

MUNJAL AUTO

38th Annual Report & Accounts 2022-23



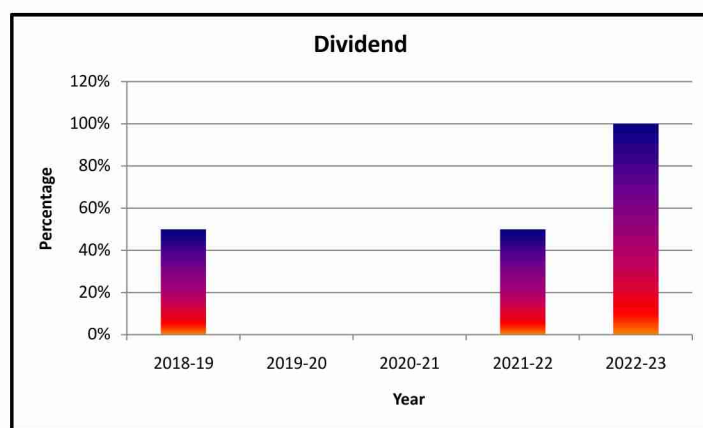
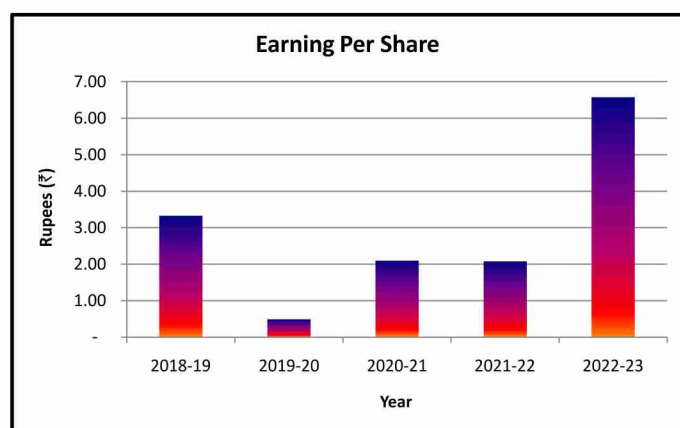
Munjel Auto Industries Limited

FINANCIAL STATISTICS FIVE YEARS' TRACK RECORD

(Amount ₹ in Lakhs)

	2018-19	2019-20	2020-21	2021-22	2022-23
Equity Share Capital	2,000	2,000	2,000	2,000	2,000
Reserves & Surplus	28,116	27,374	29,536	31,633	37,256
Deferred Tax Liability / (Assets)	(1,297)	(1,247)	(659)	(269)	721
Secured Loans	2,321	8,020	6,870	4,763	3,092
Total External Liability	20,850	33,363	39,774	39,120	34,762
Total Assets	51,990	69,510	77,521	77,248	77,831
Sales	1,15,089	1,14,821	1,99,154	1,71,570	1,59,504
YoY Growth	8.49%	-0.23%	73.45%	-13.85%	-7.03%
Profit Before Interest, Depreciation & Tax (PBDIT)	6,539	3,686	6,390	5,592	6,990
Interest	381	844	867	488	440
Depreciation	1,875	2,157	2,248	2,099	2,037
Profit Before Tax	4,283	685	3,275	3,004	9,229*
Profit After Tax	3,325	494	2,103	2,081	6,573*
Earning Per Share (Nominal value of ₹ 2/- each)	3.33	0.49	2.10	2.08	6.57
Dividend	50%	-	-	50%	100%

* It includes exceptional profit of ₹ 4,716 Lacs from sale of surplus land at Waghodia Plant.



