

BOARD OF DIRECTORS

CHAIRMAN

Satyanand Munjal

MANAGING DIRECTOR

Sudhir Munjal

WHOLE TIME DIRECTOR

Anju Munjal

DIRECTORS

Brijmohan Lall Munjal

Om Prakash Munjal

Vijay Munjal

Vikram Shah

Naresh Chawla

Mahendra Sanghvi

Ramkisan Devidayal

Sudesh Kumar Duggal

Jal Ratanshaw Patel

FINANCE TEAM

S. K. Sharma, GM – Finance

Sambit Dash, 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

ABN AMRO Bank N. V.

REGISTERED OFFICE & PLANT

187, GIDC Industrial Estate,

Waghodia - 391 760.

Dist.: Vadodara (Gujarat)

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DIRECTORS' REPORT

To the members,

Your Directors have pleasure in presenting the 24th Annual Report along with the Balance Sheet and Profit and Loss Accounts for the year ended March 31, 2009.

FINANCIAL RESULTS

	(Amounts in Rs. Lac)	
Year ended March 31,	2009	2008
Sales & Other Income	27892.53	26219.16
Profit before Depreciation and Interest	2242.52	2,103.58
Depreciation	587.82	502.18
Interest	58.10	65.93
Profit before Taxation	1596.60	1,535.47
Provision for Taxation (Deferred & Current)	487.85	498.72
Profit after Taxation	1108.75	1,036.75
Prior Period Expenditure	(16.51)	21.14
Profit available for appropriations	1125.26	1,015.61
Appropriations		
Proposed Dividend on Equity Shares	250.00	150.00
Tax on Dividend	42.49	25.49
Transfer to General Reserve	112.53	50.78
Profit after Appropriation	720.24	789.34

DIVIDEND

Directors are pleased to recommend a dividend of 25 % i.e. Rs. 2.50 on equity shares of Rs. 10/- each for the fiscal 2009. The dividend, if approved by the Members in the ensuing Annual General Meeting, would absorb Rs. 292.49 lacs (inclusive of corporate dividend tax of Rs. 42.49 lacs) out of the profits available for the year.

The Register of Members and Share Transfer Books will remain closed from August 24, 2009 to August 29, 2009 (both days inclusive).

ECONOMIC SCENARIO

The growth rate of the Indian economy decelerated in 2008-09 to 6.7%. This represents a decline of 2.1% from the average growth rate of 8.8% in the previous five years. A decline in all major elements of demand, including exports and consumption, necessitated a compensating deviation from the fiscal deficit targets set under the FRBM legislation. The fiscal deficit in the year ended March, 2009 has reached 6.8 percent, which is a cause for concern and a challenge for the Central Government in the next few years. The global financial meltdown and consequent economic recession in developed economies have been a major factor in India's economic slowdown. Given the origin and dimension of the crisis in the advanced countries, every developing country has suffered to varying degrees. No country, including India, has remained completely immune to the global

economic outlook. Despite a slowdown in growth, investment has been relatively buoyant, growing at a rate higher than the GDP.

AUTOMOBILE INDUSTRY

The Indian automotive market managed to stand up to the vagaries of the economic meltdown to show slightly positive growth during fiscal 2008-09. Overall automotive sales grew by 0.71 percent from 96.54 lakh units in 2007-08 to 97.23 lacs units in 2008-09.

Two-wheeler sales in India are dominated by the domestic market and, within it, by motorcycles. Development in the Automobile Industry and in particular, that of motorcycles, is of relevance for your company as its business operations are intricately linked with that of motorcycles market in the country. Since 2007, the two-wheeler market in India has hit a roadblock after having grown at a fast clip from late 90's. While there was an actual fall in motorcycles sales volume in 2007-08 by 7.8 percent, in 2008-09 there is a modest increase in the volume by 4 percent to 6.81 million units. Like mentioned in last year's Report, the demand for motorcycles remained sluggish through most of the year. However, from last quarter of 2008-09, the fiscal stimulus packages of the Government in the form of reduction in Excise Duty and Service Tax, accelerated depreciation etc. among others, seems to have helped in reviving the demand of the Automobile Industry in India - across its segments in varying degree and number - in the first quarter of this year

PERFORMANCE

Your company continues to be a beneficiary of the trend-setting performance of its main customer Hero Honda, which continues to straddle like a colossus in the motorcycle industry in the country. It has not only bucked the recessionary trend but has clipped a healthy growth of 12.5 percent in its volume sales to reach 3.64 million units in 2008-09; and that means a whopping market share of over 53 percent.

As a sequel to such a growth in the sales of Hero Honda, company's turnover during the year has increased to Rs. 276.31 crore from Rs. 260.85 crore in the previous year, which is respectable under the current trying circumstances. Profit before tax stood at Rs. 15.97 crore and profit after tax at Rs. 11.09 crore during the year as against Rs. 15.35 crore and Rs. 10.36 crore respectively in the previous year.

DIRECTORS

As per the Articles of Association Mr. Satyanand Munjal, Mr. Om Prakash Munjal, Mr. Brijmohan Lall Munjal and Mr. Vikram Shah retire by rotation in the forthcoming Annual General Meeting. All of them, being eligible, offer themselves for reappointment.

Mr. Sudesh Kumar Duggal and Mr. Jal Ratanshaw Patel were appointed as Additional Directors effective from October 25, 2008 and March 30, 2009 respectively. In accordance with the provisions of the Companies Act, 1956, Mr. Sudesh Kumar Duggal and Mr. Jal Ratanshaw Patel, will cease to hold office as Additional

Directors' at the forthcomiing Annual General Meeting and are eligible for appointment.

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

QUALITY

Your company has maintained the certificates/accreditation for ISO TS 16949 and ISO 14001. The company's foremost emphasis has always been to maintain quality of its products to its customer's satisfaction and adoption of a systematic approach of manufacturing process. At micro level, individual employees participation and involvement with attention to details is improving on an ongoing basis with more knowledge, better habits imparting with tools like KAIZEN'S, Five 'S', Cause and Effect Matrix (C&E) etc.

Improvements and innovation in manufacturing processes have been consistent features of the Company through deployment of improvement tools i.e. KAIZENS, LCA [Low Cost Automation], Poka Yoke, TPM up to down the level of employees. Further, the journey towards Lean Manufacturing is continued with an implementation of ACMA (Automotive Components Manufacturers' Association) ACT Cluster, aiming Total Employee Involvement in a structured manner. The Quality Culture Building within the Company is being established with the aim to convert a visual factory. Some of the recognition for company's performance includes, "Best House Keeping Award" from Baroda Productivity Council & "Business Excellence Award" from Baroda Management Association. This has further encouraged the employees towards achieving World Class manufacturing practices.

FINANCE

Short-term funds were procured by the company at competitive rates for the working capital and other operational requirements during the year. It has not raised any long-term funds.

FUTURE PLANS

Company is in the midst of setting up a new plant at Bawal village in Haryana State for mufflers and other components for motorcycles, which will be operational in the current year 2009-10. Also a plan to set up another plant close to new plant of Hero Honda in Haridwar, Uttarakhand is underway. Total investments in both plants would be Rs. 700 million and they would be funded by a mix of term debts and internal accruals.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of Clause 49 of the Listing Agreements with the Stock Exchanges, Management Discussion and Analysis Report is appended as **ANNEXURE - I** of this report.

CORPORATE GOVERNANCE

Your Company is committed in following the highest standards of Corporate Governance. In this pursuit, your Company has a

structure of corporate governance in place that ensures compliance of the provisions of Clause 49 of the Listing Agreement.

For fiscal 2009, the compliance report is provided in the Corporate Governance Report section of this annual report. The auditor's certificate on compliance is annexed to this report.

FIXED DEPOSITS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) in the preparation of the Annual Accounts, the applicable accounting standards have been followed and there has been no material departure;
- b) the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2009 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.

AUDITORS

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

ENVIRONMENT

Your Company is committed in maintaining the highest standards of environment compliances and therefore has adopted a systematic approach towards environment management.

Environment is always a part of all activities in your company including the operational control, business decisions, compliance of statutory requirements; this has been achieved by taking benefits of implementation of ISO 14001:2004 [Environmental Management Systems]. During the period the company has contributed towards a reduction in emission level of gasses by an innovative approach for Energy Reduction Projects. Also, due respect for the customer's requirements e.g. 'Green Vendor



Development Programme' under Green Supply Chain Management initiated by HHML and the same has been recognized, in the next year. The journey will continue through extension of the Environmental Improvement Initiatives up to suppliers also.

With a view to have an effective water management, preserve natural resources and meeting socio environment responsibility and on being offered the river water availability by Sardar Sarovar Nigam Ltd (SSNL), from Narmada canal on contractual basis, the company has opted this facility by erection of pipelines for 11 kms and constructing a reservoir with a treatment plant, which can store the water up to 10 million ltrs. The company now has started using this river water in place of the bore well water for its daily requirement.

ENERGY, TECHNOLOGY, FOREIGN EXCHANGE

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

PARTICULARS OF EMPLOYEES

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

INDUSTRIAL RELATIONS

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

HEALTH AND SAFETY

Safety is every employee's responsibility and concern. Your Company is committed for safety and health of its employees and

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

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

ACKNOWLEDGEMENTS

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

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

Company would like to acknowledge Government of India, Customs and Excise Departments, Income Tax and Industrial & Labour Departments, Government of Gujarat and other government agencies for their 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
Waghodia Satyanand Munjal
June 24, 2009 Chairman

ANNEXURE 'I' TO DIRECTORS' REPORT

Management Discussion and Analysis Report

INDUSTRY STRUCTURE & DEVELOPMENT

The automotive industry is increasingly becoming the cynosure of the manufacturing sector across the globe. The attention and importance to the automotive industry in the economic development and planning policies of Government and its agencies has also witnessed significant up rise. The industry has been evolving over the years, meeting up with challenges as diverse as transitions, consolidations and restructuring, and thereby adapting to the new market conditions. Indian automotive industry has undergone constant evolution ever since its establishment in 1942.

