

13th ANNUAL REPORT  
1997-98

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CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
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MUNJAL  
SHOWA



**BOARD OF DIRECTORS**

**Brijmohan Lall**

(Chairman)

**Yogesh Munjal**

(Managing Director)

**Takeshi Fukui**

(Joint Managing Director)

**Akio Kimura**

**O. P. Vaish**

**S. D. Khosla**

**K. N. Malhotra**

**Ashok Munjal**

**Pankaj Munjal**

**COMPANY SECRETARY**

**Mohit Datta**

**AUDITORS**

M/s S. R. Batliboi & Company

Chartered Accountants

New Delhi

**BANKERS**

The Bank of Tokyo-Mitsubishi Ltd.

Canara Bank

Standard Chartered Bank

State Bank of Travencore

**TECHNICAL & FINANCIAL  
COLLABORATORS**

Showa Corporation

1-14-1, Fujiwara - Cho

Gyoda - Shi, Saitama Ken

Japan

**REGISTERED OFFICE  
& WORKS**

9 to 11, Maruti Industrial Area,

Gurgaon (Haryana) - 122 015

**SHARE TRANSFER  
AGENTS**

MCS Limited

Shri Venkatesh Bhawan

212 - A, Shahpur Jat

New Delhi - 110 049

Tel. : 6495701 - 04

6494830 - 32

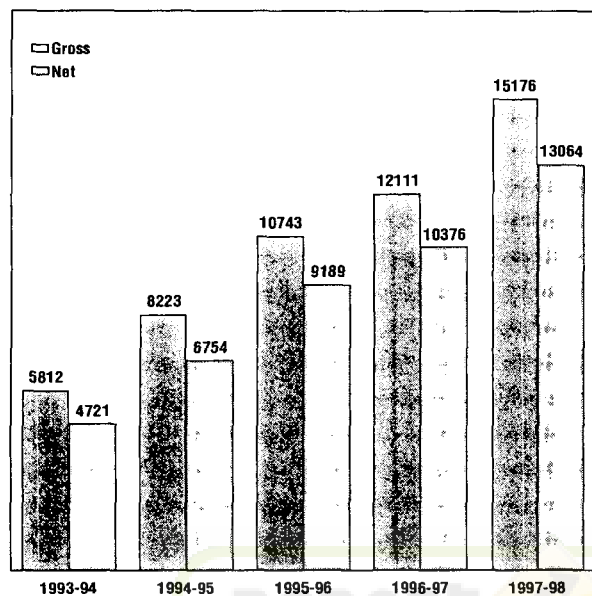
Fax : 011 - 6494152

**YEARLY FINANCIAL RESULTS AT A GLANCE**

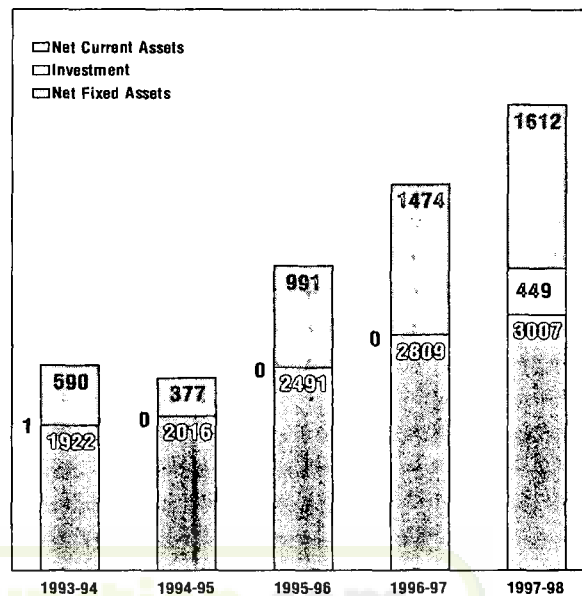
	(Rs. in lacs)					
