617	22,613,311
Other Non Current Assets	2.14	69,257,738	-
		<u>1,401,996,525</u>	<u>1,265,745,162</u>
<u>Current Assets</u>			
Current Investments	2.15	492,179,614	317,783,094
Inventories	2.16	205,238,647	160,559,282
Trade Receivables	2.17	922,908,494	644,929,488
Cash and Cash Equivalents	2.18	10,080,481	10,591,275
Short Term Loans and Advances	2.19	47,725,652	63,017,800
Other Current Assets	2.20	6,986,978	5,933,717
		<u>1,685,119,866</u>	<u>1,202,814,656</u>
TOTAL		<u>3,087,116,391</u>	<u>2,468,559,818</u>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(1 & 2)

As per our report attached
For Vakil Jain & Hindocha
Chartered Accountants

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

S. K. Sharma
GM (Finance)

Rakesh Johari
Company Secretary

For and on behalf of the Board

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

Waghodia
Date : 26th May, 2012

Waghodia
Date : 26th May, 2012



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

Particulars	Note No.	For the year ended March 31, 2012	(Amount in Rs.) For the year ended March 31, 2011
Revenue from operations	2.21		
Revenue from Operations (Gross)		7,282,187,605	5,705,560,095
Less : Excise Duty		523,245,708	506,698,284
Revenue from Operations (Net)		6,758,941,897	5,198,861,811
Other Income	2.22	36,374,956	16,898,487
Total Revenue		6,795,316,853	5,215,760,298
Expenses:			
Cost of Materials Consumed	2.23	5,129,516,059	3,864,025,713
Changes in Inventories of Finished Goods and Work in Progress	2.24	(22,497,396)	(18,316,088)
Employee Benefits Expenses	2.25	284,029,113	202,314,641
Finance Costs	2.26	77,872,281	44,863,501
Depreciation and Amortization Expenses	2.27	100,305,298	80,799,208
Other Expenses	2.28	743,312,661	714,267,935
Total Expenses		6,312,538,016	4,887,954,910
PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEM AND TAX		482,778,837	327,805,388
Prior Period Items		-	373,062
PROFIT BEFORE TAX		482,778,837	327,432,326
Tax Expenses			
Current Tax		91,237,738	67,863,000
Less : MAT Credit Entitlement		69,257,738	-
Net Current Tax		21,980,000	67,863,000
Deferred Tax		17,610,290	11,270,928
PROFIT FOR YEAR		443,188,547	248,298,398
Earning per Equity Share (of Rs. 2/- each)			
Basic		8.86	4.97
Diluted		8.86	4.97

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(1 & 2)

As per our report attached
For Vakil Jain & Hindocha
Chartered Accountants

Surendra Modiani
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Anju Munjal	Whole Time Director
Anuj Munjal	Whole Time Director

Waghodia
Date : 26th May, 2012

Waghodia
Date : 26th May, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	For the year ended March 31, 2012	(Amount in Rs.) For the year ended March 31, 2011
A. Cash Flow from Operating Activities		
Net Profit Before Tax and Extra Ordinary Items	482,778,837	327,805,388
Adjustments for :		
Depreciation	100,305,298	80,799,208
Profit on Sale of Fixed Assets	(2,481,442)	(227,506)
Lease Rent Paid	573	573
Gain on Foreign Exchange Rate Fluctuations	-	(10,434)
Interest Income	(353,659)	(630,296)
Interest Expenses	77,872,281	39,694,035
Dividend Income	(26,766,856)	(9,985,531)
	<u>148,576,195</u>	<u>109,640,049</u>
Operating Profit Before Working Capital Changes	<u>631,355,032</u>	<u>437,445,437</u>
<u>Increase / Decrease in Working Capital :</u>		
Inventories	(44,679,365)	(9,598,096)
Trade Receivables	(277,979,006)	(374,000,429)
Other Current Assets	83,773,178	(4,684,223)
Trade Payables	186,603,151	314,978,743
Other Liabilities	(84,234,067)	32,028,625
	<u>(136,516,109)</u>	<u>(41,275,380)</u>
Cash Generated from Operations	<u>494,838,923</u>	<u>396,170,057</u>
Prior Period Adjustments (Net)	-	(373,062)
Income Tax paid	(87,992,295)	(83,141,456)
Net Cash from Operating Activities A	<u>406,846,628</u>	<u>312,655,539</u>
B. Cash Flow from Investing Activities		
Purchases of Fixed Assets & Capital Advances	(171,462,985)	(434,950,843)
Lease Rent paid	(573)	(573)
Proceeds from Sale of Fixed Assets	4,596,099	501,220
Sale of Investments	3,160,407,901	725,239,950
Purchase of Investments	(3,310,794,352)	(757,806,884)
Dividend Income	26,766,856	9,985,531
Interest Income	353,659	630,296
Net Cash used in Investing Activities B	<u>(290,133,395)</u>	<u>(456,401,303)</u>



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 (Continued)

	(Amount in Rs.)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
C. Cash Flow from Financing Activities		
Dividend paid	(75,000,000)	(50,000,000)
Dividend Distribution Tax paid	(12,166,875)	(8,304,375)
Interest paid	(77,872,281)	(39,694,035)
Proceeds from Long Term Borrowings	71,421,476	249,881,725
Repayment of Long Term Borrowings	(74,250,000)	(312,500)
Working Capital Finance from Banks	50,643,653	(2,737,739)
Net Cash from Financing Activities C	(117,224,027)	148,833,076
Net Increase/(Decrease) in Cash & Cash equivalents	(510,794)	5,087,312
Cash and Cash Equivalents at the beginning of the year	10,591,275	5,503,963
Cash and Cash Equivalents at the end of the year	10,080,481	10,591,275

As per our report attached
For Vakil Jain & Hindocha
 Chartered Accountants

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

Waghodia
 Date : 26th May, 2012

S. K. Sharma
 GM (Finance)

 Rakesh Johari
 Company Secretary

For and on behalf of the Board

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

Waghodia
 Date : 26th May, 2012

1. Significant Accounting Policies

Company Overview

Munjjal Auto Industries Limited is a manufacturing company engaged in manufacture of Exhaust system, Wheel, Rim, Fuel tanks and other components for Auto Industries.

1.1 Basis of Preparation of Financial Statement

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.2 Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period i.e. income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and if material, their effects are disclosed in the notes to the financial statements.

1.3 Revenue Recognition

Revenue is primarily derived from sales of auto components.

- a) Sales are accounted inclusive of excise duty but net of CST/VAT.
- b) Sales are accounted on the date of removal of goods from the factory.

Interest income is recognized on time proportion basis.

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

The Company presents revenues net of value-added taxes in its statement of profit and loss.

1.4 Provisions and Contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.5 Retirement Benefits to Employees

a. Gratuity

In accordance with the Payment of Gratuity Act, 1972, liabilities with regard to the gratuity plan are determined by actuarial valuation at each balance sheet date using the projected unit credit method. The Company contributes to a scheme administered by the Life Insurance Corporation of India to discharge the liabilities to the employees by policy taken for this purpose with LIC of India in the name of "Munjjal Auto Industries Limited Employees' Gratuity Trust".

b. Superannuation

The Company makes contribution to a scheme administered by the Life Insurance Corporation of India to discharge superannuation liabilities to the employees. The Company has no obligations to the plan beyond its monthly contributions.



c. Provident Fund

Both the employee and the Company make monthly contributions to the provident fund equal to a specified percentage of the covered employees' salary. Contributions of the company are recognized as expense in profit and loss account as and when these are incurred.

1.6 Fixed assets, Intangible Assets and Capital Work in Progress

Fixed assets are stated at cost, less accumulated depreciation and impairment, if any. Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment.

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

1.7 Depreciation and Amortization

Depreciation has been provided as per straight-line method in the manner and at the rates specified in Schedule XIV of the Companies Act, 1956; except that in case of expenditure of software and vehicles, depreciation is charged at a higher rate of 25 percent considering their useful life of 4 years as estimated by the management of the Company.

1.8 Foreign Currency Transactions

Transactions in foreign currency are recorded at the rate of exchange prevailing on the date of the transaction. Monetary items denominated in foreign currencies outstanding at the year-end are restated in Indian Rupees at the rates prevailing on the date of the balance sheet.

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

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

1.9 Income Taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. Minimum alternate tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of tax credit against future income tax liability, is recognized as an asset in the Balance Sheet if there is convincing evidence that the Company will pay normal tax after the tax holiday period and the resultant asset can be measured reliably. The Company offsets, on a year on year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situation where unabsorbed depreciation and carry forward business loss exists are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets other than in situation of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date.

Deferred tax in respect of Haridwar Unit availing deduction under section 80IC of Income Tax Act, 1961 is recognized in respect of timing differences which will be reversed after tax holiday period.

1.10 Earnings per Share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period.

1.11 Borrowing Costs

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

1.12 Investments

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

1.13 Inventories

Inventories other than scrap are valued at cost or net realisable value whichever is lower. Cost of purchases is ascertained on first in first out (FIFO) method.

Scrap is valued at estimated net realisable value.

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

Provision for obsolescence is made wherever necessary.

1.14 Impairment of Assets

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

1.15 Operating Leases

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

1.16 Provision & Contingencies

Provisions recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but disclosed in the note.

1.17 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.



2 NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

Note No	Particulars	As at March 31, 2012	As at March 31, 2011
2.1	<u>SHARE CAPITAL:</u>		
	<u>Authorised:</u>		
	10,00,00,000 (1,25,00,000) Equity Share of Rs.2/- (Rs.10/-) each	200,000,000	125,000,000
	Unclassified Shares	50,000,000	-
		250,000,000	125,000,000
	<u>Issued, Subscribed and Paid-Up</u>		
	50,000,000 (10,000,000) Equity Shares of Rs.2/- (Rs.10/-) each	100,000,000	100,000,000
		100,000,000	100,000,000

The Company has only one class of shares referred to as equity shares having a par value of Rs.2/- (Pre. Year Rs.10/-). Each holder of Equity Shares is entitled to one vote per share.

