

MUNJAL AUTO

35th Annual Report & Accounts 2019-20



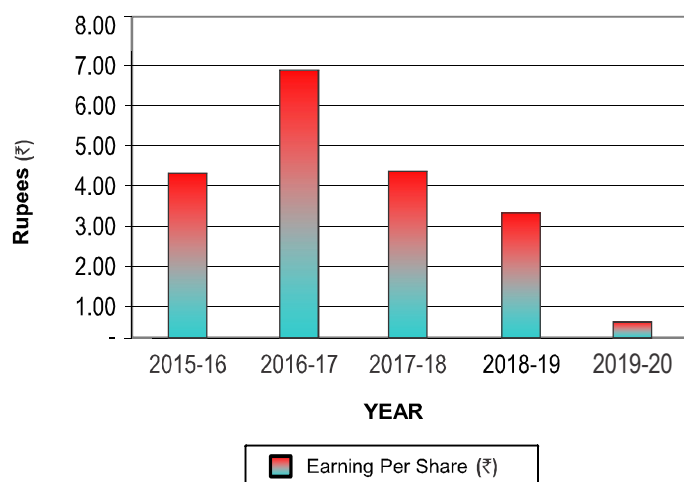
Munjali Auto Industries Limited

FINANCIAL STATISTICS FIVE YEARS' TRACK RECORD

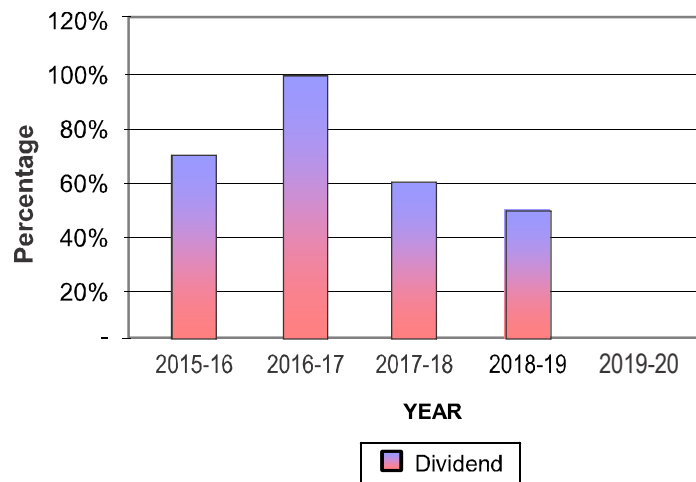
(₹ In Lakhs)

	2015-16	2016-17	2017-18	2018-19	2019-20
Equity Share Capital	1,000	1,000	2,000	2,000	2,000
Reserves & Surplus	20,859	24,287	26,265	28,116	27,374
Deferred Tax Liability / (Assets)	979	(1,445)	(1,274)	(1,297)	(1,247)
Secured Loans	6,215	4,353	2,868	2,321	8,020
Total External Liability	11,413	14,627	18,309	20,850	33,363
Total Assets	40,465	42,822	48,168	51,990	69,510
Sales	97,163	93,536	1,06,087	1,15,089	1,14,821
YoY Growth	-0.12%	-3.73%	13.42%	8.49%	-0.23%
Profit Before Interest, Depreciation & Tax (PBDIT)	4,931	6,679	7,692	6,539	3,686
Interest	794	550	433	381	844
Depreciation	1,666	1,720	1,819	1,875	2,157
Profit Before Tax	2,471	4,409	5,441	4,283	685
Profit After Tax	2,008	3,455	4,159	3,325	494
Earning Per Share (Rs.)	4.02	6.92	4.16	3.33	0.49
Dividend	70%	100%	60%	50%	-

EARNING PER SHARE



DIVIDEND



EPS and Dividend figures of from FY 2017-18 onwards are based on 10 Crore Equity Shares i.e. After issue of Bonus Shares in ratio of 1:1 on July 13,2017.