	March'98	March'97	March'96	March'95	March'94	March'93
Share Capital	399.97	399.97	399.97	399.97	399.96	399.94
Reserves & Surplus	4095.96	2885.39	20.99.49	1524.12	1116.02	959.96
Total Shareholders' Funds	4495.94	3283.37	2499.46	1924.09	1515.98	1359.90
Total Term Liability	511.09	911.82	331.29	179.99	673.92	1013.74
Total Assets	5236.50	4282.73	3482.13	2393.16	2562.55	2678.83
Net Sales	13063.80	10376.17	9188.77	6754.48	4720.59	3713.34
(% Increase over Previous year)	25.90%	12.92%	36.04%	43.09%	27.13%	7.31%
Profit Before Interest						
Depn. & Tax (PBDIT)	2361.97	1783.61	1633.75	1144.01	747.93	587.86
Interest	66.40	107.11	102.36	162.56	252.51	226.26
Depreciation	287.93	271.08	332.27	181.25	165.14	130.64
Profit Before Tax (PBT)	2007.64	1405.42	1199.12	808.20	330.28	230.96
Profit After Tax (PAT)	1366.55	915.89	687.35	508.10	235.75	229.36
Earnings per Share (EPS)	34.17	22.90	17.18	12.70	5.89	5.73
Book Value per Share	112.41	82.10	62.49	48.10	36.66	33.08
Divident %	#35.00%	30.00%	28.00%	25.00%	20.00%	18.00%

# Recommended by Board of Directors.

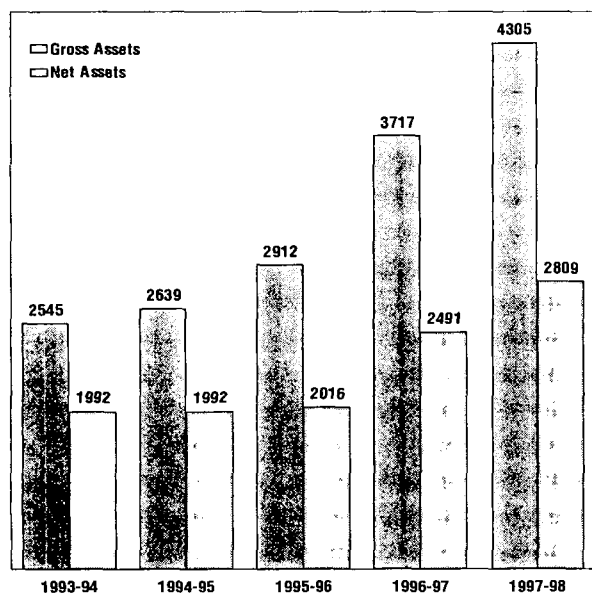
**MUNJAL SHOWA LIMITED**  
Sales (Rs. in Lacs)



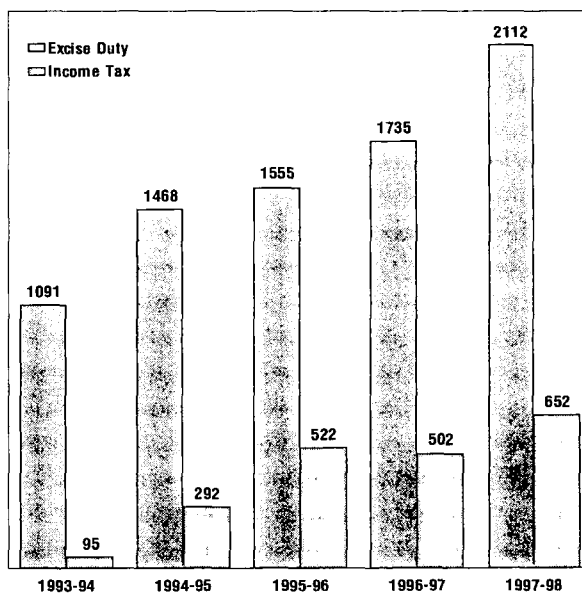
**MUNJAL SHOWA LIMITED**  
Application of Funds (Rs. in Lacs)