The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The reconciliation of the number of shares outstanding and the number of share capital as at March 31, 2012 and March 31, 2011 is set out below;

Particulars	As at March 31, 2012		As at March 31, 2011	
	No. of Shares	Amount	No. of Shares	Amount
Number of Shares at the beginning	10,000,000	100,000,000	10,000,000	100,000,000
Number of Shares at the end	50,000,000	100,000,000	10,000,000	100,000,000

Shares in the company held by each shareholders more than 5% shares

Particulars	As at March 31, 2012		As at March 31, 2011	
	No. of Shares	%	No. of Shares	%
Thakur Devi Investments Private Limited (Holding Company)	37,403,225	74.81%	7,480,645	74.81%

Note No	Particulars	As at March 31, 2012	As at March 31, 2011
2.2	<u>RESERVE & SURPLUS:</u>		
	<u>Capital Reserve</u>		
	Profit on re-issue of forfeited shares	209,150	209,150
	<u>General Reserve</u>		
	Opening Balance	153,406,451	128,576,611
	Add : Transferred from Surplus	44,318,855	24,829,840
	Closing Balance	197,725,306	153,406,451
	<u>Surplus</u>		
	Opening Balance	674,579,386	538,277,703
	Add : Transferred from Statement of Profit and Loss	443,188,547	248,298,398
	Amount available for Appropriation	1,117,767,933	786,576,101
	Appropriation		
	- Dividend @ Rs. 2/- per Share (Previous year Rs.7.50 per Share)	100,000,000	75,000,000
	- Dividend Tax	16,222,500	12,166,875
	- Amount transferred to General Reserve	44,318,855	24,829,840
	Surplus - Closing Balance	957,226,578	674,579,386
	Total Balance	1,155,161,034	828,194,987

2 NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

Note No	Particulars	As at March 31, 2012	As at March 31, 2011
2.3	<u>LONG TERM BORROWINGS</u>		
	Term Loans from Banks		
	- Secured	488,122,026	543,950,550
	<p>Amount due within one year are included in other current liabilities. Terms of repayment of remaining amount are as under :</p> <p>Term Loan of Rs.11.94 Crores repayable in remaining 13 equal quarterly installments.</p> <p>Term Loan of Rs.9.92 Crores repayable in remaining 19 equal quarterly installments.</p> <p>Above two loans are secured by way of mortgage/charge created on immovable fixed assets of the Company's undertaking at Bawal, District - Rewari, Haryana.</p> <p>Term Loan of Rs.14.20 Crores is repayable in remaining 18 equal quarterly installments. This loan is secured by way of mortgage/charge created plant and machinery acquired out of the sanctioned term loan for Waghodia (Fuel Tank) project, District- Waghodia, Gujarat.</p> <p>Term Loan of Rs.12.75 Crores is repayable in remaining 10 equal quarterly installment. This loan is secured by way of mortgage/charge created on immovable fixed assets of the Company's undertaking at Haridwar, District - Haridwar, Uttarakhand.</p>		
2.4	<u>DEFERRED TAXES</u>		
	Deferred Tax Liabilities		
	Accumulated Depreciation	66,517,596	44,196,024
	Deferred Tax Assets		
	Employees Benefits	14,121,663	9,410,381
		52,395,933	34,785,643
	<p>Deferred tax assets and deferred tax liabilities have been offset wherever the company has a legally enforceable right to set off current tax assets against current tax liabilities and deferred tax liabilities relate to income taxes levied by the same.</p>		
2.5	<u>LONG-TERM PROVISIONS:</u>		
	Provisions for Employee Benefits		
	- Leave Benefits (Unfunded)	14,052,995	17,439,043
	- Gratuity (Funded)	9,727,386	8,790,324
		23,780,381	26,229,367
	<u>CURRENT LIABILIES</u>		
2.6	<u>SHORT-TERM BORROWINGS:</u>		
	Loans repayable on demand		
	From Banks		
	- Secured	50,686,120	42,467
	<p>These loans are secured by a first charge on inventories, receivables and all other current assets of the Company.</p>		
2.7	<u>TRADE PAYABLES</u>		
		849,158,636	662,555,485
		849,158,636	662,555,485



2 NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

Note No	Particulars	As at March 31, 2012	As at March 31, 2011
2.8	<u>OTHER CURRENT LIABILITIES</u>		
1	Current Maturities of Long Term Debts	127,250,000	74,250,000
2	Interest Accrued but not due on Borrowings	5,929,434	5,453,984
3	Unpaid Dividends	4,837,121	4,592,552
4	Other Payables		
-	Statutory Liabilities	14,800,495	18,772,723
-	Creditors for Purchase of Capital Goods	11,414,448	21,077,790
-	Salary and Other Benefits to Employees	52,588,115	29,415,463
-	Deposit from Contractors	1,242,078	6,227,505
-	Provision for Expenses	17,325,261	19,827,225
		235,386,952	179,617,242
2.9	<u>SHORT-TERM PROVISIONS</u>		
a	Provisions for Employee Benefits		
-	Leave Benefits (Unfunded)	9,565,494	2,873,662
-	Gratuity (Funded)	5,752,920	2,422,242
b	Other Liabilities		
	Proposed Dividend	100,000,000	75,000,000
	Provision for		
-	Tax on Dividend	16,222,500	12,166,875
-	Provisions for Income Tax	676,395	580,298
-	Wealth Tax	208,000	141,000
		132,425,309	93,184,077

FIXED ASSETS

(Amount in Rs.)

PARTICULARS	Gross Block			Depreciation/ Amortisation Block				Net Block		
	As at April 1, 2011	Additions/ Adjustment during the period	Deduction Retirement during the period	As at March 31, 2012	As at April 1, 2011	For the year period	Deduction / Adjustment during the period	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
2.10 TANGIBLE ASSETS										
Land										
- Freehold Land	162,669,102	-	-	162,669,102	-	-	-	-	162,669,102	162,669,102
- Leasehold Land	7,365,133	-	-	7,365,133	-	-	-	-	7,365,133	7,365,133
Building	365,705,432	50,980,684	-	416,686,116	40,863,173	12,596,375	-	53,459,548	363,226,568	324,842,259
Plant and Equipments	966,363,209	202,642,922	50,522,338	1,118,483,793	413,360,614	75,807,994	48,672,761	440,495,847	677,987,946	553,002,595
Furniture and Fixture	42,037,233	1,633,648	-	43,670,881	7,941,516	2,715,436	-	10,656,952	33,013,929	34,095,717
Vehicles	35,233,328	11,100,620	2,528,946	43,805,002	26,095,842	4,109,579	2,263,867	27,941,554	15,863,448	9,137,486
Office Equipments	10,702,440	2,317,601	-	13,020,041	3,176,067	593,138	-	3,769,205	9,250,836	7,526,373
Computers	11,946,445	5,213,631	-	17,160,076	7,718,643	1,716,813	-	9,435,456	7,724,620	4,227,802
	1,602,022,322	273,889,105	53,051,284	1,822,860,144	499,155,855	97,539,335	50,936,627	545,758,561	1,277,101,582	1,102,866,467
PREVIOUS YEAR	1,269,838,804	336,762,597	4,579,079	1,602,022,322	423,639,195	79,822,026	4,305,365	499,155,855	1,102,866,469	846,199,609
2.11 INTANGIBLE ASSETS										
Computer Software	21,609,704	42,708	-	21,652,412	5,106,655	4,337,678	-	9,444,333	12,208,079	16,503,049
	21,609,704	42,708	-	21,652,412	5,106,655	4,337,678	-	9,444,333	12,208,079	16,503,049
PREVIOUS YEAR	5,593,680	16,016,024	-	21,609,704	4,129,474	977,182	-	5,106,655	16,503,049	1,464,206
2.12 CAPITAL WORK IN PROGRESS										
									21,293,509	123,762,335

2 NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

Note No	Particulars	As at March 31, 2012	As at March 31, 2011
2.13	<u>LONG TERM LOANS AND ADVANCES:</u> (Unsecured, Considered Good)		
	Capital Advances	4,641,865	1,844,405
	Security Deposits	13,527,286	16,802,440
	Others		
	- Advances and Deposits claimed refundable	3,966,466	3,966,466
		<u>22,135,617</u>	<u>22,613,311</u>
2.14	<u>OTHER NON-CURRENT ASSETS</u>		
	MAT Credit entitlement	69,257,738	-
		<u>69,257,738</u>	<u>-</u>

<u>CURRENT ASSETS</u>		As at March 31, 2012		As at March 31, 2011	
2.15	<u>CURRENT INVESTMENTS</u>	Unit	Amount	Unit	Amount
	<u>INVESTMENT IN MUTUAL FUNDS (UNQUOTED)</u>				
	HDFC CMF Traesury Adv Fund		-	11,714,699	117,516,005
	HDFC FMP Plan	500,000	5,000,000	-	-
	HDFC Monthly Income Plan Growth Fund		-	1,231,019	20,000,000
	HDFC Multiple Yield Fund-Growth	1,274,800	21,151,864	603,872	10,000,000
	Reliance FHF-XX Series 23	750,000	7,500,000	-	-
	Reliance Monthly Interval Fund	2,996,135	30,000,000	-	-
	Reliance Interval Fund	2,987,869	30,000,000	-	-
	Reliance Liquidity Fund	6,023,304	60,263,758	-	-
	SBI MF SHF Liq Plus Fund	63	4,230	2,001,447	20,026,476
	TFLD Tata Floater Fund Daily Div.	32,709,530	328,259,762	14,970,765	150,240,613
	Tata Fixed Income Port Folio Fund	1,000,000	10,000,000	-	-
			<u>492,179,614</u>		<u>317,783,094</u>