The evolution of Indian auto component industry is closely associated with the trends in the automobile industry due to the strong inter-industry linkages. Over a period of time, the auto components industry has grown from a size of few million US dollars to US \$ 18 billion in 2007-08. Auto components manufacturers in India have established tie-ups with multinational

players for technology up-gradation. Earlier a large amount of components were imported from other countries; but at present, most of the manufacturers have started sourcing components locally. Moreover, India at present, is being looked upon as major outsourcing destination by the auto-majors of the world.

In 2008-09, automobile industry grew 2.96 per cent to 11.17 million units but the components industry outpaced the vehicle manufacturers with a 6 per cent growth. The total value of auto parts sold was Rs. 76.3 billion.

AUTO COMPONENTS IN INDIA

(In Rs. billion)

	2007-08	2008-09	Growth (%)
Turnover	72	76	6
Exports	14	15	7
Imports	20	27	35

ANNEXURE 'I' TO DIRECTORS' REPORT (Continued)**OPPORTUNITIES AND THREATS**

With the collapse of Lehman Brothers and other Wall Street icons, there was growing recession which affected the US, the European Union (EU) and Japan and other countries. The financial system was paralyzed by collapse of certain large Financial Institutions in the second half of 2008. The failure of major financial institutions had a devastating impact on the real economy with widening credit spreads, liquidity crunch, steep fall in demand and falling margins. The de-coupling theory of developing economies remained unaffected with the recession /slow down in the advanced economies. However developing economies constitute 25 percentage share in the global economy in terms of normal GDP. The growth in the developing economies even though at a slower pace is expected to cushion the impact of global melt down in the world economy.

Although at one time it was thought that this crisis would not affect the Indian economy, later it was found that the Foreign Direct Investment (FDI) started drying up and this affected investment in the Indian economy. It was therefore, felt that the Indian economy will grow at about seven per cent in 2008-09 and at six per cent in 2009-10. The lesson of this experience is that India must exercise caution while liberalising its financial sector.

To lift the economy out of the recession the Government announced stimulus package of Rs 35,000 crores in the first instance on December 7, 2008. In short, the fiscal package is aimed at boosting growth in exports, real estate, auto, textiles and small and medium enterprises. The aim was to encourage growth and boost employment which has been threatened by the recession in the world economy, more especially in the United States.

However, the long-term picture of Auto and Auto Component Industry in India is very encouraging. According to Auto Component Manufacturers Association of India (ACMA), the size of the Indian auto components industry is estimated to be around US \$ 18 billion in 2007-08. Though there may be a slowdown in auto-component production in 2008-09, due to recessionary trends in the world and sluggish new vehicle demand, in the long term, India is estimated to have the potential to become one of the top auto component economies by 2020, according to a study by IBM. According to another study, the auto component industry in India has potential to grow at a CAGR of 13% to reach US \$ 40 billion by 2015.

Despite of the challenging environment in the overall two wheeler industry, Hero Honda, principal customer of the Company has made up for the erosion of sales volume for other two-wheeler makers. Hero Honda clocked 36.40 lakh units, a growth of 12.5 per cent.

OUTLOOK

FY 2009 began with positive 'year on year' growth for the Indian Two-wheeler Segment albeit on a low base. In FY 2008, the Segment reported 4.9% 'year on year' fall in Sales volume due to high Inflation, rising Interest rates and contraction in availability of Finance. Growth started picking up in first half of FY 2009

aided by the overall 12.6% 'year on year' growth in Motorcycle sales. While tight availability of Finance did impact purchases, cash purchases increased due to higher agricultural income in the Northern states and return of customers who had deferred purchases in FY 2008. Nonetheless, inventory buildup hit Two-wheeler volumes in second half of FY 2009, and industry growth for FY 2009 stood at a mere 4.5% 'year on year'. Though the substantial ownership base of Two-wheelers results in reduced headroom for higher growth rates and increases dependence on replacement demand to sustain volumes, the rural markets are expected to register better growth on account of the new demand arising from the relevant rural population, which is expected to help the Two-wheeler companies to maintain their growth.

Your company looks forward to challenging, exciting times ahead as it prepares itself to brace with new opportunities and challenges that abound and preparing itself to respond and tune in to the dictates of the environ. This would call for freshness of approach and concerted efforts on an ongoing basis to grapple with the changes that lie ahead. In order to meet the rising demand from our main customer, the Company has planned to invest Rs. 70 crore in setting up two new plants at 'Bawal' (Haryana) and 'Haridwar' (Uttarakhand).

Continuing growth of the motorcycle segment of two-wheeler industry expected in future as well. The management's attitude of continuous monitoring and addressing operational issues will help the company stay in good stead.

RISKS AND CONCERNS

Risks are inherent in every business, be it external or internal. Economic slowdown and erratic monsoon could impact most segments of the economy, including the two-wheeler industry.

Motorcycles contribute almost 80% of total two-wheeler production. Focused on 'value for money' and 'economy for users', motorcycles segment remains the most sensitive one to price changes as also interest rate hikes.

The main concerns are:

- A further slowdown in the growth of Indian Economy in 2009-10 to about 6 percent in the wake of a global melt down;
- Demand squeeze for automobiles, particularly two-wheelers stemming from any variation in the environment, natural calamities, erratic monsoon causing to restrict disposable income of the rural populace and any unforeseen shift in the priority of the consumers;
- Slowdown in the market conditions - particularly the motorcycle segment of two-wheeler industry - due to high interest rates and reduction in availability of the finance for purchase of a motorcycle to a prospective buyer;
- Continuing upward spiral of the commodities and other inputs/ conversion costs cascading into squeezing margins for the OEM component suppliers; and
- Volatility in the price of petrol can have an impact on the sensitivity of new vehicle purchases.



ANNEXURE 'I' TO DIRECTORS' REPORT (Continued)

In order to mitigate the risks, costs are closely monitored and wherever possible and prudent to cut down on costs, it was given effect to. Focus on financial discipline and effective management of net working capital has helped / will help to overcome these risks and concerns partially.

INTERNAL CONTROLS AND ADEQUACY

Management of your Company continuously reviews internal control systems and procedures to ensure orderly and efficient conduct of business. The review includes inter alia adherence to the management policies, safeguarding assets of the company and ensuring preparation of timely and accurate financial information. Emphasis on internal control is given across functions and processes, covering the entire gamut of activities including finance, secretarial, supply chain, sales and personnel. Policies and procedures on commercial, safety and environment matters are in place and regularly reviewed / updated.

FINANCIAL PERFORMANCE

Financial performance, which has been highlighted in Director's

Report need to be viewed in the above backdrop. Judicious net working capital level has continued to keep the interest burden of the company at a minimal level

HUMAN RESOURCES / INDUSTRIAL RELATIONS

Human Resource is the most important asset for a company. Therefore, all importance is given to systematic training and development for each employee of the company at all levels. In this regard, the employees are encouraged and supported in preparing a personal training and development plan, which is assessed and reviewed throughout the year. Systematic survey is conducted to identify the areas for improvement and action thereon for each employee.

CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis describing the company's objectives, projections, estimates and expectation may be "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

ANNEXURE 'II' TO 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 perusing energy conservation with considerable focus and commitment. Conservation of Energy in all aspects e.g. Fuel, Electrical Energy, Water is evident in the Company through a major initiatives through innovation and improvements. To continue the efforts, Energy Audit has also been carried out by an Expert External Agency to optimize the usage of energy.

2. Technology Absorption, Adaptation and innovation

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

3. Foreign Exchange Earnings and outgo

	<i>(Rs. In Lac)</i>	2008-09	2007-08
(a) Total Foreign Exchange Earnings	—	—	—
(b) Total Foreign Exchange Outgo	502.95	748.04	—

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, 2009

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	89,03,094/-	39	63	31.10.1993	Majestic Auto Ltd. Executive Director
2.	Mrs. Anju Munjal B.A.	Whole-time Director	89,03,094/-	23	59	01.01.1995	Munjal Auto Industries Ltd. Chief Executive

Notes:

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

AUDITORS' REPORT

TO
THE MEMBERS OF
MUNJAL AUTO INDUSTRIES LIMITED

1. We have audited the attached Balance sheet of Munjal Auto Industries Limited as at 31st March, 2009, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) Order, 2004, ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the Paragraph 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) in our opinion, proper books of account as required by Law have been kept by the Company so far as appears from our examination of those books;
 - c) the Balance sheet and Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the companies Act,1956;

- e) on the basis of written representations received from the directors, as on 31st March, 2009, 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, 2009 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 , the notes there on, 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, 2009;
 - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Vakil Jain & Hindocha
Chartered Accountants

Place: Vadodara
Date : June 24, 2009

Surendra Modiani
Partner
Membership No. 47966



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, 2009

- 1) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets;
(b) These fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification;
(c) The Company has not disposed off substantial part of fixed assets.
- 2) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3) The Company has not either granted or taken any loans to/ from companies, firms or other parties covered in the register maintained under section 301 of the Act and therefore, the matters referred in paragraph 4 (iii) of the Companies (Auditors' Report) Order, 2003 are not applicable.
- 4) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- 5) According to the information and explanations given to us,
 - (a) The particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section;
 - (b) In our opinion and according to the information and explanations given to us, the transactions, exceeding

the value of five lac rupees in respect of any party during the year, made in pursuance of such contracts or arrangements, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

- 6) The Company has not accepted deposits from the public. Accordingly, paragraph 4(vi) of the Order is not applicable to the company.
- 7) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 8) We have broadly reviewed the books of accounts and records maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that *prima facie*, the prescribed accounts and records have been made and maintained.
- 9) According to the information and explanations given to us and as shown by our examination of the books of accounts:
 - (a) The company is regular in depositing with the appropriate authorities, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it and no undisputed amounts payable in respect thereof were in arrears, as on the last day of the financial year, for a period of more than six months from the date they became payable.
 - (b) The Company has not deposited disputed Sales Tax demand of Rs.25.50 lacs pertaining to the Financial Year 2002-03. The company has preferred appeal against the order of the Assessing Officer and the matter is pending before the Joint Commissioner of Sales Tax (Appeals), Vadodara.
- There are no dues of Income-tax / Wealth-tax / Service-tax / Custom duty / Excise duty / Cess which have not been deposited on account of any dispute.
- 10) The company has no accumulated losses at the end of the financial year and it has not incurred cash losses during the financial year and in the immediately preceding financial year.
- 11) The company has not defaulted in repayment of dues to a financial institution or bank or debenture holders. The details

ANNEXURE TO AUDITORS' REPORT (Continued)

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, the term loans have been applied for the purpose for which they were raised.
- 17) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the

company, we report that no funds raised on short-term basis have been used for long term investment by the company.