CORPORATE INFORMATION

Munjal Auto Industries Limited

CIN: L34100GJ1985PLC007958

BOARD OF DIRECTORS

CHAIRMAN AND MANAGING DIRECTOR

Mr. Sudhir Kumar Munjal

WHOLE TIME DIRECTORS

Mrs. Anju Munjal

Mr. Anuj Munjal

DIRECTORS

Mr. Vikram Shah

Mr. Naresh Kumar Chawla

Mr. Mahendra Sanghvi

Mr. Ramkisan Devidayal

Mr. Sudesh Kumar Duggal

Mr. Jal Ratanshaw Patel

Ms. Avi Sabavala (w.e.f. April 1, 2020)

CFO

Mr. S. K. Sharma

COMPANY SECRETARY

Mr. Rakesh Johari

AUDITORS

K C Mehta & Co.

Chartered Accountants

Meghdhanush, Race Course,

Vadodara - 390 007

BANKERS

State Bank of India

IDBI Limited

HDFC Bank Limited

REGISTERED OFFICE & PLANT I

187, GIDC Industrial Estate,

Waghodia - 391760

Dist. Vadodara, Gujarat

PLANT II

Plot No.37, Sector 5, Phase II,

Growth Centre, Bawal - 123501

Dist. Rewari, Haryana

PLANT III

Plot No.11, Industrial Park -2, Village: Salempur,

Mehdood, Haridwar - 249402, Uttarakhand

PLANT IV

Plot No.32A, Industrial Area,

Phase II, Dharuhera - 122106,

Dist. Rewari, Haryana

CORPORATE OFFICE

Unitech Business Zone, 2nd Floor,

Tower C, Nirvana Country, South City - 2,

Sector - 50, Gurugram - 122018

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BOARD'S REPORT

Dear Members,

Your Directors are pleased to present 35th Annual Report together with the audited financial statements for the financial year ended March 31, 2020.

FINANCIAL RESULTS - STANDALONE AND CONSOLIDATED

The Company's financial performance for the year ended March 31, 2020 is summarized below: -

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Total Income	1,14,821.49	1,15,089.35	1,24,098.58	121,810.18
Profit before Finance Cost & Depreciation	36,86.02	65,38.99	50,61.06	73,23.40
Depreciation	(21,57.00)	(18,74.95)	(31,49.97)	(20,26.58)
Finance Cost	(843.95)	(380.92)	(12,04.93)	(427.99)
Profit before Taxation	685.07	42,83.12	673.60	48,68.83
Provision for Taxation (Deferred & Current)	(191.47)	(958.00)	299.73	11,38.72
Profit after Taxation	493.60	33,25.12	373.87	37,30.11
Profit from Continuing operations	493.60	33,25.12	373.87	37,30.11
Other Comprehensive Income / Expenses	(30.86)	(26.93)	(22.25)	(26.54)
Total Comprehensive Income	462.74	32,98.19	351.62	37,03.57
Profit for the year attributable to:				
- Owners of the Company	493.60	33,25.12	412.18	35,96.66
- Non-Controlling Interest	-	-	(38.31)	133.45
Other Comprehensive Income for the year:				
- Owners of the Company	(30.86)	(26.93)	(25.01)	(26.67)
- Non-Controlling Interest	-	-	2.75	0.13
Total Comprehensive Income for the year:				
- Owners of the Company	462.74	32,98.19	387.18	35,69.99
- Non-Controlling Interest	-	-	(35.56)	133.58
Surplus brought Forward	281,16.48	262,64.96	277,11.01	-
Surplus carried to Balance Sheet	273,73.66	281,16.47	268,92.63	277,11.01
Earning Per Share (EPS)	0.49	3.33	0.37	3.73

FINANCIAL HIGHLIGHTS

During FY 2019-20, total income of the Company was ₹ 1,148 Crores as compared to ₹ 1,151 Crores in FY 2018-19, registering a decrease of 0.26%.

Profit before tax and profit after tax were ₹ 6.85 Crores and ₹ 4.93 Crores respectively during the current year as against ₹ 42.83 Crores and ₹ 33.25 Crores respectively in the previous year. Explanatory statement has been given in Management Discussion analysis for decrease in profit.

PERFORMANCE OF SUBSIDIARY

Revenue from operations of Indutch Composites Private Limited (ICTPL) was ₹ 95.95 Lakhs in 2019-20 as against ₹ 75.49 Lakhs in the previous year, registering an increase of 27.10%.