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

CFO

Mr. Brham Prakash Yadav

COMPANY SECRETARY

Mr. Rakesh Johari

AUDITORS

K C Mehta & Co LLP

Chartered Accountants

Meghdhanush, Race Course,

Vadodara - 390007

BANKERS

State Bank of India

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 OFFICEUnitech Business Zone, 2nd Floor,

Tower C, Nirvana Country, South City - 2,

Sector - 50, Gurugram - 122018

CONTENTS

Board's Report and Annexures	2-25
Corporate Governance Report and Annexures	26-41
Standalone Financial Statements	
Independent Auditors' Report	42-50
Balance Sheet	51
Statement of Profit and Loss	52
Statement of changes in equity	53
Cash Flow Statement	54-55
Notes to the Financial Statements	56-97
Consolidated Financial Statements	
Independent Auditors' Report	98-104
Balance Sheet	105
Statement of Profit and Loss	106
Statement of changes in equity	107
Cash Flow Statement	108-109
Notes to the Financial Statements	110-155
Salient Features of the Financial Statements of Subsidiary	156



BOARD'S REPORT

Dear Members,

Your Directors are pleased to present 38th Annual Report together with the audited financial statements for the financial year ended March 31, 2023.

1. THE STATE OF COMPANY'S AFFAIRS:

(i) FINANCIAL RESULTS - STANDALONE AND CONSOLIDATED

The Company's financial performance for the year ended March 31, 2023 is summarized below: -

(Amount ₹ in Lakhs)

Particulars	Standalone		Consolidated	
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from operations	1,58,145.56	1,70,655.10	1,98,428.79	1,91,567.74
Other income	1,358.80	914.49	1,274.33	545.47
Total Income	1,59,504.36	1,71,569.59	1,99,703.12	1,92,113.21
Profit before depreciation, exceptional item and tax	6,550.15	5,103.18	7,562.35	7,640.98
(Less): Depreciation	(2,036.92)	(2,098.97)	(5,301.90)	(3,574.15)
Add/(Less): Exceptional item	4,716.32	-	4,764.68	-
Profit before Tax	9,229.55	3,004.21	7,025.13	4,066.83
Add/(Less): Taxation				
- Current year	(2570.32)	(929.17)	(2,570.32)	(1,304.79)
- Earlier years	(87.82)	13.96	(149.27)	15.00
- Deferred tax	1.44	(8.46)	856.51	184.16
Profit after tax	6,572.85	2,080.54	5,162.05	2,961.20
Attributable to:				
Add /(Less):Non-Controlling Interest	-	-	451.45	(281.81)
Shareholders of the Company	6,572.85	2,080.54	5,613.50	2,679.39
Opening balance for retained earnings	29,779.52	27,698.98	29,833.74	27,154.35
(Less):Dividend	(1,000.00)	-	(1,000.00)	-
Closing balance for retained earnings	35,352.37	29,779.52	34,447.25	29,833.74
Earnings per share (in ₹)	6.57	2.08	5.61	2.96

(ii) STANDALONE FINANCIAL HIGHLIGHTS/SUMMARY

During FY 2022-23, total income of the Company was ₹ 1,595 Crores as compared to ₹ 1,716 Crores in FY 2021-22, showing drop of about 7.05%.

Profit before tax and Profit after tax were ₹ 92.30 Crores and ₹ 65.73 Crores respectively for the FY 2022-23 as against ₹ 30.04 Crores and ₹ 20.81 Crores respectively in the previous year which can be mainly attributed to exceptional item by way of sale of surplus Land.

(iii) CONSOLIDATED FINANCIAL HIGHLIGHTS/SUMMARY

During FY 2022-23, total income of the Company was ₹ 1,997 Crores as compared to ₹ 1,921 Crores in FY 2021-22, showing an increase of about 3.96%. Profit before tax and Profit after tax were ₹ 70.25 Crores and ₹ 51.62 Crores respectively for the FY 2022-23 as against ₹ 40.67 Crores and ₹ 29.61 Crores respectively in the previous year.

2. PERFORMANCE AND CONTRIBUTION OF SUBSIDIARY**(i) PERFORMANCE OF SUBSIDIARY**

Revenue from operations of Indutch Composites Technology Private Limited (ICTPL) was ₹ 403 Crores in FY 2022-23 as against ₹ 209 Crores in the previous year.

Profit before tax and Profit after tax of ICTPL were ₹ (-) 23.73 Crore and ₹ (-) 15.31 Crore respectively during the current year as against profit of ₹ 9.06 Crore and ₹ 7.24 Crore respectively in the previous year.