- 18) The Company has not made any preferential allotment of shares during the year.
- 19) The Company has not issued any debentures in respect of which any security was required to be created.
- 20) The Company did not raise any money by public issue during the year.
- 21) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Vakil Jain & Hindocha
Chartered Accountants

Surendra Modiani

Partner

Membership No. 47966

Place: Vadodara
Date: June 24, 2009



BALANCE SHEET AS AT 31st MARCH, 2009

(Amount in Rs.)

	Schedule	As at 31 st March, 2009	As at 31 st March, 2008
I. SOURCES OF FUNDS			
(1) Shareholders' Funds :			
(a) Capital	1	100,209,150	100,209,150
(b) Reserves and Surplus	2	567,306,295	484,028,988
		<u>667,515,445</u>	<u>584,238,138</u>
(2) Loan Funds :			
Secured Loans	3	23,939,424	125,800,447
(3) Deferred Tax Liability (Net)	4	23,802,158	31,816,981
	TOTAL	<u>715,257,027</u>	<u>741,855,566</u>
APPLICATION OF FUNDS			
(1) Fixed Assets :	5		
(a) Gross Block		842,425,321	709,676,120
(b) Less : Depreciation		375,484,914	319,995,061
(c) Net Block		466,940,407	389,681,059
(d) Capital Work in Progress		85,329,364	71,635,795
		<u>552,269,771</u>	<u>461,316,854</u>
(2) Investments	6	213,560,280	232,943,246
(3) Current Assets, Loans and Advances :	7		
(a) Inventories		75,536,603	104,952,646
(b) Sundry Debtors		233,195,168	206,175,461
(c) Cash and Bank Balances		7,241,817	5,728,432
(d) Loans and Advances		39,272,519	59,030,957
		<u>355,246,107</u>	<u>375,887,496</u>
Less : Current Liabilities and Provisions:	8		
(a) Current Liabilities		359,815,751	292,554,874
(b) Provisions		46,003,380	35,737,156
		<u>405,819,131</u>	<u>328,292,030</u>
Net Current Assets		(50,573,024)	47,595,466
	TOTAL	<u>715,257,027</u>	<u>741,855,566</u>
Notes on Accounts	14		

As per our report of even date

For Vakil Jain & Hindocha

Chartered Accountants

Surendra Modiani

Partner

Membership No. 47966

Vadodara

June 24, 2009

S. K. Sharma
G M (Finance)
Sambit Dash
Company Secretary

For and on behalf of the Board

Vikram Shah
Naresh Chawla
Ramkisan Devidayal
Sudesh Duggal
Sudhir Munjal
Anju Munjal
Waghodia
June 24, 2009

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

(Amount in Rs.)

	Schedule	For the year ended 31 st March, 2009	For the Year ended 31 st March, 2008
INCOME			
Gross Sales		2,763,122,514	2,608,504,484
Less : Excise Duty		<u>411,989,046</u>	<u>437,236,402</u>
Net Sales		2,351,133,468	2,171,268,082
Other Income	9	26,130,044	13,411,794
Increase/(Decrease) in Stocks of Finished Goods and Work in Process	10	<u>2,329,423</u>	<u>1,729,368</u>
		<u>2,379,592,935</u>	<u>2,186,409,244</u>
EXPENDITURE			
Raw Materials and Components consumed		1,565,307,657	1,465,534,076
Remuneration and Benefits to Employees	11	117,468,479	102,273,614
Manufacturing and Other Expenses	12	472,563,610	408,241,977
Interest	13	5,810,254	6,593,320
Depreciation		<u>58,782,344</u>	<u>50,218,648</u>
		<u>2,219,932,344</u>	<u>2,032,861,635</u>
Profit before Taxation		<u>159,660,591</u>	<u>153,547,609</u>
Provision for Taxation			
Current		55,547,000	51,210,000
Deferred		<u>(8,014,823)</u>	<u>(2,857,124)</u>
Fringe Benefit Tax		1,111,000	1,350,000
Wealth Tax		<u>142,000</u>	<u>169,600</u>
Profit after Taxation		<u>110,875,414</u>	<u>103,675,133</u>
Prior Period Adjustments (Net)		<u>(1,650,643)</u>	<u>2,114,036</u>
Net Profit available for appropriation		<u>112,526,057</u>	<u>101,561,097</u>
APPROPRIATIONS			
Transfer to General Reserve		11,252,606	5,078,055
Proposed Dividend on Equity Shares		25,000,000	15,000,000
Provision for Dividend Distribution Tax		<u>4,248,750</u>	<u>2,549,250</u>
Profit after Appropriations		<u>72,024,701</u>	<u>78,933,792</u>
Balance brought forward from Previous Year		<u>382,490,222</u>	<u>303,556,430</u>
Balance carried over to Balance Sheet		<u>454,514,923</u>	<u>382,490,222</u>
Basic and Diluted Earning Per Share face value Rs.10/- each		<u>11.25</u>	<u>10.16</u>
Notes on Accounts	14		

As per our report of even date

For Vakil Jain & Hindocha

Chartered Accountants

S. K. Sharma
G M (Finance)

Surendra Modiani

Partner

Membership No. 47966

Sambit Dash
Company Secretary

For and on behalf of the Board

Vikram Shah

Naresh Chawla

Ramkisan Devidayal

Sudesh Duggal

Sudhir Munjal

Anju Munjal

Director

Director

Director

Director

Managing Director

Whole-time Director

Vadodara

June 24, 2009

Waghodia

June 24, 2009



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2009

(Amount in Rs.)

	Year ended 31 st March, 2009	Year ended 31 st March, 2008
A. Cash Flow from operating activities		
Net Profit before tax and extra ordinary items	159,660,591	153,547,610
Adjustments for :		
Depreciation	58,782,344	50,218,648
Profit on sale of fixed assets	-	(82,320)
Loss on sold/discharged assets	253,093	100,083
Lease Rent Paid	573	578
Interest Income	(311,727)	(339,804)
Interest Expenses	5,810,254	6,593,320
Profit on Sale of Investments	(51,648)	-
Loss on Sale of Investments	32,433	10,596
Dividend Income	(23,108,162)	(11,500,983)
	<hr/>	<hr/>
	41,407,160	45,000,118
Operating Profit before working capital changes	201,067,751	198,547,728
Increase / decrease in Working Capital :		
Inventories	29,416,043	(7,200,501)
Debtors	(27,019,708)	106,788,549
Other Current Assets	19,758,438	33,759,486
Sundry Creditors	65,379,126	49,040,252
Other Liabilities	7,186,778	(11,469,241)
	<hr/>	<hr/>
	94,720,677	170,918,545
Cash Generated from Operations	295,788,428	369,466,273
Prior Period Adjustments (Net)	1,650,643	(2,114,036)
Income Tax paid	(65,019,193)	(42,144,531)
Net Cash from Operating Activities A	232,419,878	325,207,706
B. Cash Flow from Investing Activities		
Purchases of Fixed Assets & Capital Advances	(148,817,459)	(74,888,815)
Lease Rent paid	(573)	(578)
Proceeds from Sale of Fixed Assets	310,000	665,545
Sale of Investments	1,313,653,433	1,356,982,151
Purchase of Investments	(1,294,251,256)	(1,516,851,789)
Dividend Income	23,108,162	11,500,983
Interest Income	311,727	339,804
	<hr/>	<hr/>
Net Cash used in Investing Activities B	(105,685,966)	(222,252,699)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2009 (Continued)

(Amount in Rs.)

	Year ended 31st March, 2009	Year ended 31st March, 2008
C. Cash Flow from Financing Activities		
Dividend paid	(15,000,000)	(50,000,000)
Dividend Distribution Tax paid	(2,549,250)	(8,497,500)
Interest paid	(5,810,254)	(6,593,320)
Repayment of Long Term Borrowings	(48,300,118)	(48,788,478)
Working Capital Finance from Banks	(53,560,905)	11,935,011
Net Cash from Financing Activities C	(125,220,527)	(101,944,287)
Net increase/(decrease) in Cash & Cash equivalents	1,513,385	1,010,720
Cash and Cash Equivalents at the beginning of the year	5,728,432	4,717,712
Cash and Cash Equivalents at the end of the year	7,241,817	5,728,432

Notes on Accounts 14

As per our report of even date

For Vakil Jain & Hindocha

Chartered Accountants

S. K. Sharma
G M (Finance)

Surendra Modiani

Partner

Membership No. 47966

Sambit Dash
Company Secretary

Vadodara

June 24, 2009

For and on behalf of the Board

Vikram Shah

Director

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Director

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Director

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Director

Sudhir Munjal

Managing Director

Anju Munjal

Whole-time Director

Waghodia

June 24, 2009



SCHEDULES TO BALANCE SHEET

(Amount in Rs.)

SCHEDULE -1 SHARE CAPITAL

Authorised:

12,500,000 (12,500,000) Equity Shares of Rs.10/- each

Issued, Subscribed and Paid Up :

10,000,000 (10,000,000) Equity Shares of Rs.10/- each fully paid up

Add : Amount received on forfeited shares

Of the above, 590,113 (Previous Year : 590,113) Equity Shares of Rs.10/- each fully paid up were allotted to term lenders against conversion of deferred interest.