**MUNJAL SHOWA LIMITED**  
Fixed Assets (Rs. in Lacs)

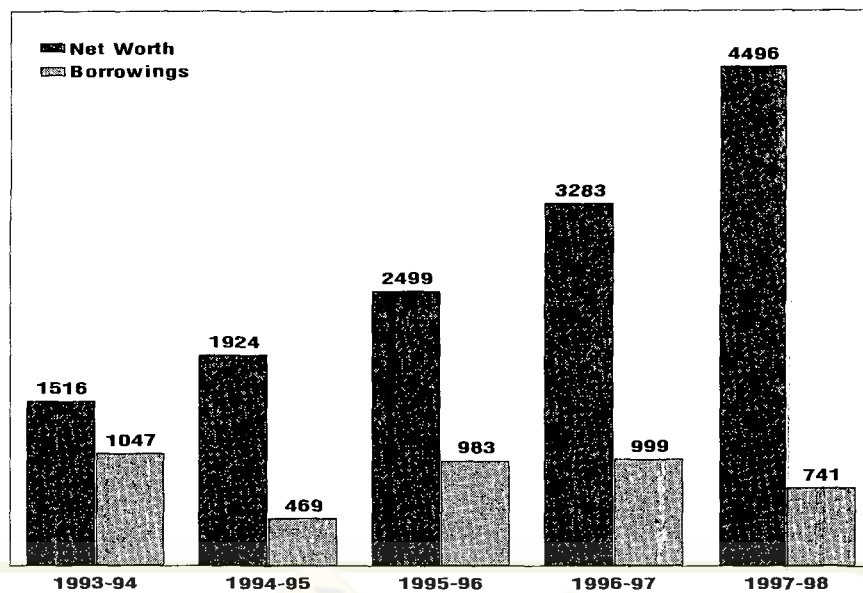


**MUNJAL SHOWA LIMITED**  
Contribution to Exchequers (Rs. in Lacs)

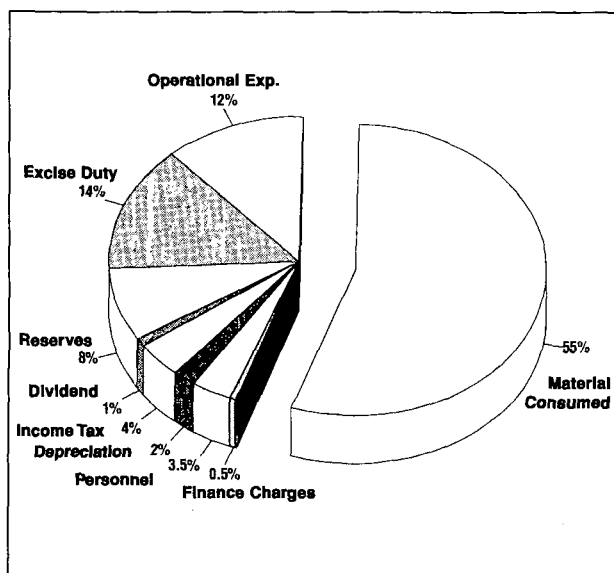


**MUNJAL  
SHOWA**

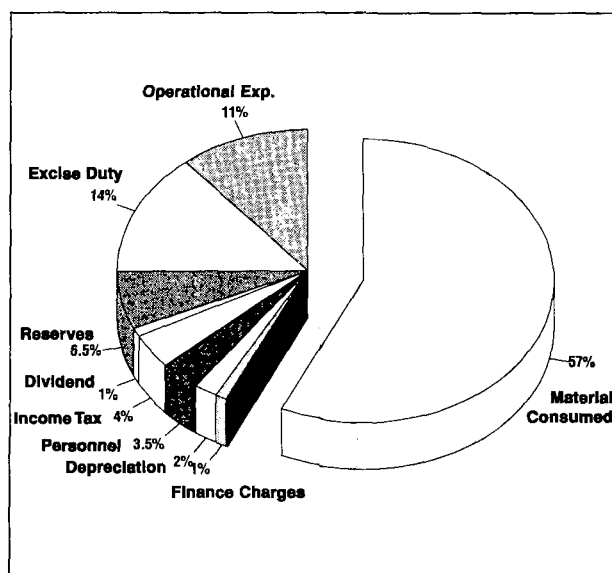
**MUNJAL SHOWA LIMITED**  
**Borrowings & Net Worth (Rs. in Lacs)**