(ii) CONSOLIDATED FINANCIAL STATEMENTS (INCLUDING CONTRIBUTION TO OVERALL PERFORMANCE OF THE COMPANY)

The consolidated financial statements of the Company are prepared in accordance with the Indian Accounting Standards (Ind AS) - 110 on Consolidated Financial Statements, 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 ("the 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 and reflect the contribution of the subsidiary to the overall performance of the Company.

3. DIVIDEND**i. Dividend Distribution Policy**

The Board of Directors of the Company has formulated a Dividend Distribution Policy ('the Policy') in accordance with the regulation 43A of the listing regulations. The Policy is available on the Company's website URL: <https://munjalauto.com/wp-content/uploads/2021/09/Dividend-Distribution-Policy.pdf>

ii. Declaration and Payment of Dividend

Considering the Company's financial performance, the Board is pleased to recommend a dividend @ 100% i.e. Rs. 2/- on equity share of Rs. 2/- each for the financial year ended March 31, 2023. The Board has recommended such dividend based on the parameters laid down in the policy and dividend will be paid out of the profits for the year.

The said dividend, if approved by the Members at the ensuing Annual General Meeting ("the AGM") will be paid to those Members whose name appears on the register of Members (including Beneficial Owners) of the Company as at the end of Saturday, August 26, 2023. The said dividend, if approved by the Members, would involve

cash outflow of ₹ 20 crore, resulting in a payout of ~30.43% of the standalone net profit of the Company for FY 2022-23.

Pursuant to the Finance Act, 2020, dividend income is taxable in the hands of the Members w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to the Members at prescribed rates as per the Income Tax Act, 1961.

iii. Book Closure and Record Date

The Register of Members and Share Transfer Books of the Company will be closed from Sunday, August 27, 2023, to Saturday, September 02, 2023 (both days inclusive) and the Company has fixed Saturday, August 26, 2023 as the "Record Date" for the purpose of determining the entitlement of members to receive final dividend for the financial year ended March 31, 2023.

4. CHANGE IN NATURE OF BUSINESS

During FY 2022-23, there was no change in the nature of Company's business.

5. CAPACITY UTILIZATION & PLANT OPERATIONS

During FY 2022-23, your Company focused on optimizing investments and ensuring business continuity to enhance market share across various platforms.

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.

6. CHANGES IN CAPITAL STRUCTURE

The paid-up equity capital as on March 31, 2023 stood at ₹ 20 crore consisting of 10 crore equity shares of ₹ 2/- each with no change as compared to previous financial year.

The Company has not issued any equity shares during the year. Accordingly, the Company is neither required to furnish any information in respect of issue of equity shares with differential rights pursuant to Rule 4(4) of Companies (Share Capital and Debentures) Rules, 2014 ('SCD Rules') nor in respect of issue of Employees Stock Option pursuant to Rule 12(9) of SCD Rules nor in respect of issue of Sweat Equity Shares pursuant to Rule 12(9) of SCD Rules. The Company has only one class of equity shares with face value of ₹ 2/- each, ranking pari-passu.

7. CHANGE IN DIRECTORS AND KEY MANAGERIAL PERSONNEL

Pursuant to the recommendations of the Nomination and Remuneration Committee ('NRC'), the Board of Directors has approved the following appointments during the year under

review in accordance with the Company's Articles of Association and Companies Act, 2013, subject to the approval of the Members at the forthcoming AGM:

- i. In accordance with the provisions of Section 152 of the Act and the Articles of Association of the Company, Mr. Anuj Munjal (DIN: 02714266), Executive, Whole-Time Director of the Company, retires by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment. His reappointment is recommended by the Nomination and Remuneration Committee. A brief resume and other details of Mr. Anuj Munjal, who is proposed to be re-appointed as a Director of your Company, have been furnished in the explanatory statement to the notice of the ensuing annual general meeting.
- ii. In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Sudhir Kumar Munjal (DIN: 00084080), who was earlier appointed as Managing Director of the Company for the term of 5 years would expire on October 28, 2023, and being eligible, has offered himself for re-appointment. Based on the recommendations of the NRC, the Board of Directors at its meeting re-appointed Mr. Sudhir Kumar Munjal as Managing Director of the Company for a period of 5 years commencing from October 29, 2023 to October 28, 2028. His re-appointment and remuneration payable to him are subject to the approval of the Members at the ensuing AGM. A brief resume and other details of Mr. Sudhir Kumar Munjal, who is proposed to be re-appointed as a Managing Director of your Company, have been furnished in the explanatory statement to the notice of the ensuing annual general meeting.