	As at 31 st March, 2009	As at 31 st March, 2008
125,000,000	125,000,000	125,000,000
125,000,000	125,000,000	125,000,000
100,000,000	100,000,000	100,000,000
209,150	209,150	209,150
100,209,150	100,209,150	100,209,150

SCHEDULE -2 RESERVES AND SURPLUS

General Reserve

Balance as per Last Account

101,538,766

97,193,833

Less : Adjustment as per Accounting Standard -15
(refer Note 16 in Schedule 14)

- 733,122

Add : Transferred from Profit & Loss Account

11,252,606 5,078,055

112,791,372 **101,538,766**

Profit and Loss Account

454,514,923 382,490,222

567,306,295 **484,028,988**

SCHEDULE -3 SECURED LOANS

Term Loans from Banks

23,939,424

72,239,542

Working Capital Loans from Banks

53,560,905

23,939,424 **125,800,447**

Details of Securities :

1. Term Loans availed from banks are secured by an exclusive charge on the machinery financed by the said loans.
2. Working Capital facilities availed from the banks are secured by a first charge on inventories, receivables and all other current assets of the Company.

SCHEDULE -4 DEFERRED TAX LIABILITY (Net)

Attributable to following items:

A. Deferred Tax Liabilities

Accumulated Depreciation

30,137,915

36,087,693

B. Deferred Tax Assets

Provision for :

Gratuity

1,456,664

410,464

Leave Benefits to Employees

3,772,807

2,741,151

Bonus

1,106,286

1,119,097

6,335,757

4,270,712

Net Deferred Tax Liabilities (A-B)

23,802,158

31,816,981

SCHEDULES TO BALANCE SHEET (Continued)

SCHEDULE - 5 FIXED ASSETS

(Amount in Rs.)

PARTICULARS	GROSSBLOCK				DEPRECIATION				NET BLOCK	
	As at April 1, 2008	Additions	Deducton/ Adjustment	As at March 31, 2009	Upto March 31, 2008	For the year	Deduction/ Adjustment	Total upto March 31, 2009	As at March 31, 2009	As at March 31, 2008
TANGIBLE ASSETS										
LAND										
- LEASEHOLD	7,365,133	-	-	7,365,133	-	-	-	-	7,365,133	7,365,133
- FREEHOLD	18,868,100	101,072,901	-	119,941,001	-	-	-	-	119,941,001	18,868,100
BUILDINGS	65,716,020	23,850,323	-	89,566,343	25,090,723	2,106,425	183,836	27,013,311	62,553,032	40,625,297
PLANT & MACHINERY	561,183,576	7,975,217	302,916	568,855,877	272,765,819	42,560,250	1,536,149	313,789,920	255,065,958	288,417,757
COMPUTERS	7,158,582	247,619	-	7,406,201	6,025,686	353,332	-	6,379,018	1,027,183	1,132,896
OFFICE EQUIPMENTS	6,225,959	245,513	117,007	6,354,465	2,227,029	497,992	167,905	2,557,116	3,797,348	3,998,930
FURNITURE & FIXTURES	9,340,725	1,178,827	30,689	10,488,863	3,225,226	736,331	30,689	3,930,868	6,557,995	6,115,499
VEHICLES	29,559,736	553,491	1,924,078	28,189,149	6,923,606	12,317,835	1,370,521	17,870,920	10,318,229	22,636,130
INTANGIBLE ASSETS										
SOFTWARES	4,258,289	-	-	4,258,289	3,736,972	210,179	3,390	3,943,761	314,528	521,317
TOTAL	709,676,120	135,123,891	2,374,689	842,425,321	319,995,061	58,782,344	3,292,490	375,484,914	466,940,407	389,681,059
PREVIOUS YEAR	654,611,151	57,249,574	2,184,605	709,676,120	271,277,710	50,218,648	1,501,297	319,995,061	389,681,059	383,333,441
Capital Work In Progress									85,329,364	71,635,795

SCHEDULE - 6 INVESTMENTS (NON-TRADE)

(Amount in Rs.)

Name of Mutual Fund Scheme	Face Value /Unit	As at March 31, 2009		As at March 31, 2008		
		No. of Units	Amount	No. of Units	Amount	
CURRENT INVESTMENTS						
In Fixed Maturity Funds						
Reliance Fixed Tenure Fund Plan A - Growth	10/-	-	-	1,000,000	10,000,000	
ING Fixed Maturity Fund	10/-	-	-	5,000,000	50,000,000	
In Liquid / Floating Rate Funds						
ING Treasury Advantage Fund - Inst. Plan	10/-	946,561	9,468,735	-	-	
ING Liquid Plus Fund	10/-	-	-	5,425,735	54,275,254	
TFLD Tata Floater Fund	10/-	9,915,382	99,506,804	5,075,686	50,937,558	
TTMHD Tata Treasury Manager	1000/-	-	-	8,860	8,870,724	
Reliance Money Manager Fund - Inst. Plan	1000/-	101,398	101,513,643	-	-	
SBI MF SHF Liq Plus Fund	10/-	306,956	3,071,098	-	-	
Reliance Liquid Plus Inst. Plan	1000/-	-	-	12,181	12,194,311	
Reliance Floating Rate Fund	10/-	-	-	4,635,239	46,665,399	
		213,560,280		232,943,246		

Following Investments were purchased and sold during the year.

Mutual Funds

	Purchases		Sales	
	No. of Units	Amount	No. of Units	Amount
ING Liquid Fund Institutional	9,162,944	91,740,312	9,162,944	91,740,312
Tata Liquid Super Hing Investment	65,551	73,057,373	65,556	73,057,373
Tata Fixed Income Portfolio	2,471,315	24,773,139	2,471,315	24,824,115
Reliance Monthly Interval Fund	4,840,267	48,439,457	4,840,267	48,407,027
Reliance Medium Term Fund	2,259,282	38,623,553	2,259,282	38,623,553
ING Fixed Maturity Plan		50,000,000		50,000,000
Tata Fixed Horizan Fund		30,000,000		30,000,000
	356,633,834		356,652,380	



SCHEDULES TO BALANCE SHEET (Continued)

(Amount in Rs.)

SCHEDULE - 7 CURRENT ASSETS, LOANS & ADVANCES

A. Inventories

	As at 31 st March, 2009	As at 31 st March, 2008
Raw Materials	41,850,389	69,255,918
Components	14,275,387	18,603,421
Work in Process	8,755,664	9,780,096
Finished Goods	4,464,521	1,110,666
Consumable Stores, Spares, Dies and Tools	4,761,239	5,268,709
Scrap	569,340	392,440
Packing Materials	860,063	541,396
TOTAL (A)	75,536,603	104,952,646

B. Sundry Debtors

(Unsecured, considered good)		
For a period exceeding six months	-	-
Other Debts	233,195,168	206,175,461
TOTAL (B)	233,195,168	206,175,461

C. Cash and Bank Balances

Cash on hand	20,744	48,047
Balances with Scheduled Banks :		
– in Current Accounts	7,221,073	5,632,385
– in Margin Money Accounts	-	48,000
TOTAL (C)	7,241,817	5,728,432

D. Loans and Advances

(Unsecured, considered good unless otherwise stated)		
Loans and Advances to Employees	380,686	639,696
Advances recoverable in cash or in kind or for value to be received	15,702,408	16,682,703
Balance with Central Excise	5,401,564	24,281,818
Deposits	14,229,001	11,939,604
Prepaid Taxes (Net of Provisions)	273,000	218,000
Prepaid Expenses	3,285,860	5,269,136
TOTAL (D)	39,272,519	59,030,957
TOTAL (A+B+C+D)	355,246,107	375,887,496

SCHEDULE - 8 CURRENT LIABILITIES AND PROVISIONS

a. Current Liabilities

Sundry Creditors		
- Micro and Small Enterprises	12,088,480	19,135,168
- Others	321,799,525	248,566,441
Unclaimed Dividend	4,009,385	3,881,607
Other Liabilities	20,738,933	20,547,288
Interest accrued but not due	1,179,428	424,370
TOTAL (a)	359,815,751	292,554,874

b. Provisions

Proposed Dividend on Equity Shares	25,000,000	15,000,000
For Dividend Tax	4,248,750	2,549,250
For Income Tax (Net of prepaid taxes)	1,227,309	8,746,120
For Wealth Tax	142,000	169,600
For Gratuity	4,285,565	1,207,603
For Leave Benefits to Employees	11,099,756	8,064,583
	46,003,380	35,737,156
	405,819,131	328,292,030

SCHEDULES TO PROFIT & LOSS ACCOUNT

(Amount in Rs.)

SCHEDULE - 9 OTHER INCOME

	As at 31 st March, 2009	As at 31 st March, 2008
Miscellaneous Receipts	203,995	715,724
Interest (TDS Rs.62,754/- Previous Year Rs.88,231/-)	311,727	339,804
Dividend on Mutual Funds investments	23,108,162	11,500,983
Cash Discount received	1,360,312	96,640
Profit on sale of Capital Assets	-	82,320
Profit on Sale of Investments	51,648	-
Sundry Balances written back (Net)	274,849	171,020
Insurance Claims received	819,351	472,722
Interest on Income Tax Refund	-	32,581
	<u>26,130,044</u>	<u>13,411,794</u>

SCHEDULE - 10 INCREASE/(DECREASE) IN STOCKS OF FINISHED GOODS AND WORK IN PROCESS

<i>Opening Stocks</i>			
Finished Goods	1,110,666	2,007,591	
Work in Process	9,780,096	7,153,803	
	<u>10,890,762</u>	<u>9,161,394</u>	
<i>Closing Stocks</i>			
Finished Goods	4,464,521	1,110,666	
Work in Process	8,755,664	9,780,096	
	<u>13,220,185</u>	<u>10,890,762</u>	
	<u>2,329,423</u>	<u>1,729,368</u>	

SCHEDULE - 11 REMUNERATION AND BENEFITS TO EMPLOYEES

Salaries and Wages (Including Managerial Remuneration)	99,603,473	88,727,485	
Contribution to Provident Fund and other Funds	10,954,874	7,688,255	
Staff and Labour Welfare Expenses	6,910,132	5,857,874	
	<u>117,468,479</u>	<u>102,273,614</u>	



SCHEDULES TO PROFIT & LOSS ACCOUNT (Continued)

(Amount in Rs.)
 For the year ended 31st March, 2009
 For the year ended 31st March, 2008