Note No	Particulars	As at March 31, 2012	As at March 31, 2011
2.16	<u>INVENTORIES:</u>		
	1 Raw Materials	133,463,475	107,731,754
	2 Work in Process	43,585,913	26,509,373
	3 Work in Process - Stock in Transit	-	1,607,250
	4 Finished Goods	16,812,371	11,389,805
	5 Store and Spares	10,761,925	12,977,740
	6 Others (Scrap)	614,963	343,360
		<u>205,238,647</u>	<u>160,559,282</u>
2.17	<u>TRADE RECEIVABLES:</u> (Unsecured Considered Good)		
	Debts outstanding for a period not exceeding six months from the date they are due for payment	922,908,494	644,929,488
		<u>922,908,494</u>	<u>644,929,488</u>



2 NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

Note No	Particulars	As at March 31, 2012	As at March 31, 2011
2.18	<u>CASH AND CASH EQUIVALENTS :</u>		
	BALANCE WITH BANKS IN FIXED DEPOSITS		
	- Held as margin money or security against borrowings	1,165,000	1,165,000
	In Cash Credit / Current Accounts	3,753,373	4,631,229
	Dividend Accounts	4,831,321	4,586,752
	Cash in Hand	330,787	208,294
		<u>10,080,481</u>	<u>10,591,275</u>
2.19	<u>SHORT TERM LOANS AND ADVANCES:</u>		
	(Unsecured Considered Good)		
	Others		
	Advances recoverable in cash or in kind for the value to be received	6,302,537	13,730,769
	Advance to Suppliers	12,681,741	6,006,176
	Balance with Central Excise Authorities	21,117,128	16,720,912
	Income Tax (net of provision)	7,624,246	26,559,943
		<u>47,725,652</u>	<u>63,017,800</u>
2.20	<u>OTHER CURRENT ASSETS:</u>		
	Prepaid Expenses	6,986,978	5,933,717
		<u>6,986,978</u>	<u>5,933,717</u>

NOTES TO AND FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

Note	Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
2.21	Revenue from Operations		
	Sale of Products	7,282,187,605	5,705,560,095
	Less: Excise Duty	523,245,708	506,698,284
	Revenue from Operations (Net)	<u>6,758,941,897</u>	<u>5,198,861,811</u>
	Product wise details		
	Mufflers	6,485,044,035	5,030,302,923
	Motorcycle Rims	366,196,163	394,635,094
	Scooter Wheels	215,643,131	161,999,110
	Other Components	215,304,276	118,622,968
		<u>7,282,187,605</u>	<u>5,705,560,095</u>
2.22	Other Income:		
	Interest Income:		
	- Interest from Fixed Deposit	39,458	66,050
	- Interest from Others	314,201	564,246
	Dividend Income:		
	- From Current Investments	26,766,856	9,985,531
	- Cash Discount received	5,668,065	5,188,446
	Profit on Sale of Fixed Assets (Net)	2,481,442	227,506
	Other Non-Operating Income	1,104,934	866,708
		<u>36,374,956</u>	<u>16,898,487</u>

NOTES TO AND FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

Note	Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
2.23	Cost of Materials Consumed:		
	Purchases Raw Materials and Packing Materials	5,155,519,381	3,853,027,644
	Add: Opening Balance of Stock	108,075,116	119,073,185
		<u>5,263,594,497</u>	<u>3,972,100,829</u>
	Less: Closing Balance of Stock	134,078,438	108,075,116
	Consumption of Materials	<u>5,129,516,059</u>	<u>3,864,025,713</u>
	Product wise details		
	CR and SS Strips	951,435,837	750,190,013
	Nickel	229,731,249	233,805,453
	Catalytic Converter	1,243,263,703	674,347,693
	Paint & Chemicals	258,266,627	241,491,134
	Components and BOPs	2,310,876,105	1,711,103,972
	Others (Net of Scrap Sales)	135,942,537	253,087,448
		<u>5,129,516,058</u>	<u>3,864,025,713</u>
2.24	Changes in Inventories of Finished Goods and Work in Progress		
	Finished Goods		
	At the beginning of the Accounting Period	11,389,805	7,446,263
	At the end of the Accounting Period	16,812,371	11,389,805
		<u>(5,422,566)</u>	<u>(3,943,542)</u>
	Work in Progress		
	At the beginning of the Accounting Period	26,511,083	12,136,827
	At the end of the Accounting Period	43,585,913	26,509,373
		<u>(17,074,830)</u>	<u>(14,372,546)</u>
	Total	<u>(22,497,396)</u>	<u>(18,316,088)</u>
2.25	Employee Benefits Expenses		
	Salaries and Wages	236,728,228	168,363,125
	Contribution to		
	Provident & Other Fund	18,614,724	11,304,051
	Superannuation Scheme	2,937,543	2,689,794
	Gratuity	6,689,982	6,963,311
	Other Expenses		
	Staff Welfare Expense	19,058,636	12,994,360
		<u>284,029,113</u>	<u>202,314,641</u>
2.26	Financial Costs		
	Interest Expense	72,232,973	39,694,035
	Other Borrowing Costs	5,635,146	5,179,900
	Applicable net gain/loss on foreign currency transaction and translation	4,162	(10,434)
		<u>77,872,281</u>	<u>44,863,501</u>
2.27	Depreciation and Amortization Expense		
	Depreciation and Amortization Expense	101,877,013	80,799,208
	Less : Capitalised on Account of Tools Manufactured	1,571,715	
		<u>100,305,298</u>	<u>80,799,208</u>



NOTES TO AND FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

Note Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
2.28 Other Expenses		
<u>Manufacturing Expense :</u>		
<u>Consumption of Stores and Spare Parts</u>		
Opening Stock	10,519,799	10,818,147
Add: Purchases	240,757,118	214,570,965
Total	251,276,917	225,389,112
Less: Closing Stock	8,326,664	10,519,799
	242,950,253	214,869,313
Power and Fuel	159,325,872	152,584,866
Rent	11,510,784	11,106,265
Repair to Buildings	3,015,906	968,595
Repair to Machinery	10,778,469	10,530,138
Repair and Maintenance Others	6,242,678	1,314,230
Rates and Taxes excluding Taxes on Income	5,604,823	7,584,437
Wages to Contractor	103,961,606	113,953,878
Job Work Charges	39,235,865	47,417,877
Freight Inward	10,107,740	18,153,804
Freight & Cartage (outward)	52,713,834	59,975,573
Miscellaneous Expenses	97,864,831	75,808,959
	743,312,661	714,267,935
2.29 Additional Informations		
A <u>Payment to the Auditors as</u>		
Auditor	400,000	300,000
For Taxation Matters	90,000	60,000
For Other Services	160,000	145,000
Total	650,000	505,000
B Value of Imports Calculated on C.I.F basis by the Company during the Financial Year in respect of Capital Goods	32,665,447	50,209,655
Total	32,665,447	50,209,655
C Expenditure in Foreign Currency during the Financial Year on Account of		
Professional and Consultation Fees	1,279,202	-
Interest	8,665,013	7,953,809
Foreign Travelling	2,040,769	3,234,488
Total	11,984,984	11,188,297
D Break up of Consumption		
I <u>Raw Materials</u>		
Total Consumption		
Indigenous		
Value	5,129,516,059	3,864,025,713
% of total	100%	100%
II Spare Parts and Components		
Indigenous		
Value	242,950,253	214,869,313
% of total	100%	100%

NOTES TO AND FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

Note Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
E The amount remitted during the year in		
Foreign Currencies on Account of Dividends	-	-
F Earning in Foreign Exchange		
I Export of Goods on FOB Basis	-	-
II Royalty, Know-how, Professional and Consultancy Fees	-	-
III Interest and Dividends	-	-
IV Other Income	-	-
Total	-	-
G Details of Contingent Liabilities		
I Unexpired Letters of Credit (Net of Margin Money)	-	22,336,338
II Unexpired Bank Guarantee (Net of Margin Money)	1,496,000	1,496,000
III Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (Net of Advances)	6,962,343	80,255,538
IV Estimated amount on Account of pending cases under the Labour Laws	10,554,853	2,589,816
V Income Tax Matters in dispute	8,467,627	4,144,819
VI Sales Tax Matters in dispute	5,789,729	5,789,729
VII Excise Matters	5,901,332	5,901,332
H In respect of an interest-free LEEP loan availed by the company at the time of the setting up a project at Waghodia, Gujarat by the company, GIIC (A Government of Gujarat undertaking that had disbursed the said LEEP loan on its behalf) had raised a claim of interest amounting to Rs.17 lac payable since 1997. GIIC has claimed that there was a delay in repayment of first 2 installments of the said LEEP loan repaid by the company in earlier years. The Company disputed this. Negotiation in the matter is continuing. Meanwhile, after adding interest @ 24% on the aforesaid disputed amount of interest; GIIC has raised its claim further to Rs. 194 Lacs up to 31.12.05 (Previous Year: Rs. 194.00 Lacs). No provision is made in books of accounts for the above interest claim as the Company expects that such a claim of GIIC is not tenable.		
I Related Party Disclosure		
a) Key Management Personnel		
Mr. Satyanand Munjal	Chairman	
Mr. Sudhir Munjal	Managing Director	
Mrs. Anju Munjal	Whole Time Director	
Mr. Anuj Munjal	Whole Time Director	
b) Enterprise which has ability to control the Company		
Thakurdevi Investments Private Limited	Holding Company	
c) Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence		
Chopra Industries Private Limited		
Chopra Autotech Private Limited		
Amar Autotech Private Limited (Formerly known as Amar Sons)		



NOTES TO AND FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

d) Transactions with the related parties during the year :

Nature of Transactions	For the year ended March 31, 2012	For the year ended March 31, 2011
a) Key Managerial Personnel		
Remuneration	24,056,400	23,168,400
Commission	29,103,815	13,276,365
Balance outstanding at the end of the year		
- Payables (other than Commission)	1,800,000	1,800,000
b) Enterprise which are able to exercise control over the Company		
Dividend Paid	56,104,838	37,403,225
c) Enterprises over which key management personnel and their relatives are able to exercise significant influence		
Sale of Goods (net of discount and returns)	-	51,001,185,464
Purchase of Goods	1,730,991,289	1,586,754,104
Balance outstanding at the end of the year		
- Receivables	-	615,174,722
- Payables	176,838,013	211,584,952

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

i Defined Contribution Plans

Contributions to defined contribution plan recognised as expenses when contributions become due.