8. POLICY FOR NOMINATION AND APPOINTMENT OF DIRECTORS

The Company's Policy on Directors' appointment and remuneration and other matters provided in Section 178(3) of the Act (salient features) has been briefly disclosed hereunder and in the report on Corporate Governance, which is a part of this report.

Selection and procedure for nomination and appointment of Directors

The NRC is responsible for developing competency requirements for the Board based on the industry and strategy of the Company. The Board composition analysis reflects in-depth understanding of the Company, including its strategies, environment, operations, financial condition and compliance requirements.

The NRC conducts a gap analysis to refresh the Board on a periodic basis, including each time a director's appointment or re-appointment is required. The NRC reviews and vets the profiles of potential candidates vis-à-vis the required

competencies, undertakes due diligence and meeting potential candidates, prior to making recommendations of their nomination to the Board.

Criteria for determining qualifications, positive attributes and independence of a Director

In terms of the provisions of Section 178(3) of the Act, and Regulation 19 of the SEBI Listing Regulations, the NRC has formulated the criteria for determining qualifications, positive attributes and independence of Directors, the key features of which are as follows:

- **Qualifications** - The Board nomination process encourages diversity of thought, experience, knowledge, age and gender. It also ensures that the Board has an appropriate blend of functional and industry expertise.
- **Positive Attributes** - Apart from the duties of Directors as prescribed in the Act, the Directors are expected to demonstrate high standards of ethical behavior, communication skills and independent judgment. The Directors are also expected to abide by the respective Code of Conduct as applicable to them.
- **Independence** - A Director will be considered independent if he / she meets the criteria laid down in Section 149(6) of the Act and the Rules framed thereunder read with Regulation 16(1)(b) of the Listing Regulations.

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

The annual evaluation process of the Board of Directors, individual Directors and Committees was conducted in accordance with the provision of the Act and the SEBI Listing Regulations.

The Board evaluated its performance after seeking inputs from all the Directors on the basis of criteria such as the Board composition and structure, effectiveness of Board processes, information and functioning, etc. The performance of the Committees was evaluated by the Board after seeking inputs from the Committee members on the basis of criteria such as the composition of committees, effectiveness of committee meetings, etc. The above criteria are broadly based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India. ('SEBI')

In a separate meeting of independent directors, performance of Non-Independent Directors and the Board as a whole was evaluated. Additionally, they also evaluated the Chairman of the Board, taking into the views of Executive and Non-Executive Directors in the aforesaid Meeting. The Board also assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for

the Board to effectively and reasonably perform their duties. The above evaluations were then discussed in the Board Meeting and performance evaluation of Independent directors was done by the entire Board, excluding the Independent Director being evaluated.

10. 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.

11. 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 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.

12. CORPORATE GOVERNANCE

The Company follows the best governance practices to boost long-term shareholder value and respect minority rights. The Company considers the same as its inherent responsibility to disclose timely and accurate information to its stakeholders regarding its operations and performance, as well as the leadership and governance of the Company.

The Company is committed to the Code of Conduct which articulates values and ideals that guide and govern the conduct of the Company as well as its employees in all matters relating to business. The Company's overall governance framework, systems and processes reflect and support its Mission, Vision and Values. The Company's governance guidelines cover aspects mainly relating to the composition and role of the Board, Chairman and Directors, Board diversity etc. of the Board.

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 III and Annexure IV respectively.

13. TRANSFER TO GENERAL RESERVE

The Company is not required to transfer any amount to its reserves. Accordingly, no amount has been transferred to General Reserve of the Company.

14. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the year under review, your Company has transferred unpaid/unclaimed dividend amounting to ₹ 18.65 Lakhs for FY 2014-15 and related 53,592 shares to the Investor Education and Protection Fund Authority (IEPF) of the Central Government of India.