SCHEDULE - 12 MANUFACTURING AND OTHER EXPENSES

Stores and Spares consumed	91,417,019	82,249,442
Power and Fuel	125,931,874	96,484,441
Packing Materials consumed	62,623,501	53,433,050
Rent (Lease Payments)	10,837,749	8,980,824
<i>Repairs and Maintenance :</i>		
- To Building	1,689,102	2,671,349
- To Machinery	6,697,848	2,109,286
- To Others	809,916	625,911
Insurance Premium	3,626,643	4,938,089
Rates and Taxes	1,552,343	1,499,815
Wages to Contractors	29,538,855	28,515,737
Job Work Charges	43,077,713	43,527,043
Travelling and Conveyance	7,824,851	6,792,858
Directors' Sitting Fee	342,000	230,000
<i>Auditors' Remuneration</i>		
- As Audit Fee	200,000	200,000
- As Tax Audit Fee	40,000	40,000
- As VAT Audit Fee	25,000	50,000
- Limited Review of Unaudited Results	60,000	60,000
<i>Cost Auditors' Remuneration</i>		
- As Audit Fee	30,000	30,000
- Out of Pocket Expenses	29,883	39,599
Professional Charges	2,911,380	2,492,463
Printing and Stationery	1,312,166	1,144,224
Telephone and Telex Charges	838,482	681,327
Freight Outward	42,686,419	37,080,971
Bank Charges and Commission	406,786	385,132
Discount on sales	20,675,088	18,306,604
Miscellaneous Expenses	13,371,038	12,149,021
Loss on Disposal of Fixed Assets	253,093	100,083
Loss on Foreign Exchange Rate Fluctuations	-	-
Security Service Charges	3,754,861	3,424,709
	472,563,610	408,241,977

SCHEDULE - 13 INTEREST

Interest :

- On Fixed Loans	4,622,523	6,391,827
- On Working Capital Loans	226,879	201,493
- On Others	960,852	-
	5,810,254	6,593,320

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009**SCHEDULE – 14 SIGNIFICANT ACCOUNTING POLICIES, NOTES ON ACCOUNTS AND INFORMATION PURSUANT TO PROVISIONS OF SCHEDULE VI OF THE COMPANIES ACT, 1956****I. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are prepared under the historical cost convention in accordance with applicable accounting standards and relevant requirements of the Companies Act, 1956. Significant accounting policies followed by the company are as stated below:

1) System of Accounting

The company has adopted accrual basis of accounting.

2) Fixed Assets

- a) All fixed assets are stated at cost less accumulated depreciation. Cost is inclusive of freight, duties (net of Cenvat Credit) and other incidental expenses in accordance with the applicable Accounting Standards.
- b) Cost of leasehold land has not been amortized over lease period due to the long tenure of the lease and smallness of amount.
- c) Depreciation has been provided on straight-line method in the manner and at the rates as prescribed in Schedule XIV of the Companies Act, 1956; except that in case of expenditures on Information Technology related software, including their license fees and implementation costs, and the vehicles, the rate of depreciation is charged at a higher rate of 25 percent considering their useful life of 4 years as estimated by the management of the company.

3) Investments

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

4) Inventory

- a) Raw Materials, stores and spares, packing materials, components, work in process and finished goods are valued at cost and net realisable value whichever is lower. Cost of purchases is ascertained on first in first out (FIFO) method.
- b) Cost of Work in Process and Finished Goods include cost of materials and other inputs plus appropriate share of labour and overheads. Excise duty is included in the value of finished goods inventory.
- c) Scrap is valued at estimated net realisable value.

Provision for obsolescence is made wherever necessary.

5) Revenue Recognition:**Sale of Goods**

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

Dividends

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

6) Employees Benefits

Provision is made short term and long term benefits to employees in accordance with Accounting Standard -15 (further details are given in note no 15)

7) Taxation

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

Provision for fringe benefit tax is made on the basis of the fringe benefit provided / deemed to have been provided during the year at the rates and values applicable to the relevant assessment year.

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

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 at the year-end are restated in Indian Rupees at their prevailing conversion rates.

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

9) Impairment of Assets

The Carrying amounts of assets are reviewed at each balance sheet date to ascertain whether there is any indication of an 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.



NOTES ON ACCOUNTS (Continued)

10) Operating Leases

Lease charges paid for operating leases are charged to profit and loss account on a straight-line basis over the lease term.

II. Notes on Accounts

1. In respect of an interest-free LEEP loan availed by the company at the time of the setting up a project at Waghodia, Gujarat by the company, GIIC (A Government of Gujarat undertaking that had disbursed the said LEEP loan on its behalf) had raised a claim of interest amounting to Rs.17 lac payable since 1997. GIIC has claimed that there was a delay in repayment of first 2 installments of the said LEEP loan and repaid by the company in earlier years. The Company disputed this. Negotiation in the matter is continuing. Meanwhile, after adding interest @ 24% on the aforesaid disputed amount of interest; GIIC has raised its claim further to Rs. 194 Lac up to 31.12.05 (Previous Year: Rs. 194.00 Lac). No provision is made in books of accounts for the above interest claim as the Company expects that such a claim of GIIC is not tenable.
2. As the Company's business activity falls within a single primary business segment viz. Motorcycles Parts and single geographical segment, the disclosure requirements of Accounting Standard (AS-17) "Segment Reporting", issued by the Institute of Chartered Accountants of India are not applicable.
3. The Company as well as various industrial units in Waghodia have disputed their liability to pay octroi duty and hence the company deposited the amount of Rs. 15.45 lac under protest which is held in a separate bank account in the name of Sarpanch, the Waghodia Gram Panchayat and the Company as the second party under a Court directive. By virtue of a subsequent notification of the State Government of Gujarat, the company, like other industrial units in the notified area of Waghodia, is not required to pay the octroi duty from 19th July, 1997. The company believes, it has no liability for octroi duty even for the earlier period. Association for Industrial Units in Waghodia has filed a suit for recovery of amounts paid under protest, which is still pending for final decision. Therefore, the said amount of Rs.15.45 Lac (Previous Year Rs.15.45 lac) is included in Balance Sheet under the head "Loans & Advances" and no provision is made for liability of octroi in this respect. In the absence of clarity regarding rights of respective parties, interest credited by the bank amounting to Rs.10.50 Lac (Previous Year: Rs.9.61 Lac) on the aforesaid amount till 31st March 2009 is not accounted for.
4. Company has paid excise duty of Rs.23.61 lacs (previous year Rs.23.61 lacs) which is claimed by the company to be refundable and shown under loans and advances. The company has filed an appeal and the matter is pending with the Custom, Excise & Service tax Appellate Tribunal.
5. Expenditure on insurance includes Rs.17.91 Lacs (previous year Rs.18.78 Lacs) being premium paid under Key man Insurance scheme to cover risks on the life of Key Management personnel (Total premium paid Rs. 112.68 lacs until 31.03.2009). Benefits to the Company under the said scheme depend on various factors including resignation/survival of the said personnel or premature surrender of the policy. Such benefits will be accounted in the year in which they become due.
6. Figures of the previous year have been regrouped and/or recast, wherever considered necessary to conform to the groupings of the current year.
7. The company has amounts dues to Micro, Small and Medium Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 as at 31st March, 2009

	(Rs. in Lacs)	
	2008-09	2007-08
I) The Principal amount and interest due thereon remaining unpaid as at 31st March, 2009		
- Principal Amount	1,20.88	191.35
- Interest	4.49	-
II) Amount of interest paid by company along-with the amounts of payments made beyond the appointed day for the year ending 31st March, 2009	-	-
III) Amount of interest due and payable for the period of delay in making payment beyond appointed day during the year	4.49	-
IV) Amount of interest accrued and remaining unpaid	4.49	-
V) Amount of further interest remaining due and payable for earlier year	-	-

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

8. The Amount of lease payments in respect of operating leases recognized in the profit and loss account was Rs.1,08,37,176/- (previous year Rs.89,22,190/-).
9. Until the year ended 31st March, 2008, the company was providing depreciation on vehicles at the rate of 9.5% being the rate as per Schedule XIV of the Companies Act, 1956. Now the company has estimated useful life of vehicles as 4 years. The unamortized depreciable amount is charged over the revised remaining useful life as per the relative Accounting Standard. In cases in which the useful life is over, whole of the depreciable amount is provided by way of depreciation during this year. Accordingly, depreciation for the year in respect of vehicles is Rs.1,23,17,835/-, which amount would be Rs.26,11,281/- in case it was provided at the rate applied in earlier years.

Deductions in depreciation given in schedule - 5 includes excess depreciation of Rs.14,80,897/- provided in earlier year.

NOTES ON ACCOUNTS (Continued)

10 Details of Prior Period Adjustments

	(Amount in Rs.)	
	2008-09	2007-08
Income Tax	183,940	2,999,219
Gratuity (Net of Deferred Tax)	-	(970,911)
Depreciation	(1,480,897)	-
Others	(353,686)	85,729
Prior Period Adjustments (Net)	<u>(1,650,643)</u>	<u>2,114,037</u>

11 Details of Contingent Liabilities

	As at 31 st March, 2009	As at 31 st March, 2008
I Unexpired letters of credit (Net of margin money)	135.38	-
II Unexpired Bank Guarantee (Net of margin money)	3.96	9.02
III Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	890.70	101.68
IV Estimated amount on account of pending cases under the Labour Laws	25.19	17.17
V Income Tax matters in dispute	78.25	41.41
VI Sales Tax matters in dispute	31.89	31.89

12 Managerial Remuneration

	As at 31 st March, 2009	As at 31 st March, 2008
Remuneration		
Salaries	5,500,000	4,500,000
Commission	5,473,046	6,969,419
Contribution to PF and Other Funds	1,210,000	990,000
Other Allowances	5,500,000	4,500,000
Value of Perquisites	<u>123,142</u>	<u>128,955</u>
	17,806,188	17,088,374
Sitting Fee and allowances	342,000	230,000
	18,148,188	17,318,374