Profit before tax and Profit after tax of ICTPL were ₹ 0.11 Lakhs and ₹ (-) 108.16 respectively during the current year as against ₹ 639.58 and ₹ 446.36 respectively in the previous year.

DIVIDEND

In order to conserve the resources of the Company and considering the prevailing economic situation, the need of resources for growth, the Board of Directors of the Company have decided not to recommend any dividend on the equity shares of the Company for the Financial Year ended March 31, 2020.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company are prepared in accordance with the provisions of Section 129 of the Companies Act, 2013 ("the Act") read with the Companies (Accounts) Rules, 2014 and Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulations") along with a separate statement containing the salient features of the financial performance of its subsidiary in the prescribed form. The audited consolidated financial statements together with Auditors' Report form part of the Annual Report.

CAPACITY UTILIZATION & PLANT OPERATIONS

All four units of the Company located at Waghodia in Gujarat, Bawal as well as Dharuhera in Haryana and Haridwar in Uttarakhand are running well and continue to operate at a satisfactory level of efficiency except for lockdown period.

CHANGES IN CAPITAL STRUCTURE

The paid-up equity capital as on March 31, 2020 stood at ₹ 20 Crore consisting of 10 Crore Equity Shares of ₹ 2/- each with no change as compared to previous financial year.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In terms of Section 152 and other applicable provisions, if any, of Companies Act, 2013, Mr. Anuj Munjal retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Your Board recommends re-appointment of Mr. Anuj Munjal, retiring at the forthcoming AGM of Company in terms Section 152 of the Act, who in opinion of the Board fulfills the conditions for reappointment specified in the Act and rules made thereunder.

In accordance with section 149(1)(b) & (6), Rule 3 of Companies (Appointment and Qualifications of Directors) Rules, 2014, Regulation 17 (1) (A) of Listing Regulations and any other applicable provision for the time being in force, Ms. Avi Sabavala was appointed as a Non-executive Additional Independent Woman Director on the Board of the Company w.e.f. April 1, 2020 by way of Circular Resolution dated 25.03.2020, subject to confirmation of members at the ensuing Annual General Meeting.

- Key Managerial Personnel

Mr. Sudhir Kumar Munjal, Managing Director, Mrs. Anju Munjal and Mr. Anuj Munjal, Whole Time Directors, Mr. S.K. Sharma, Chief Financial Officer and Mr. Rakesh Johari, Company Secretary and Compliance Officer are the Key Managerial

Personnel of your Company in accordance with the provisions of Section 2(51) and 203 of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- Declaration from Independent Directors

Your Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed u/s 149(6) of the Act and the Listing Regulations. In the opinion of the Board, Independent Directors fulfil the conditions specified in the Act, Rules made thereunder and Listing Regulations and are independent of the Management.

ANNUAL EVALUATION OF THE PERFORMANCE OF THE BOARD, ITS COMMITTEES AND OF INDIVIDUAL DIRECTORS

Annual evaluation of the performance of the Board, its Committees and of Individual Directors forms part of Corporate Governance Report.

QUALITY

Your Company is focusing on quality, right from new product development stage such as design of processes, manufacturing of tools, fixtures & dies, to ensure quality output. This is the attribute of your Company which has enabled it to sustain as a consistent quality producer over the years.

FINANCE

Your Company continued to focus on operational improvement. Continuing focus on managing optimal levels of inventory, sound business performance, operating efficiencies in various segments of business and cost saving drive across the organization have helped it generating smooth cash flow from operations.

Your Company was able to raise the short-term/long term funds needed for its working capital related requirements & term loans for new capital expenditure at competitive rates. Your Company continues to enjoy excellent credit ratings for both long and short tenure borrowings and maintains impeccable debt-servicing track record, which helps it retain excellent rapport with all of its bankers.

CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of corporate governance and adheres to the corporate governance requirements set out by SEBI. The Company has been practicing the principles of good corporate governance over the years and lays strong emphasis on transparency, accountability and integrity. The report on Corporate Governance as stipulated under the Listing Regulations, forms an integral part of Annual Report.

Certificate of Corporate Governance and Non-Disqualification of Directors, issued by Secretarial Auditor of the Company is attached to the Corporate Governance Report as **Annexure II** and **Annexure III** respectively.