Amounts recognised for the year are as under.

	2011-12	2010-11
Employer's contribution to Provident Fund	13,291,169	9,075,048
Employer's contribution to Superannuation Fund	2,937,543	2,689,794

(Amount in Rs.)

NOTES TO AND FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

ii Defined Benefit Plans

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

	2011-12		2010-11	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
I Change in benefit obligation				
Opening benefit obligation	33,987,492	17,442,601	25,539,166	12,900,051
Service cost for the year	4,314,078	3,002,181	3,237,521	2,240,830
Interest cost for the year	2,718,999	1,395,408	2,106,981	1,064,254
Actuarial losses / (gains) on curtailments	1,718,181	(344,266)	3,321,543	2,486,908
Benefits paid	(1,365,894)	(2,165,583)	(217,719)	(1,249,442)
Closing defined benefit obligation	41,372,856	19,330,341	33,987,492	17,442,601
II Fair Value of Plan Assets				
Opening fair value of plan assets	22,774,926	-	18,577,095	-
Expected return on plan assets	2,097,279	-	1,784,218	-
Contribution by employer	2,422,242	-	2,712,816	-
Benefits paid	(1,365,894)	-	(217,719)	-
Actuarial (loss) / gain on plan assets	(36,003)	-	(81,484)	-
Closing balance of fair value of plan assets	25,892,550	-	22,774,926	-
III Actual Return on Plan Assets				
Actual return on plan assets	2,061,276	-	1,702,734	-
Expected return on plan assets	2,097,279	-	1,784,218	-
Actuarial gain / (loss) on plan assets	(36,003)	-	(81,484)	-
IV Amount Recognised in the Balance Sheet				
Present value of defined benefit obligation	41,372,856	19,330,341	33,987,492	17,442,601
Plan assets at the end of the period at fair value	25,892,550	-	22,774,926	-
Liability recognised in the balance sheet	15,480,306	19,330,341	11,212,566	17,442,601
V Amount Recognised in Statement of Profit and Loss				
Current service cost	4,314,078	3,002,181	3,237,521	2,240,830
Interest on obligation	2,718,999	1,395,408	2,106,981	1,064,254
Expected return on plan assets	(2,097,279)	-	(1,784,218)	-
Net actuarial loss / (gain) recognised in the year	1,754,184	(344,266)	3,403,027	2,486,908
Total included in 'employee benefit expense'	6,689,982	4,053,323	6,963,311	5,791,992
VI Investment Details (% invested)				
Policy of insurance	100%	-	100%	-
VII Actuarial Assumptions				
Discount rate current	8.25%	8.25%	8.00%	8.00%
Rate of return on plan assets current	9.00%	-	9.00%	-
Proportion of employees opting for early retirement	-	-	-	-
Annual increase in salary costs	7.50%	7.50%	7.50%	7.50%



NOTES TO AND FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

K Segment Reporting

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

- L The Company as well as various industrial units in Waghodia have disputed their liability to pay octroi duty and hence the company deposited the amount of Rs. 15.45 lacs under protest which is held in a separate bank account in the name of Sarpanch, the Waghodia Gram Panchayat and the Company as the second party under a Court directive. By virtue of a subsequent notification of the State Government of Gujarat, the company, like other industrial units in the notified area of Waghodia, is not required to pay the octroi Duty from 19th July, 1997. The company believes it has no liability for octroi duty even for the earlier period. Association for Industrial Units in Waghodia has filed a suit for recovery of amounts paid under protest, which is still pending for final decision. Therefore, the said amount of Rs.15.45 Lacs (Previous Year Rs.15.45 lacs) is included in Balance Sheet under the head "Loans & Advances" and no provision is made for liability of octroi in this respect. In the absence of clarity regarding rights of respective parties, interest credited by the bank amounting to Rs.13.44 Lacs (Previous Year: Rs.12.37 Lacs) on the aforesaid amount till 31st March 2012 is not accounted for.
- M Company has paid excise duty of Rs.23.61 lacs (previous year Rs.23.61 lacs) which is claimed by the company to be refundable and shown under loans and advances. The company has filed an appeal and the matter is pending with the Custom, Excise & Service tax Appellate Tribunal.
- N Figures of the previous year have been regrouped and / or recast, wherever considered necessary to conform to to the grouping of the current year.
- O The Company has amounts dues to Micro, Small and Medium Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 as at 31st March, 2012

	As at March 31, 2012	As at March 31, 2011
The Principal amount and interest due thereon remaining unpaid		
- Principal Amount	23,958,971	31,440,615
- Interest	740,385	467,832
Amount of Interest paid by Company along-with the amounts of payments made beyond the appointed day for the year ending on 31 st March, 2012	-	-
Amount of interest due and payable for the period of delay in making payment beyond appointed day during the year	740,385	467,832
Amount of interest accrued and remaining unpaid	740,385	467,832
Amount of further interest remaining due and payable for earlier year	1,337,386	869,553

- P The Company has taken premises under operating lease. These lease agreements are normally for a period of less than one year. These are generally not "non-cancellable" and are renewable by mutually agreed terms. Rental expenses towards cancellable operating leases charged to profit and loss account amounts to Rs.1,15,10,784/- (previous year Rs.1,11,06,265/-)

- Q The details of forward contracts outstanding at the year end are as follows;

Currency	As at March 31, 2012		As at March 31, 2011		Purpose
	No. of Contracts	Amount Contract	No. of	Amount	
USD	5	45.00 Lacs	2	16.50 Lacs	For Foreign Currency Non-Resident Bank Term Loan repayment

CORPORATE GOVERNANCE

Your Company believes that sound corporate governance is critical for enhancing long-term shareholder value and retaining investor trust. Your company is committed towards transparency in all its dealings and to that end ensures that its performance goals are met with integrity. Good Governance goes beyond working results and financial propriety and is a pre-requisite for attainment of excellent performance.

Governance is moulded in culture of your company that is built upon core values, beliefs and ethics.

A Report on compliance with the Code of Corporate Governance as prescribed by the Securities and Exchange Board of India and incorporated in the Listing Agreement is given below:

1. Board of Directors

The composition of the Board of Directors (Board) of your Company is in conformity with Clause 49 of the Listing Agreement as amended from time to time. The Non-Executive Chairman of the Company is a Promoter and the number of Non-Executive independent Directors is more than one-half of the total number of Directors. The Board reviews and approves strategy; oversees the actions and results of management to ensure that the long term objectives of enhancing stakeholders' value and other stakeholders' interest are met.

Managing Director and Whole Time Directors are the Executive Directors looking after the day-today Management of your Company. The Chairman, Managing Director and Two Whole Time Directors belong to the Company's promoter group. The remaining Non-Executive Directors comprising of six independent Directors possess requisite qualifications and experience in general corporate management, finance, banking and other allied fields which enable them to contribute effectively to the Company in their capacity as Directors.

Apart from reimbursement of expenses incurred in the discharge of their duties, the remuneration that these Directors would be entitled under the Companies Act, 1956 as Non-Executive Directors. None of these directors has any other material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management or its Subsidiaries and Associates which in their judgment would affect their independence. None of the Directors, other than those belonging to the promoter group of the Company are inter-se related to each other.

The Senior Management of the Company have made disclosures to the Board confirming that there are no material financial and/or commercial transactions between them and the Company which could have potential conflict of interest with the Company at large.

a. Composition of the Board

The Board comprises ten Directors as on 31st March 2012. The names and categories of Directors, the number of Directorships and Committee positions held by them in the companies are given below. None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49 of the Listing Agreement), across all the companies in which he is a Director. Shri Om Prakash Munjal had expressed his unwillingness to reappoint due to his preoccupation at 26th AGM therefore ceased to be Director w.e.f. 24th September, 2011.

b. Board Procedure

A detailed Agenda folder is sent to each Director in advance of the Board and to the Director concerned in advance of the committee Meetings. To enable the Board to discharge its responsibilities effectively, Managing Director apprise the Board at every Meeting of the overall performance of the Company, followed by presentations as and when necessary. The Board also inter alia reviews strategy and business plans, annual operating and capital expenditure budgets, investment and exposure limits, compliance reports of all laws applicable to the Company as well as steps taken by your Company to rectify instance of non-compliances, review of major legal issues, adoption of quarterly/half years/ annual results, significant labour issues, transactions pertaining to purchase/disposal of property(ies), major accounting provisions and write-offs/impairment etc. Minutes of Meetings of the Audit and other Committees of the Board and information on recruitment of officers just below the Board level including the Company Secretary and Compliance Officer.

c. Number of Board Meetings, Attendance of Directors at Meetings of the Board and at the Annual General Meeting

Five Board meetings were held on May 12, 2011, August 11, 2011, September 24, 2011, November 07, 2011 & February 14, 2012 in due compliance with the stipulated provisions. The attendance record of members of the Board is given below

Name of Director	Number of Board Meeting held during his / her tenure and attended by him/her		Attendance at AGM	No. of Outside Directorship held	No. of Committee Membership held	Number of Committee Chairmanship held
	Held	Attended				
Executive Directors						
Mr. Sudhir Munjal	5	5	Yes	None	None	None
Mrs. Anju Munjal	5	5	Yes	None	None	None
Mr. Anuj Munjal	5	5	Yes	None	None	None
Non-Executive Directors						
Mr. Satyanand Munjal	5	None	No	3	None	None
Mr. Om Prakash Munjal	3	None	No	5	None	None
Non-Executive and Independent Directors						
Mr. Vikram Shah	5	5	Yes	None	None	None
Mr. Naresh Chawla	5	4	Yes	None	None	None
Mr. Mahendra Sanghvi	5	3	Yes	2	2	None
Mr. Ramkisan Devidayal	5	5	Yes	3	4	3
Mr. Sudesh Kumar Duggal	5	5	Yes	1	None	None
Mr. Jal Ratanshaw Patel	5	2	Yes	5	4	4

d. Director seeking re-appointment

According to the Articles of Association, one-third of the Directors retires by rotation and, if eligible, offers themselves for re-election at the Annual General Meeting of shareholders. Accordingly, Mr. Jal Ratanshaw Patel and Mr. Ramkisan Devidayal will retire in the ensuing Annual General Meeting. Mr. Jal Ratanshaw Patel and Mr. Ramkisan Devidayal both of them, being eligible, offer themselves for reappointment.