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

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

	2008-09		2007-08	
	Amount	Amount	Amount	Amount
Profit as per Profit & Loss Account		110,875,414		103,675,134
Add:				
Managerial Remuneration	17,806,188		17,088,374	
Directors' Sitting Fee	342,000		230,000	
Provision for Taxation				
- Current	55,547,000		51,210,000	
- Deferred	(8,014,823)		(2,857,124)	
- Fringe Benefit Tax	1,111,000		1,350,000	
- Wealth Tax	142,000		169,600	
Loss on Sale of Fixed Assets	253,093	<u>67,186,458</u>	100,083	<u>67,290,933</u>
Less:				
Profit on Sale of Fixed Assets	-	-	82,320	82,320
		178,061,872		170,883,747
Net Profit pursuant to section 349 for the purpose of Directors' Remuneration		178,061,872		170,883,747



NOTES ON ACCOUNTS (Continued)

			(Amount in Rs.)
	Amount Rs.	Restricted to Rs.	Amount Rs.
<i>Directors' Commission: (Restricted in terms of the Agreements with reference to salaries, allowances and limits prescribed under the Companies Act, 1956)</i>			
5% of Net Profit to Mr. Sudhir Munjal, Managing Director (Previous Year : 5%)	8,903,094	1,231,952	8,544,187
5% of Net Profit to Mrs. Anju Munjal, Whole-time Director (Previous Year : 5%)	<u>8,903,094</u>	<u>4,241,094</u>	<u>8,544,187</u>
	<u>17,806,188</u>	<u>5,473,046</u>	<u>17,088,374</u>
			<u>6,969,419</u>
14 Computation of Earning Per Share			<u>2008-09</u>
Net Profit after Taxation as per Profit & Loss Account			112,526,057
Basic/Weighted average number of Equity Shares outstanding during the year			10,000,000
Nominal Value of Equity Shares Rs.			10.00
Basic Earnings per Share Rs.			11.25
Diluted Earnings per Share Rs.			11.25
15 Related Party Disclosure			<u>2007-08</u>
a) Key Management Personnel			
Mr. Satyanand Munjal		Chairman	
Mr. Sudhir Munjal		Managing Director	
Mrs. Anju Munjal		Whole-time Director	
b) Enterprises which are able to exercise significant influence over the Company			
Hero Cycles Limited			
c) Enterprises over which key management personnel and their relatives are able to exercise significant influence			
Hero Honda Motors Limited		Bhagyoday Investments Pvt. Ltd.	
Rockman Cycle Industries Limited		Munjal Investments Pvt. Ltd.	
Highway Cycles Industries Limited		Puja Investments Pvt. Ltd.	
Chopra Industries Private Limited		Anadi Investments Pvt. Ltd.	
Majestic Auto Limited		Dayanand Munjal Investments Pvt. Ltd.	
Hero Corporate Services Limited		Hero Investments Pvt. Ltd.	
Satyam Auto Components Limited		Bahadur Chand Investments Pvt. Ltd.	
Amarasons		Thakurdevi Investments Pvt. Ltd.	
Shivam Autotech Limited		Munjal Acme Packaging Systems Ltd.	
d) Transactions with the related parties during the year:			(Amount in Rs. Lac)
Nature of Transactions		As at 31st March, 2009	As at 31st March, 2008
a) Key Managerial Personnel			
Remuneration	123.33	101.19	
Commission	54.73	69.69	
Sitting Fee	0.03	0.02	
Balance Outstanding at the end of the year			
- Payables (Other than Commission)	11.50	7.50	
b) Enterprises which are able to exercise significant influence over the Company			
Purchase of Goods	3,877.97	3,114.84	
Dividend Paid	74.66	248.87	
Rent, Miscellaneous Purchase and Other Services			
Balance Outstanding at the end of the year			
- Receivables			
- Payables	693.93	559.07	

NOTES ON ACCOUNTS (Continued)

		(Amount in Rs. Lac)	
		As at 31 st March, 2009	As at 31 st March, 2008
c)	Enterprises over which key management personnel and their relatives are able to exercise significant influence		
	Sale of Goods (net of discount and returns)	24,235.80	22,288.15
	Purchase of Goods	5,759.43	4,178.86
	Dividend paid	37.53	125.11
	Rent, Miscellaneous Purchase and Other Services	-	-
	Balance Outstanding at the end of the year		
	- Receivables	1,841.49	1,189.46
	- Payables	970.20	567.55
16	Disclosure pursuant to Accounting Standard - 15 (Revised) 'Employee Benefits'		
i.	The Company has adopted accounting standard 15 (revised 2005) "Employee Benefits" issued by ICAI with effect from 1st April, 2007. Pursuant to the adoption of this Standard an amount Nil (previous year Rs.7,33,122/- (net of defered tax)) has been adjusted against opening general reserve in accordance with transitional provision.		
ii.	Defined Contribution Plans Contributions to defined contribution plan recognised as expenses for the year are as under.		
		(Amount in Rs.)	
		2008-09	2007-08
	Employer's contribution to Provident Fund	4,980,522	4,475,241
	Employer's contribution to Superannuation Fund	1,421,433	1,097,747
iii.	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;		
		(Amount in Rs.)	
		2008-09	2007-08
		Gratuity (Funded)	Gratuity (Funded)
		Leave Encasement (Unfunded)	Leave Encashment (Unfunded)
I	Change in benefit obligation		
	Opening benefit obligation	14,440,860	11,437,133
	Service cost for the year	1,911,851	1,334,343
	Interest cost for the year	1,083,065	943,563
	Actuarial losses / (gains) on curtailments	2,764,228	849,125
	Benefits paid	(354,860)	(123,304)
	Closing defined benefit obligation	19,845,144	14,440,860
		8,150,418	6,045,472
II	Fair Value of Plan Assets		
	Opening fair value of plan assets	13,233,257	11,054,284
	Expected Return on Plan Assets	1,241,147	1,076,246
	Contribution by employer	1,469,385	1,284,926
	Benefits paid	(354,860)	(123,304)
	Actuarial (loss) / gain on plan assets	(29,351)	(58,895)
	Closing balance of fair value of plan assets	15,559,578	13,233,257
III	Actual Return on Plan Assets		
	Actual Return on Plan Assets	1,211,796	1,017,351
	Expected Return on Plan Assets	1,241,147	1,076,246
	Actuarial gain / (loss) on Plan Assets	(29,351)	(58,895)
IV	Amount Recognised in the Balance Sheet		
	Present value of defined benefit obligation	19,845,143	14,440,860
	Plan Assets at the end of the period at fair value	15,559,578	13,233,257
	Liability recognised in the balance sheet	4,285,565	1,207,603
		8,150,418	6,045,472



NOTES ON ACCOUNTS (Continued)

(Amount in Rs.)

	2008-09		2007-08	
	Gratuity (Funded)	Leave Encasement (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
V Amount Recognised in Statement of Profit and Loss				
Current Service Cost	1,911,851	1,104,625	1,334,343	892,338
Interest on Obligation	1,083,065	453,410	943,563	445,213
Expected Return on Plan Assets	(1,241,147)	-	(1,076,246)	-
Net Actuarial Loss / (Gain) recognised in the year	2,793,578	2,130,303	908,020	(473,991)
Total included in 'employee benefit expense'	4,547,347	3,688,338	2,109,680	863,560
VI Investment Details (% invested)				
Policy of insurance	100%	-	100%	-
VII Actuarial Assumptions				
Discount Rate Current	7.50%	7.50%	8.25%	8.25%
Rate of Return on Plan Assets Current	9.00%	-	9.25%	-
Annual increase in salary costs	6.00%	6.00%	6.00%	6.00%

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

1 Particulars in respect of licensed and installed capacities :

Class of Goods	Units	Licensed Capacity		Installed Capacity	
		2008-09	2007-08	2008-09	2007-08
Mufflers	Nos.			3,600,000	3,600,000
Motorcycle Rims	Nos.	NOT APPLICABLE	NOT APPLICABLE	3,750,000	3,750,000
Scooter Wheels	Nos.			600,000	600,000

- (i) The installed capacity is as certified by the management and relied upon by the auditors being a technical matter. The installed capacity is calculated on triple shifts basis.
- (ii) Actual production of various items depends on exact specifications of the products. The quantities are indicative of production with specifications, which are considered representative of estimated average product mix.

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

Class of Goods	Units	Opening Stock				Closing Stock			
		2008-09		2007-08		2008-09		2007-08	
		Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
Mufflers	Nos.	1,488	8.55	1,244	11.16	6,044	31.69	1,488	8.55
Motorcycle Rims	Nos.	1,039	2.11	3,306	7.55	4,005	7.09	1,039	2.11
Scooter Wheels	Nos.	210	0.45	430	0.84	3,585	5.87	210	0.45
Others Components	Nos.	4	0.00	1,008	0.53			4	0.00
			<u>11.11</u>		<u>20.08</u>		<u>44.65</u>		<u>11.11</u>

3 Details of production and sales :

Class of Goods	Units	Production				Sales	
		2008-09		2007-08		2008-09	
		Qty.	Qty.	Qty.	Value	Qty.	Value
Mufflers	Nos.	2,866,046	2,655,892	2,861,490	22,952.68	2,655,648	21,242.42
Motorcycle Rims	Nos.	1,403,343	1,437,022	1,400,377	3,550.36	1,439,289	3,929.77
Scooter Wheels	Nos.	320,842	212,660	317,467	728.41	212,880	454.33
Other Components	Nos.	489,637	334,730	489,641	399.78	335,734	458.52
					<u>27,631.23</u>		<u>26,085.04</u>

NOTES ON ACCOUNTS (Continued)

4 Raw materials and components consumption :

(Amount in Rs. Lac)

Class of Goods	Units	2008-09		2007-08	
		Qty.	Value	Qty.	Value
CR and SS Strips	M.T.	9,066.976	4,611.56	8,954.431	3,899.47
Nickel	M.T.	228.417	2,061.71	191.639	3,239.53
Paints & Chemicals			1,631.54		1,541.09
Components and BOPs			7,073.33		5,815.44
Others (Net of Scrap Sales)			274.94		159.81
			<u>15,653.08</u>		<u>14,655.34</u>

5	Value of Imported and Indigenous Raw Materials and stores consumed and percentage thereof :	
Raw Materials and Components :		
Imported	788.99	5.04%
Indigenous	14,864.09	94.96%
	<u>15,653.08</u>	<u>100.00%</u>
Stores & Spares :		
Imported	-	
Indigenous	914.17	100.00%
	<u>914.17</u>	<u>100.00%</u>