TRANSFER TO GENERAL RESERVE

During the Financial Year under review, no amount has been transferred to General Reserve of the Company.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the year under review, your Company has transferred unpaid/unclaimed dividend amounting to ₹ 12.44 Lakhs for FY 2011-12 and 42,959 shares to the Investor Education and Protection Fund (IEPF) Authority of the Central Government of India. Further dividend declared by the Company for FY 2018-19 amounting to ₹ 7,57,570 was also transferred to IEPF account during FY 2019-20.

CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility Committee ('CSR Committee') has formulated and recommended to the Board, a Corporate Social Responsibility Policy ('CSR Policy') indicating the activities to be undertaken by the Company, which has been approved by the Board.

The amount required to be spent on CSR activities during the year under review in accordance with the provisions of Section 135 of the Act was ₹ 90.51 Lakhs and the Company has spent ₹ 68.50 Lakhs during the financial year.

The requisite details (in a matrix form) on CSR activities pursuant to Section 135 of the Act read with Companies (CSR Policy) Rules, 2014 are annexed as **Annexure A** to this Report.

POLICY RELATING TO PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company has placed a policy to treat women employees with dignity and no discrimination against them plus zero tolerance towards any sexual abuse to abide by letter and spirit requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules framed there under and redressal of complaints of sexual harassment at work place. All employees (permanent, contractual, temporary and trainees) are supposed to adhere to and conduct themselves as prescribed in this policy. During the year under review no complaint was reported to the Board and accordingly the Company has no information to report on filing and disposal of the cases pursuant to Section 22 of the said Act.

DEPOSITS

Your Company has neither accepted nor renewed any deposits within the meaning of Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014 for the year ended March 31, 2020

PARTICULARS OF LOANS, GUARANTEES, SECURITIES AND INVESTMENTS

The Company has not given any guarantees or securities within the meaning of the provisions of Section 186 of the Act.

However, the aggregate of loans and advances granted, as also investments made, if any are within the limits of Section 186 of the Act.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134 (5) of the Companies Act, 2013, the Directors would like to state that:

- In the preparation of the annual accounts financial year ended March 31, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures; if any
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profit and loss of the Company for the financial year ended March 31, 2020 under review;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors have prepared the annual accounts for the financial year ended March 31, 2020 on a going concern basis;
- The Directors, have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- The Directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED IN SECTION 188 OF THE COMPANIES ACT, 2013

There were no material related party transactions entered into during the financial year within the meaning of Section 188 of Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014.

Details of all related party transactions are enclosed as part of notes to the accounts for the year ended March 31, 2020.

HOLDING/SUBSIDIARY COMPANY

Thakurdevi Investments Private Limited continues to be holding company of the Company, holding 74.81% Equity Share Capital of the Company. The Company will make relevant disclosure during the year in case of change in the current status, if any.

Indutch Composites Technology Pvt. Ltd. (ICTPL) continues to be subsidiary company. Munjal Auto Industries Limited is holding 68% Equity Share Capital for the year ended March 31, 2020.

AUDIT COMMITTEE RECOMMENDATIONS

During the year, The Board has accepted all recommendations of Audit Committee and accordingly no disclosure is required to be made in respect of non-acceptance of any recommendation of the Audit Committee by the Board.

INTERNAL FINANCIAL CONTROL

The Corporate Governance Policy guides the conduct of the affairs of your Company and clearly delineates the roles, responsibilities at each level of its key functionaries involved in governance. Your Company has in place adequate internal financial controls with reference to the Financial Statements. During the year under review, no reportable material weakness in the operation was observed. Regular audit and review processes ensure that such systems are reinforced on an ongoing basis.

INSURANCE

Your Company's assets are adequately insured against multiple risks from fire, riot, earthquake, terrorism and other risks, which are considered necessary by the Management.

As an additional coverage, a Public Liability Insurance Policy is also in place to cover public liability, if any, arising out of any industrial accidents. The Company has also covered the Directors' and Officers' liability under the Act to meet with any eventuality.