15. CORPORATE SOCIAL RESPONSIBILITY

The brief outline of the corporate social responsibility (CSR) policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in 'Annexure A' of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. For other details regarding the CSR Committee, please refer to the Corporate Governance Report. CSR Policy is available on the Company's website on <https://www.munjalauto.com/wp-content/uploads/2018/08/CSR-Policy.pdf>

The Company has spent ₹ 62.00 Lakhs as against 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 of ₹ 47.74 Lakhs.

16. POLICY RELATING TO PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on Prevention, Prohibition and Redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder. Internal Complaints Committee ('ICC') is in place for all works and offices of the Company to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary and trainees) are supposed to adhere to and conduct themselves as prescribed in this policy.

The summary of sexual harassment complaints received and disposed off during the financial year is as under:

- Number of Complaints Received – Nil
- Number of Complaints Disposed off – Nil

17. 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, 2023.



18. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the FY 2022-23, your 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 and have been disclosed in financial statements.

19. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act, the Board of Directors, to the best of its knowledge and ability, confirm that:

- In the preparation of the annual accounts financial year ended March 31, 2023, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- they have selected such accounting policies and applied them consistently and made judgements 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, 2023 and of the profit and loss of the Company for the financial year ended March 31, 2023 under review;
- they 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;
- they have prepared the annual accounts for the financial year ended March 31, 2023 on a going concern basis;
- they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- they have devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

20. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

In line with the requirements of the Companies Act, 2013 ('the Act') and Listing Regulations, the Company has formulated a Policy on Related Party Transactions ('RPT Policy') for identifying, reviewing, approving and monitoring of Related Party Transactions and the same is available on the Company's website at <https://www.munjlaauto.com/wp-content/uploads/2018/08/Related-Party-Transaction-Policy..pdf>.

All related party transactions entered into during FY 2022-23 were on arm's length basis and in the ordinary course of

business and were reviewed and approved by the Audit Committee. With a view to ensuring continuity of day-to-day operations, an omnibus approval is obtained for related party transactions which are of repetitive nature and entered in the ordinary course of business and on an arm's length basis. A statement giving details of all related party transactions entered pursuant to the omnibus approval so granted is placed before the Audit Committee on a quarterly basis for its review.

As per the Listing Regulations, if any Related Party Transaction ('RPT') exceeds ₹ 1,000 crore or 10% of the annual consolidated turnover as per the last audited financial statement whichever is lower, would be considered as Material Related Party Transactions and would require Members approval. In this regard, there were no Material Related Party Transactions with any of its related parties as per the Act. Therefore, the disclosure of the Related Party Transactions as required under Section 134(3)(h) of the Act in AOC-2 is not applicable to the Company for FY 2022-23 and, hence, the same is not required to be provided.

In terms of Regulation 23 of the SEBI Listing Regulations, the Company submits details of related party transactions on a consolidated basis as per the specified format to the stock exchanges on a half-yearly basis. The details of the transactions with related parties are provided in the accompanying Financial Statements.

21. HOLDING/SUBSIDIARY COMPANY

During the FY 2022-23, Thakurdevi Investments Private Limited (TDIPL) continues to be holding Company of the Company, holding 74.81% Equity Share Capital of the Company.

During the FY 2022-23, Indutch Composites Technology Pvt. Ltd. (ICTPL) continues to be subsidiary company. Munjal Auto Industries Limited continues to hold 68% Equity Share Capital of ICTPL. The annual accounts of subsidiary companies are available on the website of the Company viz. www.munjlaauto.com.

There are no associates or joint venture companies within the meaning of Section 2(6) of the Companies Act, 2013 ("Act"). There has been no material change in the nature of the business of the holding or subsidiary.

The Board of Directors of your Company ('the Board') has approved a policy for determining material subsidiaries. Indutch Composites Technology Pvt. Ltd. is material subsidiary Company. The Policy on material subsidiaries can be viewed on the Company's website <https://munjalauto.com/finance/reg-46-disclosure/>.

The Secretarial Audit Report for the year 2022-23, for material unlisted subsidiary Company i.e. Indutch Composites Technology Pvt. Ltd. given by M/s. Devesh Pathak & Associates, Practising

Company Secretaries, Vadodara is attached as 'Annexure F' to this Report.