The Board has recommended the reappointment of Mr. Jal Ratanshaw Patel and Mr. Ramkisan Devidayal.

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

e. Code of Conduct

The Company has formulated Code of Conduct for Board, Senior Management and employees of the Company. Board and senior management personnel have confirmed their compliance with Code of Conduct for the year ended 31st March, 2012.

f. CEO/CFO Certification

As required under Clause 49 V of the Listing Agreement with the Stock Exchanges, Managing Director and the GM (Finance) of the Company have certified to the Board regarding the Financial Statements for the year ended 31st March, 2012.

2. Remuneration to Directors

a. Remuneration Policy

While deciding the remuneration of Executive Directors, Remuneration/ Compensation Committee ("Committee") considers the performance of your Company, the current trends in the industry, the qualification of the appointees(s), their experience, past performance and other relevant factors. The Board/Committee regularly keeps track of the market trends in terms of compensation levels and practices in relevant industries. Staying abreast with such information is used to review remuneration policies.

b. Remuneration paid/payable to Managing/Executive Director (Whole Time Directors) for the year ended 31st March, 2012

Following is the remuneration paid/payable to the Executive Directors during the year ended 31st March, 2012.

(Amount in Rs.)

Name of Directors	Fixed salary	Variable salary	Benefits, Perquisites and allowances	Commission	Sitting Fee & allowance	Total Compensation	Notice period (in days)
Mr. Sudhir Munjal	48,00,000	-	59,36,400	14100000	-	2,48,36,400	180
Ms. Anju Munjal	36,00,000	-	43,92,000	9000000	-	1,69,92,000	180
Mr. Anuj Munjal	24,00,000	-	29,28,000	6003815	-	1,13,31,815	180
Mr. Satyanand Munjal	-	-	-	-	-	-	-
Mr. Om Prakash Munjal	-	-	-	-	-	-	-
Mr. Vikram Shah	-	-	-	-	1,54,000	1,54,000	-
Mr. Naresh Chawla	-	-	-	-	1,22,000	1,22,000	-
Mr. Mahendra Sanghvi	-	-	-	-	1,02,000	1,02,000	-
Mr. Ramkisan Devidayal	-	-	-	-	1,40,000	1,40,000	-
Mr. Sudesh Kumar Duggal	-	-	-	-	80,000	80,000	-
Mr. Jal Ratanshaw Patel	-	-	-	-	40,000	40,000	-

3. Risk Management

Your Company has a well-defined risk management framework in place. Further, your company has established procedures to periodically place before the Board, the risk assessment and minimization procedures being followed by the company and steps taken by it to mitigate these risks.

4. Committees of the Board

a. Audit Committee

This Committee comprises solely of Independent Directors viz. Mr. Vikram Shah, Mr. Naresh Chawla, Mr. Mahendra Sanghvi and Mr. Ramkisan Devidayal. All the Members of the Committee possess strong accounting and financial management knowledge.

The Company's Audit Committee functions under the Chairmanship of Mr. Vikram Shah. Four Audit Committee meetings were held on May 12, 2011, August 11, 2011, November 07, 2011 & February 14, 2012 in due compliance with the stipulated provisions. The attendance record of members of the Audit Committee is given below:

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

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

The terms of reference of this committee are wide. Besides having access to all the required information from Company, the committee can obtain external professional advice whenever required. The committee acts as a link between the Statutory and the Internal Auditors and the Board of Directors of the Company. It is authorized to select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet with them to discuss their findings, suggestions and other related matters.

b. Remuneration/Compensation Committee

The role of the Remuneration/Compensation Committee is to review market practices and to decide on remuneration packages applicable to the Managing Director & Executive Directors of the Company.

One Remuneration Committee meeting was held on August 11, 2011 during the F.Y. 2011-12. The attendance record of the Remuneration Committee is given below

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

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

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

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

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

The Company does not have any stock option scheme. None of the Directors hold any shares in the company except Mr. Naresh Chawla who hold 250 shares & Ms. Anju Munjal who hold 935 shares as on 31st March, 2012.

c. Shareholders/Investor Grievance Committee

The Shareholders/ Investors Grievance Committee functions under the Chairmanship of Mr. Naresh Chawla. Four Investor Grievance Committee meetings were held during the year on May 12, 2011, August 11, 2011, November 07, 2011 & February 14, 2012. The attendance record of members of the Shareholder Grievance Committee is given below

Name of Director	Position held in the Committee	No. of Meetings held during tenure	No. of Meetings Attended
Mr. Naresh Chawla	Chairman	4	3
Mr. Vikram Shah	Member	4	4
Mr. Mahendra Sanghvi	Member	4	3
Mr. Ramkisan Devidayal	Member	4	4

The committee meets as and when required, to inter alia deal with matters relating to transfer of shares and monitor redressal of complaints from shareholders relating to transfers, non-receipt of Balance Sheet, non-receipt of dividends declared etc. With a view to expediting the process of share transfers, necessary authority has been delegated to approve the transfers of shares.

COMPLAINTS / REQUESTS RECEIVED AND REDRESSED DURING 2011-12

Nature of Complaint / Query	Received	Cleared	Pending
1. Inquiry pertaining to non receipt of shares sent for transfer	11	11	-
2. Non receipt of Dividend	59	59	-
3. Dematerialization of shares/ Transmission of shares/ Name deletion	21	21	-
4. Letters received from SEBI / Stock Exchanges / other statutory bodies	-	-	-
5. Loss of shares / Issue of duplicate certificates	24	24	-
6. Request for nominations	-	-	-
7. Exchange new certificate	11	11	-
8. Miscellaneous queries	41	41	-

d. Share Transfer Committee

The 'Share Transfer Committee' oversees the functioning of the secretarial department to render effective and satisfactory services to the investors. The meetings of Share Transfer Committee are held every fortnight. During the year, the committee met 16 times to consider and approve the requests pertaining to the share transfers, transmission, dematerialization, rematerialisation, issue of duplicate share certificates etc. Details of the Share Transfer Committee members are given below:

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

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

Name & designation of Compliance Officer

Mr. Rakesh Johari: Company Secretary

5. Disclosure

a. Disclosure of transactions with Related Parties

During the financial year 2011-12, there were no materially significant transactions entered into between the Company and its Promoter, Directors or the Management, subsidiaries or relatives etc, that may have potential conflict with the interests of the company at large.

b. Disclosure of Accounting Treatment in preparation of Financial Statements.

Your Company has followed the Accounting Standards laid down by the Companies (Accounting Standards) Rule, 2006 in preparation of its Financial Statements.

c. Code for Prevention of Insider Trading Practices

The Company has instituted a comprehensive Code of Conduct for Prevention of insider Trading for its designated employees, in compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the company and cautioning them the consequences of violations.

d. Share holder Information

1. Annual General Meeting

Date	September 22, 2012
Day	Saturday
Time	3.00 PM
Venue	Registered Office of the Company: 187, GIDC Industrial Estate, Waghodia – 391760, Dist. Vadodara

2. Dates of Book Closure

September 17, 2012 to September 22, 2012 (both days inclusive)

3. Date of Dividend Payment

On or after September 22, 2012, but within the statutory time limit of 30 days, subject to shareholders' approval.

4. Financial Year of the Company

Financial reporting for the quarter ending	
Jun 30, 2012	On or before Aug 14, 2012
Sep 30, 2012	On or before Nov 14, 2012
Dec 31, 2012	On or before Feb 14, 2013
Mar 31, 2013	On or before May 31, 2013

5. Registered Office

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

6. Corporate Office :

301, 3rd Floor, Galleria Tower, DLF Phase IV, Gurgaon- 122 002,
Tel : (0124) 4057891/4057892

7. Listing of Equity Shares on Stock Exchange:

Listing Fees:

Listing fees for the year 2012-13 has been paid to the Stock Exchanges, where the equity shares of the company are listed (i.e. BSE & NSE) within stipulated time.

Listing on Stock Exchanges: Equity shares of the company are presently listed on following Stock Exchanges:

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

8. Stock Code

The Bombay Stock Exchange Limited (BSE)	520059
National Stock Exchange of India Limited (NSE)	MUNJALAU
International Securities Identification Number (ISIN) for NSDL & CDSL	INE 672B01032

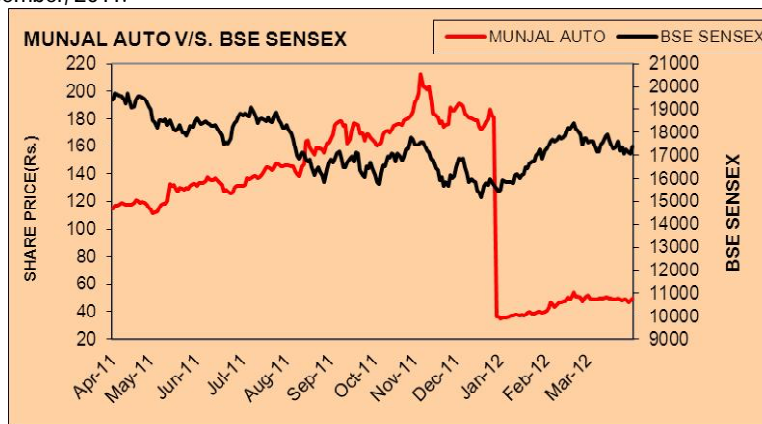
9. Stock Performance

Monthly high and low stock quotations during the financial year 2011-12 on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) are given below :