AUDITORS

(i) Statutory Auditors

The Company at its 33rd AGM held on 25th August, 2018 appointed M/s. K C Mehta & Co., Chartered Accountants, Vadodara having Firm Registration No. 106237W, as Statutory Auditors of the Company to hold office for their remaining tenure of 4 consecutive years till the conclusion of 37th Annual General Meeting. The Company has obtained necessary certificate under Section 141 of the Act conveying their eligibility for being the Statutory Auditors of the Company for the year 2020-21.

(ii) Internal Auditors

M/s Mukund & Rohit, Chartered Accountants, Vadodara, have been appointed as Internal Auditors of the Company in terms of Section 138 of the Act and rules and regulations, made thereunder, for the Financial Year 2020-21 by the Board of Directors, upon recommendation of the Audit Committee.

(iii) Secretarial Auditors

As required under Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company is required to appoint a Secretarial Auditor for auditing secretarial and related records of the Company.

The Secretarial Audit Report for the year 2019-20, given by M/s. Devesh Pathak & Associates, Practicing Company Secretaries, Vadodara is attached as **Annexure C** to this Report.

The Board at its meeting held on 30th June 2020 has re-appointed M/s. Devesh Pathak & Associates, Practicing Company Secretaries, Vadodara having CP No. 2306 allotted by the Institute of Company Secretaries of India as Secretarial Auditors for the financial year 2020-21.

EXPLANATIONS/COMMENTS ON STATUTORY AUDITORS' REPORT & SECRETARIAL AUDITORS' REPORT

Neither the Statutory Auditors nor the Secretarial Auditors of the Company, in their respective reports, have made any qualifications, reservations, adverse remarks or disclaimers. Accordingly, no explanations/ comments thereon are required to be furnished.

AUDIT COMMITTEE

The composition of the Audit Committee is in line with the provisions of Section 177 of the Act read with Regulation 18 of Listing Regulations. The Chairman of the Audit Committee is an Independent Director. The Audit Committee of the Board provides reassurance to the Board on the existence of an effective internal control environment that ensures the efficiency and effectiveness of the operations of the Company and safeguarding of assets and adequacy of provisions for all liabilities. The details of meetings and their attendance are included in the Corporate Governance Report.

NOMINATION AND REMUNERATION COMMITTEE

The composition of the Nomination and Remuneration Committee (NRC) is in line with the Section 178 of the Act read with Regulation 19 of Listing Regulations. The Committee determines overall Company's Policy on remuneration packages and other terms and conditions of the appointment of the Executive Directors and Senior Management of the Company as well as sitting fees to the Non-Executive Directors of the Company and also to approve payment of remuneration to Managing Director and Whole Time Directors as decided by the members of the Company and recommends to the Board of Directors for their consideration and approval. The details of meetings and their attendance are included in the Corporate Governance Report.

STAKEHOLDERS RELATIONSHIP COMMITTEE

The composition of the Stakeholders' Relationship Committee (SRC) is in line with the Section 178 of the Act and Regulation 20 of Listing Regulation. The Committee looks after the stakeholders' grievances and redressal of investor's complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of dividend etc. The details of meetings and their attendance are included in Corporate Governance Report.

REPORTING OF FRAUDS

There have been no instances of fraud reported by the Statutory Auditors under Section 143(12) of the Act and rules framed thereunder either to the Company or to the Central Government.



EXTRACT OF ANNUAL RETURN

In terms of Sections 92(3) and 134(3)(a) of the Act and rules made thereunder, extract of the Annual Return in Form No. MGT-9 is annexed to this report as **Annexure B** and is also available on the website of the Company.

CODE OF CONDUCT

The Code of Conduct which is applicable to the members of the Board and all designated employees in the course of day to day business operations of the Company. The code laid down by the Board is known as "Code of Conduct and Fair Disclosure of Unpublished Price Sensitive Information" which forms an Appendix to the Code of Conduct of the Company which is in line with SEBI (Prohibition of Insider Trading) Regulation, 2018, as amended from time to time.

The Company has received affirmations from Board members as well as senior management confirming their compliance with the said Code for FY 2019-20.

The Code lays down the standard procedure of business conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place in business practices and dealing with stakeholders. All the Board members and the senior management personnel have confirmed their compliance with the Code. All management personnel are being provided appropriate training in this regard.