(Amount in Rs. Lac)

6 Expenditure in foreign currency (on cash basis):

	2008-09	2007-08
Foreign Travels	12.14	7.71
Books & Periodicals	-	0.54
	<u>12.14</u>	<u>8.25</u>

7 CIF Value of Imports :

	2008-09	2007-08
Raw Materials, BOP & Spares	490.81	729.47
Capital Goods	-	10.32
	<u>490.81</u>	<u>739.79</u>

As per our report of even date

For Vakil Jain & Hindocha
Chartered Accountants

Surendra Modiani
Partner
Membership No. 47966

Vadodara
June 24, 2009

For and on behalf of the Board

S. K. Sharma
G M (Finance)

Sambit Dash
Company Secretary

Vikram Shah
Naresh Chawla
Ramkisan Devidayal
Sudesh Duggal
Sudhir Munjal
Anju Munjal

Director
Director
Director
Director
Managing Director
Whole-time Director

Waghodia
June 24, 2009



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

Balance Sheet Abstracts and Company's General Business Profile

I. Registration Details

Registration No. 7 9 5 8 State Code 0 4

Balance Sheet Date 3 1 0 3 2 0 0 9

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

Public Issue N I L Rights issue N I L

Bonus Issue N I L Private Placement N I L

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

Total Liabilities 1 1 2 1 0 7 6 Total Assets 1 1 2 1 0 7 6

Sources of Funds

Paid up capital 1 0 0 2 0 9 Reserve & Surplus 5 6 7 3 0 6

Secured Loans 2 3 9 3 9 Unsecured Loans - - - - -

Deferred Tax Liability 2 3 8 0 2

Application of Funds

Net Fixed Assets 5 5 2 2 7 0 Investments 2 1 3 5 6 0

Net Current Assets - 5 0 5 7 3 Misc. Expenditure - - - - -

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

Turnover 2 7 8 9 2 5 3 Total Expenditure 2 6 2 9 5 9 2

Profit Before Tax 1 5 9 6 6 1 Profit After Tax 1 1 2 5 2 6

Earning Per Share in Rs. 11.25 Dividend in % 25%

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

Item Code No. 8 7 1 4 1 9 0 0

Product description M O T O R C Y C L E P A R T S

CORPORATE GOVERNANCE REPORT

A. Company's philosophy on code of corporate governance

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

B. Board of Directors

1. Composition of the Board

As on March 31, 2009, the Company's Board of Directors consisted of twelve Directors. Two Directors are Executive; four Directors, including Chairman are Non-Executive and six are Non-Executive and Independent. As fifty percent of the Board consists of Independent Directors, the composition of the Board is in consonance with the Clause 49 of the Listing Agreement. Details of the composition of the Board, number of meeting held during their tenure and attended by them etc. are given in **Table 1**.

TABLE-1: DETAILS ABOUT BOARD OF DIRECTORS DURING THE FINANCIAL YEAR 2008-09

Name of director	Number of Board Meeting held during his / her tenure and attended by him/her		Attendance at AGM	No. of Outside Directorship held	No. of Committee Membership (including Chairmanships) held	Number of Committee Chairmanship held
	Held	Attended				
Executive Directors						
Mr. Sudhir Munjal	5	5	Yes	1	3	None
Mrs. Anju Munjal	5	4	No	None	None	None
Non-Executive Directors						
Mr. Satyanand Munjal	5	None	No	4	None	None
Mr. Brijmohan Lall Munjal	5	None	No	9	None	None
Mr. Om Prakash Munjal	5	None	No	10	None	None
Mr. Vijay Munjal	5	None	No	6	1	None
Non-Executive and Independent Directors						
Mr. Vikram Shah	5	5	Yes	None	None	None
Mr. Naresh Chawla	5	5	No	None	None	None
Mr. Mahendra Sanghvi	5	5	Yes	4	None	None
Mr. Ramkisan Devidayal*	2	2	Yes	3	6	1
Mr. Sudesh Kumar Duggal**	1	None	N.A.	None	None	None
Mr. Jal Ratanshaw Patel***	None	None	N.A.	6	7	2

Note:

- * Mr. Ramkisan Devidayal was appointed as a Non Executive Independent Director on September 26, 2008.
- ** Mr. Sudesh Kumar Duggal was appointed as an Additional Director on October 25, 2008.
- *** Mr. Jal Ratanshaw Patel was appointed as an Additional Director on March 30, 2009.

2. Board Meetings

During 2008-09, the Board of Directors met 5(five) times on May 6, 2008, June 30, 2008, July 26, 2008, October 25, 2008 & January 24, 2009.

Details of the directors' attendance record and directorships / committee Membership are given in **Table 1**.



3. Availability of information to the members of the Board

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

The information regularly supplied to the Board includes:

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

4. Materially significant Related Party Transactions

There have been no materially significant related party transactions; pecuniary transactions or relationships between the Company and its directors, management or relatives except for those disclosed in the financial statements for the year ended March 31, 2009.

C. Board Committees:

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

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

1. Audit committee

Our Audit Committee comprises four Directors and all the Directors are independent. Five audit committee meetings were held on May 6, 2008, June 30, 2008, July 26, 2008, October 25, 2008 & January 24, 2009, in due compliance with the stipulated provisions. The attendance record of members of the Audit Committee is given in **Table 2**.

TABLE-2: DETAILS OF AUDIT COMMITTEE

Name of committee member	Position held	No. of meetings held during tenure	No. of meetings attended
Mr. Vikram Shah	Chairman	5	5
Mr. Naresh Chawla	Member	5	5
Mr. Vijay Munjal**	Member	4	0
Mr. Mahendra Sanghvi	Member	5	5
Mr. Ramkisan Davidayal	Member	1	1

** The Audit Committee was re-constituted on October 25, 2008 by appointing Mr. Ramkisan Devidayal as member in place of Mr. Vijay Munjal.

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

Functions of Audit Committee

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

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

2. Investors' Grievance Committee

The committee has the mandate to review and redress shareholder grievances. The Investor's Grievance Committee is headed by Mr. Naresh Chawla who is an independent director. Four Investor Grievance Committee meetings were held during the year on June 30, 2008, July 26, 2008, October 25, 2008 & January 24, 2009. The attendance record of members of the Shareholder Grievance Committee is given in **Table 3**.

TABLE-3: DETAILS OF SHARE HOLDER GRIVANCE COMMITTEE

Name of Director	Position held in the Committee	No. of meetings held during tenure	No. of meetings attended
Mr. Naresh Chawla	Chairman	4	4
Mr. Vikram Shah	Member	4	4
Mr. Vijay Munjal**	Member	3	-
Mr. Mahendra Sanghvi	Member	4	4
Mr. Ramkisan Davidayal	Member	1	1

** The Shareholder Grievance Committee was re-constituted on October 25, 2008 by appointing Mr. Ramkisan Devidayal as member, in place of Mr. Vijay Munjal.

Name & designation of compliance officer

Mr. Sambit Dash : Company Secretary

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

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

TABLE-4: COMPLAINTS / REQUEST RECEIVED AND REDRESSED DURING THE YEAR 2008-09

Nature of Complaint / Query		Received	Cleared	Pending
1.	Inquiry pertaining to non receipt of shares sent for transfer	8	8	-
2.	Non receipt of dividend	194	194	-
3.	Dematerialization of shares	85	85	-
4.	Letters received from SEBI / stock exchanges / other statutory bodies	-	-	-



Nature of Complaint / Query		Received	Cleared	Pending
5.	Loss of Shares / Issue of duplicate certificates	10	10	-
6.	Request for nominations	-	-	-
7.	Transmission of shares	16	16	-
8.	Split / consolidation of certificates	-	-	-

3. Remuneration committee

The Remuneration Committee consists of non-executive directors with the majority of them as independent directors. Two remuneration committee meetings were held on June 30, 2008 & October 25, 2008. The attendance record of members of the Remuneration Committee is given in **Table 5**.

TABLE-5: DETAILS OF THE REMUNERATION COMMITTEE

Name of Director	Position held in the Committee	No. of meetings held during tenure	No. of meetings attended
Mr. Mahendra Sanghvi	Chairman	2	2
Mr. Satyanand Munjal	Member	2	-
Mr. Naresh Chawla	Member	2	2
Mr. Vikram Shah	Member	2	2

Remuneration policy:

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

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

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

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

Details of remuneration paid/payable to directors for FY 2008-09 is given in **Table 6**.

TABLE 6: REMUNERATION TO DIRECTORS

(Amounts in Rs.)

Name of Directors	Fixed Salary	Variable Salary	Benefits, Perquisites & allowances**	Commission	Sitting Fee & allowance	Total Compensation	Notice Period (in days)
Mr. Sudhir Munjal	34,00,000	-	42,71,142	12,31,952	-	89,03,094	180
Mrs. Anju Munjal	21,00,000	-	25,62,000	42,41,094	-	89,03,094	180
Mr. Brijmohan Lall Munjal	-	-	-	-	-	-	-
Mr. Satyanand Munjal	-	-	-	-	-	-	-

Name of Directors	Fixed Salary	Variable Salary	Benefits, Perquisites & allowances**	Commission	Sitting Fee & allowance	Total Compensation	Notice Period (in days)
Mr. Om Prakash Munjal	-	-	-	-	-	-	-
Mr. Vijay Munjal	-	-	-	-	-	-	-
Mr. Vikram Shah	-	-	-	-	114000	114000	-
Mr. Naresh Chawla	-	-	-	-	99000	99000	-
Mr. Mahendra Sanghvi	-	-	-	-	99000	99000	-
Mr. Ramkisan Devidayal	-	-	-	-	30000	30000	-
Mr. Sudesh Kumar Duggal	-	-	-	-	-	-	-
Mr. Jal Ratanshaw Patel	-	-	-	-	-	-	-

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

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

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

Save as disclosed, none of the directors had a material beneficial interest in any contract of significance to which the Company was a party, during the financial year.