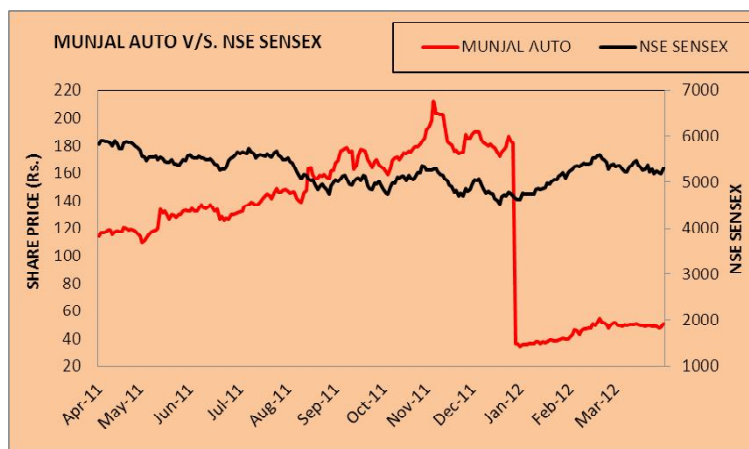
SHARE PRICE DATA (NSE & BSE)

Month	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High (Rs.)	Low (Rs.)	Volume (Nos.)
April 2011	123.00	113.00	46740	122.80	113.00	48179
May 2011	138.65	110.00	242520	139.05	108.60	232836
June 2011	142.00	123.60	86020	150.00	121.05	53611
July 2011	150.00	129.60	88007	154.00	129.60	74636
August 2011	173.00	133.20	270416	173.00	133.20	285187
September 2011	178.90	160.00	157371	178.95	160.00	178728
October 2011	187.90	159.00	66398	186.60	152.30	62742
November 2011	218.00	171.00	299581	218.40	170.20	442700
December 2011	193.95	* 36.00	65944	199.00	* 35.00	104008
January 2012	40.25	35.40	221171	40.25	35.05	426668
February 2012	54.25	40.95	941608	54.40	41.10	1269069
March 2012	51.50	47.30	238288	51.20	47.40	312446

*Indicated Share Price is price of Face Value of Rs.2/- each. Every 1(One) existing equity share of Rs. 10/- (Ten only) each subdivided into 5 (Five only) Equity Shares of Rs. 2/- (Two only) each pursuant to Section 94 (1) (d) of the Companies Act, 1956 w.e.f.31st December, 2011.



COMPANY'S SHARE PRICE MOVEMENT VIS A VIS NIFTY



10. Registrar and Transfer Agent

M/s. MCS Limited

Contact Person: Mr. S. M. Gandhi

1st floor, Neelam Apartment, 88, Sampatrao Colony, B/h Standard Chartered Bank, Alkapuri, Vadodara – 390 007 (Gujarat)

Tel.: +91 265 2350490 / 2314757, Fax: +91 265 2341639 E-mail: mcsLtdbaroda@yahoo.com; mcsvadodara@rediffmail.com

11. Share Transfer System

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

The total number of shares transferred in physical form during the year 2011-12 was 8,200.

12. Distribution of Shareholding as on 31st March, 2012

Distribution of Shareholding by number of shares held and shareholding pattern in percentage (pursuant to Clause 35 of the Listing Agreement) as on March 31, 2012 are given below:

No. of Equity Shares held	No. of Shareholders	%	No. of Shares	%
Up to 500	6005	67.62	1605509	3.21
501 – 1000	923	10.40	787650	1.58
1001 – 2000	895	10.08	1285716	2.57
2001 – 3000	473	5.33	1195735	2.39
3001 – 4000	112	1.26	402413	0.80
4001 – 5000	154	1.73	746200	1.49
5001 – 10000	160	1.80	1183202	2.37
10001 – 50000	131	1.47	2809477	5.62
50001 – 100000	18	0.20	1295008	2.59
100001 & above	9	0.10	38689090	77.38
Total	8880	100.00	50000000	100.00

Shareholding Pattern as on 31st March, 2012

Category	Holders (No.)	No. of Shares held	Voting Strength (%)
PROMOTER HOLDING			
Indian promoters	1	3,74,03,225	74.81
Total of promoter holding	1	3,74,03,225	74.81
NON PROMOTER HOLDING			
Institutional investors			
- Mutual funds	4	10500	0.02
- Banks, financial institutions, insurance companies	7	25705	0.05
- Foreign institutional investors	0	0	0
Others			
- Private Corporate bodies	292	1522353	3.04
- Indian public	8444	10824512	21.65
- NRIs / OCBs	132	213705	0.43
- Co-op. Banks, Co-op. Societies, Trust	0	0	0.00
- Shares in transit	0	0	0.00
Total of non promoter holding	8879	12596775	25.19
Grand total	8880	50000000	100.00

13. Dematerialization of Shares

Equity shares of the Company, which are under compulsory dematerialisation list, are available for trading under National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on March 31, 2012, 4,83,90,215 equity shares of the company, forming 96.78% of the total paid up equity share capital, stands dematerialised. All requests for dematerialisation of shares are processed within the stipulated time.

14. Outstanding GDRs/ADRs/Warrant or any Convertible Instruments, Conversion date and likely impact on equity

Not applicable

15. Plant Locations

Regd. Office & Unit I

187, GIDC Industrial Estate,
Waghodia – 391 760
Dist. Vadodara, Gujarat. India
Tel: +91 2668 262421-26
Fax: +91 2668 262427

Unit II

Plot No.37, Sector 5
Phase II, Growth Centre
Bawal – 123 501
Dist. Rewari, State : Haryana
Tel: (01284) 264434-36

Unit III

Plot No.11, Industrial Park -2
Village :Salempur, Mehdood
Haridwar – 249 402
Dist. Haridwar, Uttarakhand
Tel:(01334)235530/ 645256-57

16. Address for Correspondence

For queries relating to:

Shares and Dividend

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

Financial Statements

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

6. Other Disclosures

a. Details of Annual General Meetings and Special Resolutions passed

Financial year (ended)	Date	Time	Venue	Special Resolution passed
Mar 31, 2009	August 29, 2009	3.00 p.m.	187, GIDC Industrial Estate, Waghodia 391 760, Dist. Vadodara, Gujarat. India	Special Resolution was passed for reappointment of Ms. Anju Munjal as Whole Time Director for 5 Years.
Mar 31, 2010	September 25, 2010	3.00 p.m.	- do -	Special Resolution was passed for appointment of Mr. Anuj Munjal as Whole Time Director for 5 Years.
Mar 31, 2011	September 24, 2011	3.00 p.m.	- do -	No Special resolution was passed

b. Postal Ballot

During the year under review no special resolution was passed through postal ballot. However, following ordinary resolutions were passed through postal ballot process conducted by Mr. Devesh A. Pathak, Practising Company Secretary:

1. One Ordinary Resolution in terms of section 293(1)(a) in respect of mortgaging/ hypothecating the immovable and movable properties of the Company wherever situated present and future in favour of any Bank or Financial Institution or any lender for securing the borrowings by the Company including any money payable to them like interest, commission and other bank charges from time to time, was approved on 23rd April, 2011 with assent of 99.96%.

2. Three Ordinary Resolutions were passed in respect of-

- (i) Increase in Authorised Capital from Rs. 12,50,00,000 (Rupees Twelve Crores Fifty Lacs Only) divided into 1,25,00,000 (One Crores Twenty Five Lacs Only) Equity Shares of Rs. 10/- each to Rs. 25,00,00,000 (Rupees Twenty Five Crores Only) divided into 10,00,00,000 (Ten Crores Only) Equity Shares of Rs. 2/- (Two only) each and Rs. 5,00,00,000 (Rupees Five Crores Only) as unclassified shares pursuant to Section 94 (1) (a) of the Companies Act, 1956.
- (ii) Sub division of every 1(One) existing equity share of Rs. 10/- (Ten only) each into 5 (Five only) Equity Shares of Rs. 2/- (Two only) each pursuant to Section 94 (1) (d) of the Companies Act, 1956. and
- (iii) Alteration of Clause V (Authorised Share Capital Clause) of Memorandum of Association of the Company.

These three Ordinary Resolutions were approved on 14th November, 2011 with assent of 99.996%, 99.997% and 99.997% respectively

c. Details of non compliance etc.

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

d. Means of Communication

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

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

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

e. Compliance with Mandatory requirements

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

f. Compliance with Non-mandatory requirements

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

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

g. Whistle Blower Policy :

The Company has not adopted any separate "Whistle Blower" policy. However under the provision of fraud prevention policy adopted by the Company, a whistle Blower Policy is in place for reporting of fraud or suspected fraud involving employees of the company as well as representatives of vendors, suppliers, contractors, consultants, service providers or any other party doing the business with Munjal Auto Industries Limited. All reports of fraud or suspected fraud are investigated with utmost speed.

Your Company is in substantial compliance with the guidelines and it will always be the company's endeavor to attain the best practices in Corporate Governance.

CEO & CFO CERTIFICATE

We hereby certify to the Board that:

- (a) We have reviewed Financial Statements and the Cash Flow Statement for the year ended 31st March, 2012, and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We 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. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such Internal Controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit committee:
 - (i) Significant changes in Internal Control over financial reporting during the year;
 - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's Internal Control System over financial reporting.