WHISTLE BLOWER POLICY/ VIGIL MECHANISM

The Company has a vigil mechanism/whistle blower policy to deal with instance of fraud and mismanagement, if any. In staying true to our values of strength, performance and passion and in line with our vision of being one of the most respected companies in India, the Company is committed to the high standards of Corporate Governance and stakeholder's responsibility.

PREVENTION OF INSIDER TRADING

The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the 'Trading Window' is closed. The Board is responsible for implementation of the code. All Directors and the designated employees have confirmed compliance with the code.

BOARD MEETINGS

Four meetings of the Board of Directors were held during the financial year 2019-20. Details of the composition of the Board and its committees and of the meeting held, attendance of the Directors of such meeting and other relevant details are provided in the Corporate Governance Report.

RISK MANAGEMENT POLICY

The composition of the Risk Management Committee is not applicable to your Company. However, the Company has adopted a Risk Management policy in accordance with the provisions of the Act and Regulation 17 (9) of Listing Regulation. It establishes various levels of accountability and overview within the Company, while vesting identified managers with responsibility for each significant risk.

DETAILS OF SIGNIFICANT & MATERIAL ORDERS IMPACTING THE GOING CONCERN STATUS/ COMPANY'S OPERATIONS IN FUTURE

No significant, material orders have been passed by the regulators or courts or tribunals impacting the going concern status of the Company or Company's operations in future.

PARTICULARS OF EMPLOYEES

The Statement of disclosure of remuneration under Section 197 of the Act and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ('Rules') is annexed to this report as **Annexure D**. There was no employee of the Company except Executive Directors, employed throughout the year, who was in receipt of the remuneration exceeding 1.02 Crore per annum.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report for the year under review as stipulated under Regulation 34(2)(e) of Listing Regulation, is enclosed as **Annexure E** and forms part of this report.

INDUSTRIAL RELATIONS

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

ENVIRONMENT, HEALTH, SAFETY AND SOCIAL RESPONSIBILITY

Your Company is committed in maintaining the highest standards of environment compliances and therefore adopted a systematic approach towards environment management by embedding a vision of being an 'Injury Free' and 'Zero Environment Incident' organisation. Over the past many years, your Company has been progressing well in terms of reducing injury frequency rates and has improved the safety records.

Your Company is environment-conscious and committed to making a positive contribution to the communities where it operates. The Company has been proactively pursuing measures and reaching out to the communities surrounding the areas of its operations by extending support and lending a helping hand to some very credible social institutions that are committed to address social causes.

Your Company has been re-certified for Occupation, Health and Safety (OHSAS) 1800:2007 from Bureau Verit as during FY 2018-19, which is valid for up to March 11, 2021.

CONSERVATION OF ENERGY / TECHNOLOGY ABSORPTION AS WELL AS FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required under Section 134(3)(m) of the Act read with Rules made thereunder is annexed to this report as **Annexure F**.

BUSINESS RESPONSIBILITY REPORT

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

REMUNERATION POLICY

Pursuant to provisions of the Act, the Nomination and Remuneration Committee (NRC) of your Board has formulated a Remuneration Policy for the appointment and determination of remuneration of the Directors, Key Managerial Personnel, Senior Management and other employees. The NRC has developed criteria for determining the qualification, positive attributes and independence of Directors and for making payments to Executive and Non- Executive Directors. The remuneration policy of the Company can also be seen at the website of the Company i.e. www.munjalauto.com.

MATERIAL CHANGES & COMMITMENTS AFFECTING THE FINANCIAL POSITION OF COMPANY, IF ANY, DURING THE PERIOD FROM MARCH 31, 2020 TO DATE OF REPORT

World Health Organization (WHO) declared outbreak of Coronavirus Disease (COVID-19) a global pandemic on March 11, 2020. Consequent to this, Government of India declared lockdown on March 23, 2020 and the Company temporarily suspended the operations in all the units of the Company in compliance with the lockdown instructions issued by the Central and State Governments. COVID-19 has impacted the normal business operations of the Company by way of interruption in production, supply chain disruption, unavailability of personnel, closure/lockdown of production facilities etc. during the lockdown period which has been extended till May 17, 2020. However, production and supply of goods has resumed during the month of

May, 2020 on graded basis on various dates at all the manufacturing locations of the Company after obtaining permissions from the appropriate government authorities. The impact of the same is partially reflected in the financial statements of the Company for the year and materially will reflect in Q-1 of next year.