22. AUDIT COMMITTEE RECOMMENDATIONS

During the FY 2022-23, 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.

23. INTERNAL FINANCIAL CONTROL

Internal financial control systems of the Company are commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable accounting standards and relevant statutes, safeguarding assets from unauthorized use, executing transactions with proper authorization and ensuring compliance with corporate policies. The Company has a well-defined delegation of authority with specified limits for approval of expenditure, both capital and revenue.

The Audit Committee deliberated with the members of the Management, considered the systems as laid down and met the internal audit team and statutory auditors to ascertain their views on the internal financial control systems. The Audit Committee satisfied itself as to the adequacy and effectiveness of the internal financial control systems as laid down and kept the Board of Directors informed. However, the Company recognizes that no matter how the internal control framework is, it has inherent limitations and accordingly, periodic audits and reviews ensure that such systems are updated on regular intervals.

24. 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.

25. RATINGS FOR BORROWING

ICRA, the rating agency has reaffirmed AA- with stable outlook for the long-term ratings for bank facilities and A1+ the short-term rating for short term bank facilities and commercial paper of your Company vide letter dated October 28, 2022. The aforesaid rating is valid till June 30, 2023.

26. AUDITORS

I. Statutory Auditors

The Company at its 37th AGM held on September 16, 2022 appointed K C Mehta & Co. LLP, Chartered Accountants, Vadodara, as Statutory Auditors of the Company for a second term of 5 consecutive years commencing from the conclusion of ensuing 37th Annual General Meeting until the conclusion of 42nd Annual General Meeting of the Company to be held in 2027.

II. Internal Auditors

CNK & Associates LLP, Chartered Accountants, Vadodara, have been appointed as Internal Auditors of the Company in terms of Section 138 of the Companies Act, 2013 and rules and regulations, made thereunder, for the Financial Year 2023-24 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 2022-23, given by M/s. Devesh Pathak & Associates, Practising Company Secretaries, Vadodara is attached as 'Annexure B' to this Report.

The Board at its meeting held on May 23, 2023 has re-appointed M/s. Devesh Pathak & Associates, Practising Company Secretaries, Vadodara as Secretarial Auditors for the financial year 2023-24.

IV. Cost Records and Audit

The Company is neither required to maintain Cost Records nor required to appoint Cost Auditor pursuant to Section 148 of the Act and rules framed thereunder.

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

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

28. 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 the 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. Further details on the Audit Committee and its terms of reference etc. have been furnished in Corporate Governance Report.

29. 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 the 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.

30. 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 the Listing Regulations. The Committee looks into investors' grievances arising out of issues regarding share transfers, dividends, dematerialization and related matters, evaluating performance and service standards of the Registrar and Share Transfer Agent and takes requisite action(s) to redress the same. The details of meetings and their attendance are included in Corporate Governance Report.

31. REPORTING OF FRAUDS

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

32. ANNUAL RETURN ON THE WEBSITE

Pursuant to Section 92(3) of the Act and Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return for FY 2022-23 is uploaded on the website of the Company at <https://munjalauto.com/finance/annual-reports>.

33. CODE OF CONDUCT

The Code of Conduct 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.

The Company has received affirmations from Board members as well as senior management confirming their compliance with the said Code for FY 2022-23.

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.

34. WHISTLE BLOWER POLICY / VIGIL MECHANISM

The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour. In line with the Code of Conduct ('CoC'), any actual or potential violation, howsoever in significant or perceived as such, would be a matter of serious concern for the Company. The role of the employees in pointing out such violations of the CoC can not be undermined.

Pursuant to Section 177(9) of the Act, read with Regulation 22 of the Listing Regulations a vigil mechanism was established for directors and employees to report to the management instances of unethical behaviour, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy. The Vigil Mechanism provides a mechanism for employees of the Company to approach the Chairperson of the Audit Committee for redressal. All persons have access to the Chairperson of the Audit Committee. The policy of vigil mechanism is available on the Company's website at URL: <https://www.munjalauto.com/wp-content/uploads/2018/08/Whistle-Blower-Policy..pdf>.

35. 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.

36. BOARD MEETINGS

Five meetings of the Board of Directors were held during the financial year 2022-23. Details of the composition of the Board