4. Share transfer committee

The 'Share Transfer Committee' oversees the functioning of the secretarial department to render effective and satisfactory services to the investors. The meetings of share transfer committee are held every fortnight. During the year, the Committee met 11 times to consider and approve the requests pertaining to the share transfers, transmission, dematerialization, rematerialisation, issue of duplicate share certificates, etc. Details of the share transfer committee members are given in **Table 7**.

TABLE-7: SHARE TRANSFER COMMITTEE

Committee members

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

D. General Body Meetings

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

In December 31, 2008 the company has passed two special resolutions relating to (i) alteration in main object clause of the Memorandum of Association of the Company and (ii) reappointment of and remuneration payable to Shri Sudhir Munjal as a Managing Director of the Company through Postal Ballot.



TABLE - 8: DETAILS OF AGMs

Financial Year ended	Date	Time	Venue	Special resolution passed
Mar 31, 2006	Sept 23, 2006	3.00 p.m.	187, GIDC Industrial Estate, Waghodia - 391 760, Dist.: Vadodara (Gujarat)	Special resolution was passed for revision in salary of Managing Director and Whole time director
Mar 31, 2007	Sept 22, 2007	3.00 p.m.	— do —	Special resolution was passed for revision in salary of Managing Director and Whole time director
Mar 31, 2008	Sept 26, 2008	3.00 p.m.	— do —	No special resolution was passed

E. Material disclosures and compliance

1. Disclosures

The details of material transactions entered into with related parties have been disclosed in point no. 15 in notes on accounts in schedule 14 forming part of accounts for the year ended March 31, 2009. None of the transactions of the Company of material value with directors or their relatives had any potential conflict with the interests of the Company.

2. Compliance by the Company

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

3. Insider Trading

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

4. CEO/CFO certification

As required under Clause 49 V of the listing agreement with the stock exchanges, the Managing Director and the General Manager (Finance) have certified to the Board the financial statements for the year ended March 31, 2009. They have further declared that all board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

F. Means of communication

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

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

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

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

G. Compliance

1. Mandatory requirements

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

2. Adoption of non-mandatory requirements

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

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

ADDITIONAL SHAREHOLDER INFORMATION

Annual general meeting

Date	August 29, 2009
Day	Saturday
Time	3.00 p.m.
Venue	Registered Office of the Company: 187, GIDC Industrial Estate, Waghodia - 391760, Dist.: Vadodara, (Gujarat)

Disclosures regarding appointment or re-appointment of directors

According to the Articles of Association, one-third of the directors retires by rotation and, if eligible, offer themselves for re-election at the annual general meeting of shareholders. Accordingly, Mr. Satyanand Munjal, Mr. Om Prakash Munjal, Mr. Brijmohan Lall Munjal and Mr. Vikram Shah will retire in the ensuing annual general meeting. The Board has recommended the re-appointment of all the retiring directors.

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

Financial calendar

Financial reporting for the quarter ending	
Jun 30, 2009	On or before Jul 31, 2009
Sep 30, 2009	On or before Oct 31, 2009
Dec 31, 2009	On or before Jan 31, 2010
Mar 31, 2010	On or before Jun 30, 2010

Dates of book closure: August 24, 2009 to August 29, 2009 (both days inclusive)

Final dividend payment: On or after August 29, 2009 but within the statutory time limit of 30 days, subject to shareholders' approval.

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

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

Listing Fees:

Listing fees for the year 2009-10 has been paid to the stock exchanges, wherein the equity shares of the Company are listed (i.e. BSE & NSE) within stipulated time.

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

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

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



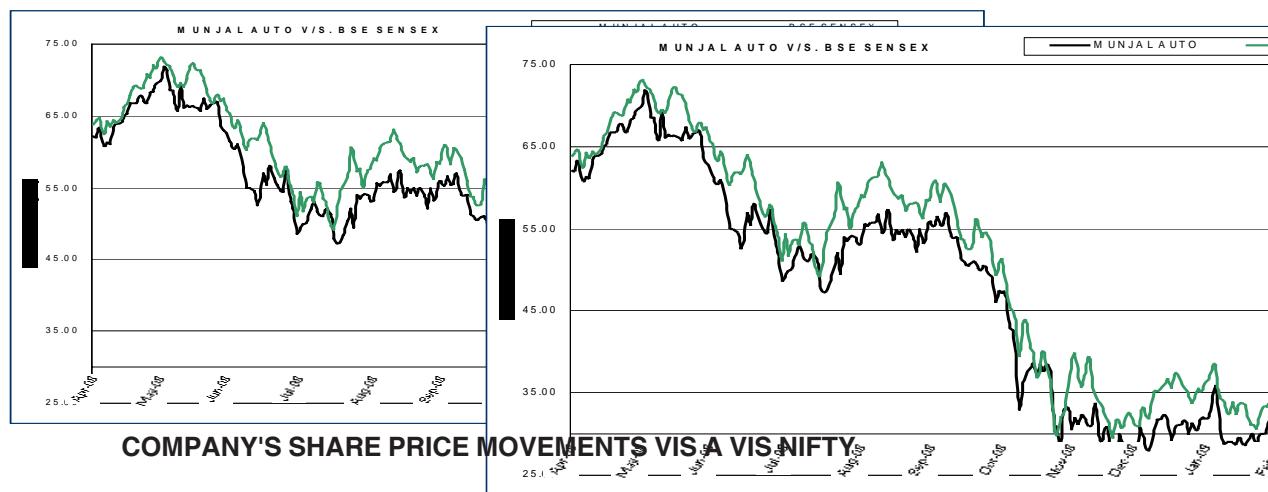
SHARE PRICE DATA FOR 2008-09

Monthly high and low stock quotations during the financial year 2008-09 on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) are given in **Table 9**:

TABLE-9; SHARE PRICE DATA (BSE & BSE)

Month	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High (Rs.)	Low (Rs.)	Volume (Nos.)
April 2008	69.50	60.80	28241	69.55	60.65	24632
May 2008	71.90	63.00	27436	72.90	64.00	17129
June 2008	62.55	51.25	60481	63.00	52.40	47742
July 2008	54.05	47.20	20471	55.45	47.00	20455
August 2008	57.40	52.10	12822	56.85	52.40	15091
September 2008	56.60	46.00	40810	57.50	47.15	39713
October 2008	47.30	28.10	29325	47.00	30.00	26097
November 2008	33.85	26.75	16872	32.30	26.40	10528
December 2008	32.25	27.00	15985	32.00	25.90	28154
January 2009	36.00	28.30	32005	36.30	27.00	21896
February 2009	33.90	30.50	18885	33.55	30.30	24176
March 2009	34.50	31.10	20795	34.50	31.20	24312

COMPANY'S SHARE PRICE MOVEMENTS VIS A VIS SENSEX



Distribution of shareholding as on March 31, 2009

Distribution of shareholding by number of shares held and shareholding in percentage (pursuant to clause 35 of the listing agreement) as on March 31, 2009 are given in **Table 10**.

TABLE - 10:

No. of equity shares held	No. of shareholders	%	No. of shares	%
Up to 500	7817	93.50	967242	9.67
501 - 1000	301	3.60	242602	2.43
1001 - 2000	146	1.75	217490	2.17
2001 - 3000	37	0.44	92511	0.93
3001 - 4000	12	0.14	42905	0.43
4001 - 5000	8	0.10	37280	0.38
5001 - 10000	19	0.23	139143	1.39
10001 - 50000	8	0.10	169026	1.69
50001 - 100000	2	0.02	140500	1.41
100001 & above	10	0.12	7951301	79.50
Total	8360	100.00	10000000	100.00

Share Holding Pattern

Category	Holders (No.)	No. of shares held	Voting strength (%)
PROMOTER HOLDING			
Indian promoters	11	7,479,595	74.80
Total of promoter holding	11	7,479,595	74.80
NON PROMOTER HOLDING			
Institutional investors			
• Mutual funds	5	583456	5.83
• Banks, financial institutions, insurance companies	8	55641	0.56
• Foreign institutional investors	0	0	0.0
Others			
• Private Corporate bodies	282	223603	2.23
• Indian public	7972	1609824	16.10
• NRIs / OCBs	82	47881	0.48
• Co-Op Banks, Co-Op Societies, Trust	0	0	0.00
• Shares in transit	0	0	0.00
Total of non promoter holding	8349	2520405	25.20
Grand total	8360	10000000	100.00

Investors' correspondence

For queries relating to:

Shares and dividend

Mr. Sambit Dash

Company Secretary

Munjal Auto Industries Limited,
187, GIDC Industrial Estate,
Waghodia - 391 760. Dist.: Vadodara
(Gujarat)

Tel: +91 2668 262421-26

Fax: +91 2668 262427

E-mail: cs@munjalauto.com

Financial statements

Mr. S. K. Sharma

General Manager (Finance)

Munjal Auto Industries Limited,
187, GIDC Industrial Estate,
Waghodia - 391 760. Dist.: Vadodara
(Gujarat)

Tel: +91 2668 262421-26

Fax: +91 2668 262427

E-mail: sksharma@munjalauto.com



Registrar and Transfer Agent

M/s. MCS Limited

Contact Person: Mr. S. M. Gandhi

1st floor, Neelam Apartment, 88, Sampatrao Colony,

B/h Standard Chartered Bank, Alkapuri, Vadodara - 390 007 (Gujarat)

Tel.: +91 265 2339397 / 2314757, Fax: +91 265 2341639

E-mail:mcsbaroda@yahoo.com

Share transfer system

The share transfer committee meets every fortnight to consider the requests for shares sent for physical transfer / transmission etc. The transfer / transmission of shares is 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 2008-09 was 2450

Dematerialisation of equity shares

Equity shares of the Company, which are under compulsory dematerialisation list, are available for trading under National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on March 31, 2009, a total of 8454645 equity shares of the Company, forming 84.55% of the total paid up equity share capital, stands dematerialised. All requests for dematerialisation of shares are processed within the stipulated time.

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

Not applicable

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

TO
THE MEMBERS OF MUNJAL AUTO INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by Munjal Auto Industries Limited (the Company) for the year ended March 31, 2009, 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 the procedures and implementation thereof, adopted by the Company for ensuring the compliance with 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 the representations 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

Vadodara
June 24, 2009

Surendra Modiani
Partner
Membership No. 47966