COMPLIANCES WITH APPLICABLE SECRETARIAL STANDARDS

The Company is fully compliant with the applicable Secretarial Standards (SS) viz. SS-1 & SS-2 on Meeting of Board of Directors and General Meetings respectively.

ACKNOWLEDGEMENTS

The Board of Directors express their sincere thanks to all of its Stakeholders, including, inter alia, Suppliers, Vendors, Investors and Bankers and appreciation to all its customers for their consistent, abiding support throughout the year.

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

The Company would like to acknowledge Government of India, Goods and Services Tax (GST) Department, Income Tax Department, Industrial & Labour Departments, Government of Gujarat, Government of Haryana, Government of Uttarakhand and other government agencies for the support; the Company has been receiving over the years and is looking forward to their continued support/ guidance in times to come.

For and on behalf of the Board of Directors
Munjal Auto Industries Limited

Date : June 30, 2020
Place : Gurugram

Sudhir Kumar Munjal
Chairman & Managing Director
DIN : 00084080



ANNEXURE 'A' TO THE BOARD'S REPORT

Annual Report on CSR Initiatives

1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:

The Company has framed a CSR policy in compliance with the provisions of the Companies Act, 2013 and the same is available on the web link <https://www.munjalauto.com/wp-content/uploads/2018/08/CSR-Policy..pdf>. The CSR policy, inter alia, covers the concept (CSR philosophy, snapshot of activities undertaken by the group and applicability), scope (area/localities to be covered and activities), resources, identification and approval process (resources/fund allocation, identification process and approval process) modalities of execution and implementation and monitoring.

2. Composition of the CSR Committee:

Mr. Vikram Shah, Chairman Mr. Naresh Kumar Chawla, Member Mr. Sudhir Kumar Munjal, Member
Mrs. Anju Munjal, Member Mr. Anuj Munjal, Member

3. Average net profit of the company for last three financial years: ₹ 45.26 Crore
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ 90.51 Lakhs

5. Details of CSR spent during the financial year:

- a) Total amount to be spent for the financial year: ₹ 90.51 Lakhs
- b) Amount spent: ₹ 68.50 Lakhs
- c) Amount unspent: ₹ 22.01 Lakhs
- d) Manner in which the amount spent during the financial year is detailed below:

1	2	3	4	5	6	7	8
S. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (₹)	Amount spent on the projects or programs sub-heads (1) Direct Expenditure on projects or programmes (2) Overheads (₹)	Cumulative expenditure upto the reporting period (₹)	Amount spent: Direct or through implementing agency*
1	Promoting education for impaired/disabled	Education and employment	Vadodara, Gujarat	1,00,000	1,00,000	10,00,000	Agency: Akshar Trust Vadodara, Gujarat
2	Special Education, medical intervention including preventive health care in Disability/Social Sector	Education and Health care	Vadodara, Gujarat	11,00,000	11,00,000	65,00,000	Agency: Disha Charitable Trust, Vadodara, Gujarat
3	Health improvement	Health Care	Sabar Kaantha, Gujarat	54,00,000	54,00,000	1,85,59,986	Agency :Vaanprastha Saadhak Aashram, Sabarkantha, Gujarat
4	Health improvement and Rehabilitation	Health Care & Rehabilitation	Vadodara, Gujarat	2,50,000	2,50,000	5,00,000	Agency- Shram Mandir Trust, Sindhrot, Vadodara, Gujarat
	Total			68,50,000	68,50,000	2,65,59,986	

6. The Company was in a process to recognize the appropriate CSR project for spending on the CSR expenditure to contribute towards the society and hence the Company could spend only to the extent of ₹ 68.50 lakhs and could not spend ₹ 22.01 lakhs out of ₹ 90.51 lakhs to be spent towards CSR expenditure.
7. This is to confirm that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

Place : Gurugram
Date : June 30, 2020

Vikram Shah
Chairman-CSR Committee
DIN : 00007914