Date : May 26, 2012
Place : Waghodia

S K Sharma
GM (Finance)

Sudhir Munjal
Managing Director



AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO
THE MEMBERS OF MUNJAL AUTO INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance of Munjal Auto Industries Limited for the year ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

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

Sd/-

SURENDRA MODIANI
PARTNER
Membership No.047966

Place : Vadodara
Date : May 26, 2012

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NOTICE

Notice is hereby given that the 27th Annual General Meeting (AGM) of the Members of MUNJAL AUTO INDUSTRIES LIMITED will be held on Saturday, September 22, 2012, at 3.00 p.m. at the Registered Office of the Company at 187, GIDC Industrial Estate, Waghodia – 391 760, Dist: Vadodara, to transact the following business :-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012, the profit & loss account for the year ended on that date, together with the Reports of the Board of Directors' and the Auditors thereon.
2. To declare a dividend of Rs.2/- per equity share on 5,00,00,000 equity shares of Rs.2/- each for the financial year 2011-12.
3. To appoint Director in place of Mr. Ramkisan Devidayal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Director in place of Mr. Jal Ratanshaw Patel, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. Vakil, Jain & Hindocha, Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification(s), as a **SPECIAL RESOLUTION**, the following:
"RESOLVED that in modification of Resolution No.2 passed by members through Postal Ballot on 31st December,2008 for reappointment of and remuneration payable to Mr. Sudhir Munjal as a Managing Director and in accordance with the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 ('Act') read with Schedule XIII of the Act, the Company hereby approves the revision in the basic salary and allowances payable to Mr. Sudhir Munjal as Managing Director of the Company (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) with effect from April 1, 2012 for the remainder of the tenure of his contract as set out in the Explanatory Statement annexed to the Notice convening this meeting;
RESOLVED further that the Board be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."
7. To consider and, if thought fit, to pass with or without modification(s), as a **SPECIAL RESOLUTION**, the following:
"RESOLVED that in modification of Resolution No. 10 passed by the members at the Annual General Meeting held on 29th August,2009 for reappointment of and remuneration payable to Mrs. Anju Munjal as a Whole Time Director and in accordance with the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 ('Act') read with Schedule XIII of the Act, the Company hereby approves the revision in the basic salary and allowances payable to Mrs. Anju Munjal as Whole Time Director of the Company (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of her appointment) with effect from April 1, 2012 for the remainder of the tenure of her contract as set out in the Explanatory Statement annexed to the Notice convening this meeting;
RESOLVED further that the Board be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."
8. To consider and, if thought fit, to pass with or without modification(s), as a **SPECIAL RESOLUTION**, the following:
"RESOLVED that in modification of Resolution No. 9 passed by the members at the Annual General Meeting held on 25th September,2010 for appointment of and remuneration payable to Mr. Anuj Munjal as Whole Time Director and in accordance with the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 ('Act') read with Schedule XIII of the Act, the Company hereby approves the revision in the basic salary and allowances payable to Mr. Anuj Munjal as Whole Time Director of the Company (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) with effect from April 1, 2012 for the remainder of the tenure of his contracts as set out in the Explanatory Statement annexed to the Notice convening this meeting;
RESOLVED further that the Board be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

Place : Waghodia
Date : August 07,2012

Registered Office:
187, GIDC Industrial Estate,
Waghodia – 391 760
Dist.: Vadodara (Gujarat)

By Order of the Board of Directors
For Munjal Auto Industries Ltd.

Sd/-
Rakesh Johari
Company Secretary

NOTES:

1. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND THE MEETING AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
3. The instrument appointing the proxy must be deposited at the Registered Office of the Company at 187, GIDC Industrial Estate, Waghodia-391 760, Dist: Vadodara not less than 48 hours before the commencement of the meeting.
4. Members / proxies should bring duly filled attendance slips sent herewith to attend the meeting.
5. The Register of Directors' shareholding, maintained under Section 307 of the Companies Act, 1956, will be available for inspection by the members at the AGM.
6. The Register of Members and Share Transfer Books will remain closed from September 17, 2012 to September 22, 2012 (both days inclusive).
7. Subject to the provisions of Section 206A of the Companies Act, 1956, dividend as recommended by the Board of Directors, if approved, at the meeting, will be payable on or after September 22, 2012 to those members whose names appear on the register of members as on September 14, 2012.
8. Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updates of savings bank account details to their respective Depository Participants.
9. Members are requested to address all correspondences, including dividend matters, to the Registrar and Share Transfer Agent, M/s. MCS Limited, 1st Floor, Neelam Apartments, 88, Sampatrao Colony, Vadodara 390 007, Gujarat, India, Tel: +91(265) 2350490/2314757 Fax: +91 (265) 2341639. Email: mcsltdbaroda@yahoo.com
10. Members, who desire to seek any information pertaining to Annual accounts and operations of the Company, are requested to address their questions / queries to the Company Secretary of the Company so as to reach the same at least seven days before the date of the Annual General Meeting to enable the Company to make the information sought available to the best extent possible.
11. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with Company Secretary, at the Company's Registered Office. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 205 A of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund. Members are encouraged to utilize the electronic clearing system (ECS) for receiving dividends.
12. Dividend for the financial year ended 31st March, 2005, which remains unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government ('IEPF') this year, pursuant to Section 205A of the Companies Act, 1956. Dividend declared for the financial year 2004-05 is in the process of transfer to IEPF.

Members may please note that once the unclaimed dividend is transferred to the Investor Education and Protection Fund of the Central Government, it can not be claimed.

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

Financial Year ended	Date of Declaration of Dividend	Last Date upto which claim can be lodged for unpaid Dividend
31.03.2005	28.09.2005	04.10.2012
31.03.2006	23.09.2006	29.09.2013
31.03.2007	22.09.2007	28.09.2014
31.03.2008	26.09.2008	02.10.2015
31.03.2009	29.08.2009	04.09.2016
31.03.2010	25.09.2010	01.10.2017
31.03.2011	24.09.2011	30.09.2018

14. **Member holding shares in physical form are requested to get their shares dematerialised (dematted).**



Explanatory statement under Section 173 (2) of the Companies Act, 1956.

Item Nos. 6, 7 and 8

Mr. Sudhir Munjal was re-appointed as Managing Director of your Company for a further period of five years effective from October 30, 2008, Mrs. Anju Munjal was re-appointed as Whole Time Director for a further period of five years effective from September 29, 2009 and Mr. Anuj Munjal was appointed as Whole Time Director w.e.f. June 01, 2010 for five years. Considering the valuable contributions and the increased job responsibilities of these Directors, the Board of Directors at its meeting held on August 07, 2012, have, in consonance with to the recommendation of the Remuneration Committee, approved an upward revision in the emoluments to be paid to Mr. Sudhir Munjal, Mrs. Anju Munjal and Mr. Anuj Munjal, Executive Directors of the Company w.e.f. April 1, 2012 as under:

1. Mr. Sudhir Munjal: Increase in basic salary from Rs. 4,00,000 p.m. to Rs.5,00,000 p.m. and consequent increase in allowances from Rs. 4,00,000 p.m. to Rs.5,00,000 p.m.
2. Mrs. Anju Munjal: Increase in basic salary from Rs. 3,00,000 p.m. to Rs. 4,00,000 p.m. and consequent increase in allowances from Rs. 3,00,000 p.m. to Rs. 4,00,000 p.m.
3. Mr. Anuj Munjal: Increase in basic salary from Rs. 2,00,000 p.m. to Rs. 3,00,000 p.m. and consequent increase in allowances from Rs. 2,00,000 p.m. to Rs. 3,00,000 p.m.

All other terms and conditions of their appointments shall remain the same.

In compliance with the provisions of Sections 309 and 310 read with Schedule XIII of the Act, the revised terms of remuneration of Mr. Sudhir Munjal, Mrs. Anju Munjal and Mr. Anuj Munjal are now being placed for your approval by way of Special Resolution. The Board recommends the resolution for acceptance by the Members.

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Mr. Sudhir Munjal, Mrs. Anju Munjal and Mr. Anuj Munjal, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, benefits, perquisites and allowances as specified above.

The above statement may be treated as an abstract of the terms of variation in contracts for appointment of Managing Director and Whole Time Directors and Memorandum of Interest as required under Section 302 of the Companies Act, 1956.

Except Mr. Sudhir Munjal, Mrs. Anju Munjal and Mr. Anuj Munjal and their relative Mr. Satyanand Munjal, no other Director are concerned or interested in the resolution at Item No. 6, 7 & 8 of the Notice.

Additional information required as per amended Schedule XIII to the Companies Act, 1956, relating to Item no. 6, 7 & 8 of the Notice of Annual General Meeting.

I. General information:

- (i) The Company is engaged in the manufacturing of Auto Component parts for two wheelers and four wheelers.
- (ii) The Company's plants for manufacturing the Auto Component parts for two wheelers and four wheelers are fully operational.
- (iii) Financial performance based on given indicators:

Particulars	Financial year (Rs.in Crores)	
	2011-12	2010-11
Effective Capital	136.73	115.44
Total Income	728.29	570.56
Profit after Tax	44.32	24.83

- (iv) Export performance and net foreign exchange earnings: Nil
- (v) Foreign investments or collaborators, if any: Nil

II. Information about the Appointee Directors:

- (i) Background details of the Managerial Personnel:
 - (a) Mr. Sudhir Munjal is an Arts Graduate and having more than 42 years of rich experience in bicycle/ automobile/engineering industry. Mr. Sudhir Munjal has served as Director of Munjal Auto Industries Limited during the period 1991 to 1993 & he assumed charge as Managing Director of the company in 1993. During his tenure as Managing Director, Mr. Munjal has successfully steered the change in focus of the business of the company from Bicycle to Auto Components manufacturing, which resulted into turnaround of the company in 1999-2000.

- (b) Mrs. Anju Munjal is an Arts Graduate. Mrs. Anju Munjal is having more than 26 years of rich experience in bicycle / automobile / engineering industry. In 1999, Mrs. Anju Munjal assumed charge as Whole Time Director of your Company. Under her stewardship, your Company is now one of the fastest growing auto component company in India.
- (c) Mr. Anuj Munjal aged 38 is MBA in Finance and Marketing from North Eastern University, Boston (USA). He has more than 15 years of experience in the field of Marketing, Finance, Administration, IT, Purchase, Operations etc. Prior to joining Munjal Auto Industries Limited, Mr. Anuj Munjal was Chief executive of Hero Cycles Limited (CR division)
 Mr. Anuj Munjal has also attended many programmes related to strategic management, six sigma, kaizens etc. Under his young entrepreneurship and supervision approach, Munjal Auto has set up two plants at Bawal and Haridwar where he contributed his planning skills into timely and successful commissioning.
- (ii) Past remuneration: Details of the remuneration of Mr. Sudhir Munjal, Mrs. Anju Munjal and Mr. Anuj Munjal for F.Y. 2011-12 is set out in the Report of Corporate Governance of this Annual Report.
- (iii) Recognition or awards: The Company has no information to offer.
- (iv) Job Profile and suitability: Mr. Sudhir Munjal, Mrs. Anju Munjal and Mr. Anuj Munjal are vested with substantial powers of the management of the Company subject to the overall supervision, direction and control of the Board of Directors of the Company. Having regard to their rich and very vast experience and contributions made so far for the Company in parity with their job profile, your Directors are of the opinion that all three Directors are suitable to hold their respective position and proposed remuneration is reasonable.
- (v) Remuneration proposed:
 - (a) Mr. Sudhir Munjal: Increase in basic salary from Rs. 4,00,000 p.m. to Rs.5,00,000 p.m. and consequent increase in allowances from Rs.4,00,000 p.m. to Rs.5,00,000 p.m.
 - (b) Mrs. Anju Munjal: Increase in basic salary from Rs. 3,00,000 p.m. to Rs. 4,00,000 p.m. and consequent increase in allowances from Rs. 3,00,000 p.m. to Rs.4,00,000 p.m.
 - (c) Mr. Anuj Munjal: Increase in basic salary from Rs. 2,00,000 p.m. to Rs. 3,00,000 p.m. and consequent increase in allowances from Rs. 2,00,000 p.m. to Rs.3,00,000 p.m.
- (vi) Mr. Sudhir Munjal, Mrs. Anju Munjal and Mr. Anuj Munjal are related to Mr. Satyanand Munjal, Chairman of the Company.

III. Other Information: Not applicable, since the Company has adequate profits.

IV. Disclosures:

Remuneration package of Mr. Sudhir Munjal, Mrs. Anju Munjal and Mr. Anuj Munjal has been set out in the Corporate Governance Report for the information of shareholders. Additional information as set out above shall be treated as requisite statement in respect of aforesaid executive directors in compliance with item No. (iv) of sub paragraph 'B' of paragraph (1) of Section II of Schedule XIII to the Companies Act, 1956.

INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT OR SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

(1) Mr. Ramkisan Devidayal

Mr. Ramkisan Devidayal has a Master's Degree in Commerce from Maharaja Sayajirao University of Baroda. He is an eminent industrialist having experience over 32 years in the agrochemical industry. He is past President of Forum of Industries, Chamber of Commerce and Association, Vice Chairman of Gujarat Pesticide Formulators Association, Ahemdabad. Mr. Ramkisan Devidayal was also the President of Federation of Gujarat Industries from 2004 to 2006. Besides, Industrial activities, Mr. Ramkisan Devidayal is also associated with various social organizations i.e. as Vice Chairman of Baroda Citizen Council, Chairman of Navrachna Credit Co-operative Society and syndicate member of Maharaja Sayajirao University of Baroda.

Mr. Ramkisan Devidayal is proficient in managing all critical aspects of finance, marketing, administration and all key areas of operations. His continuation on the Board will enable the Company to gain from his considerable experience and expertise in relation to the Company's business.



He is on the Board of the following companies and committees thereof:

Sr. No.	Name of Companies in which Directorship / Chairmanship is held as on March 31, 2012	Position held	Committee Membership / Chairmanship in other Public Ltd. Companies
1	Banco Products (India) Ltd	Director	Chairman : Audit Committee Member:- Shareholder Grievance Committee - Remuneration Committee
2	20 Microns Limited	Director	Chairman : Audit Committee Member:- Shareholder Grievance Committee - Remuneration Committee - Nomination and Compensation Committee
3	Munjal Auto Industries Ltd.	Director	Member: - Audit Committee - Shareholder's Grievance Committee

(2) Mr. Jal Ratanshaw Patel

Mr. Jal Ratanshaw Patel, a Senior Chartered Accountant and Company Secretary, was Chairman (Non Executive) of FAG Bearing Limited. He also held various positions in FAG Bearing Limited viz. Vice-Chairman & Managing Director from 1998 to 2000, Managing Director from 1977 to 1998, Vice President (Admin.) from 1972 to 1977 and Admin. Manager from 1969 to 1972.

Mr. Jal Ratanshaw Patel has all kind of experience in Administration, Marketing, Commercial, Finance etc.

He is on the Board of the following companies and committees thereof:

Sr. No.	Name of Companies in which Directorship / Chairmanship is held as on March 31, 2012	Position held	Committee Membership / Chairmanship in other Public Ltd. Companies
1	Gujarat Gas Company Ltd.	Director	Chairman : Audit Committee Member : Shareholder Grievance Committee
2	Shri Dinesh Mills Ltd	Director	Member:- Audit Committee, - Shareholder Grievance Committee
3	ABC Bearings Ltd	Director	Chairman : Audit Committee
4	Styrolution ABS(India) Ltd. (Previously known as Ineos ABS (India) Ltd.	Director	Chairman : Shareholder Grievance Committee Member: Audit Committee
5	Eimco Elecon (India) Ltd	Director	Chairman: Audit Committee
6	Jewel Consumer Care Pvt. Ltd	Director	None
7	Munjal Auto Industries Limited	Director	None

Place : Waghodia

Date : August 07, 2012

Registered Office:
187, GIDC Industrial Estate,
Waghodia – 391 760
Dist.: Vadodara (Gujarat)

By Order of the Board of Directors
For Munjal Auto Industries Ltd.

Sd/-
Rakesh Johari
Company Secretary

m MUNJAL AUTO INDUSTRIES LIMITED

Registered Office: 187, GIDC Industrial Estate, Waghodia 391 760, Dist. Vadodara, Gujarat

27th Annual General Meeting

ATTENDANCE SLIP

Folio No. _____

No. of Share(s) held: _____

DP ID*	
---------------	--

Client ID*	
-------------------	--

Name(s) in full

Father/Husband's Name

Address as registered
with the Company

- | | | |
|----------|-------|-------|
| 1. _____ | _____ | _____ |
| 2. _____ | _____ | _____ |
| 3. _____ | _____ | _____ |

I/We hereby record my/our presence at the 27th Annual General Meeting of the Company being held at Registered Office of the Company at 187, GIDC Estate, Waghodia – 391 760 Dist. Vadodara (Gujarat) on Saturday, the 22nd September, 2012 at 3.00 p.m.

Signature of the Member(s)/Proxy

1. _____ 2. _____ 3. _____

* Applicable for members holding share(s) in electronic form.

Notes:

1. A Member/Proxy attending the meeting must complete this Attendance Slip and hand it over at the entrance of meeting hall.
2. A Member intending to appoint a proxy should complete the Proxy Form printed below and deposit it at the Company's Registered Office not later than 48 hours before the commencement of the meeting.

m MUNJAL AUTO INDUSTRIES LIMITED

Registered Office: 187, GIDC Industrial Estate, Waghodia 391 760, Dist. Vadodara, Gujarat

27th Annual General Meeting

PROXY FORM

Folio No. _____

No. of Share(s) held: _____

DP ID*	
---------------	--

Client ID*	
-------------------	--

Name(s) in full

Father/Husband's Name

Address as registered
with the Company

- | | | |
|----------|-------|-------|
| 1. _____ | _____ | _____ |
| 2. _____ | _____ | _____ |
| 3. _____ | _____ | _____ |

being a member(s) of Munjal Auto Industries Limited hereby appoint _____ of _____ or failing him / her _____ of _____ as my/our proxy to vote for me / us on my / our behalf at the 27th Annual General Meeting of the Company to be held on Saturday, the 22nd September, 2012 at 3.00 p.m. and any adjournment thereof.

Signature of the Member(s)

Signature of proxy

1. _____ 2. _____ 3. _____

* Applicable for members holding share(s) in electronic form

Note: The Proxy should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of meeting.



MUNJAL AUTO INDUSTRIES LIMITED

ELECTRONIC CLEARING SERVICE (CREDIT CLEARING)

MANDATE FORM

Shareholder's authorization to receive dividends through Electronic Credit Clearing Mechanism

1.	Name of the first / sole Shareholder									
2.	Registered Folio No. / DP ID / Client ID									
3.	No. of shares held									
4.	Name of the Bank									
5.	Account Number (as appearing on cheque book)									
6.	Account type (Please tick)	Savings	<input type="checkbox"/>	Current	<input type="checkbox"/>	Cash Credit	<input type="checkbox"/>			
7.	Ledger No. / Ledger Folio No. (As appearing on the cheque book / pass book)									
8.	9-digit code number of the Bank and branch appearing on the MICR cheque issued by the Bank									

(in lieu of Bank certificate to be obtained as under, you may attach a blank cancelled cheque, or photocopy of a cheque or the front page of the pass-book of your savings account issued to you by your Bank, for verification of all the above particulars.)

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I will not hold Munjal Auto Industries Limited responsible. I have read the option invitation letter and agree to discharge the responsibility expected from me as a participant under the scheme.

Date:

Place:

Signature of the Shareholder

Certified that the particulars furnished above are correct as per our records

Bank's Stamp

Date:

Signature of the Authorised Official from the Bank

Note:

1. Please fill the above Mandate Form and send it to :

- the Company at its Registered Office at 187, GIDC Industrial Estate, Waghodia – 391 760, Dist. Vadodara (Gujarat) in case you are holding shares in physical form;
 - the Depository Participant (DP) with whom you are maintaining your Demat account, in case you are holding the shares in electronic form.
- Kindly note that the information provided by you should be accurate and complete in all respect and duly certified by your bank. In lieu of the Bank certificate, you may attach a blank cancelled cheque or photocopy of a cheque or the front page of the pass-book of your account issued to you by your Bank, for verification of the above particulars.
 - In case of more than one folio, please complete the details on separate sheets.
 - The information provided by you will be treated confidential and would be utilized only for the purpose of effecting the payments meant for you. You also have the right to withdraw from this mode of payment by providing the Company an advance notice of 6 weeks.



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