**MUNJAL SHOWA LIMITED**  
**Distribution of Revenue 1997-98**



**MUNJAL SHOWA LIMITED**  
**Distribution of Revenue 1996-97**



## NOTICE

**NOTICE IS HEREBY GIVEN THAT THE THIRTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF THE COMPANY WILL BE HELD ON WEDNESDAY THE 26TH DAY OF AUGUST, 1998 AT 3.30 P.M. AT THE REGISTERED OFFICE OF THE COMPANY AT 9 TO 11, MARUTI INDUSTRIAL AREA, GURGAON-122 015 (HARYANA) TO TRANSACT THE FOLLOWING BUSINESS:-**

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998 and Profit and Loss Account for the year ended on that date together with the Directors' and the Auditors' Report thereon.
2. To declare dividend for the year ended 31st March, 1998.
3. To appoint a Director in place of Mr. S.D.Khosla, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Pankaj Munjal, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint the Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:-**

"RESOLVED THAT in supersession of the resolution passed in the General Meeting held on 21st September, 1991 and pursuant to the provisions of Section 370 and all other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby granted to the Board of Directors or any committee constituted there of (hereinafter referred to as "the Board")

- a) To make any loan(s) to, including deposits with any body corporate(s) whether under the same management or otherwise, from time to time and on such terms and conditions as the Board may deem fit upto an aggregate amount of Rs. 10 crores (Rs. Ten crores only) at any one time.
- b) To give any guarantee(s) and/or provide any securities from time to time in connection with any loan(s) made by any bodies corporate whether under the same management or otherwise, provided the aggregate of all such guarantees given or to be given and/or securities provided or to be provided shall not at any time exceed the sum of Rs. 5 crores (Rs. five crores only)."

By Order of the Board  
For **MUNJAL SHOWA LIMITED**

Place : New Delhi  
Dated : 22nd June, 1998

MOHIT DATTA  
Company Secretary

# MUNJAL SHOWA

## NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote (on a poll only) instead of himself/herself. The proxy need not be a member. Proxies in order to be valid must be received at the Company's Registered Office not less than 48 hours before the commencement of the Meeting.
2. The Register of Members and Share Transfer Books will remain closed from 12th August, 1998 to 22nd August, 1998 (both days inclusive). Dividend, if declared, shall be payable to those members whose names appear in the Register of Members as on 22nd August, 1998.
3. Members are requested to intimate to the Company or the share transfer agents, M/s MCS Limited, at an early date, change, if any, in their registered address, and also their Bank Account No's and branch names for incorporation of the same in the dividend warrants (As per proforma enclosed).
4. Members are requested to bring their copy of the Annual Report and Attendance Slip to the Annual General Meeting.
5. In accordance with Section 205A of the Companies Act, 1956, unclaimed / unpaid dividend for the financial year ended 31st March 1994 has been transferred to General Revenue Account of the Central Government. Those shareholders who have not yet claimed the dividend for the said year may apply to the Registrar of Companies, NCT of Delhi and Haryana, New Delhi on the prescribed form. The shareholders are also notified that the unclaimed dividend for the year 1994-95 is due for transfer to the Central Government. The shareholders who have not yet claimed the dividend may apply to the Company at the earliest.

## EXPLANATORY STATEMENT IN PURSUANCE OF SECTION 173 (2) OF THE COMPANIES ACT, 1956

### ITEM NO. 6

The shareholders at their meeting held on 21st September, 1991 approved a limit of Rs. 5 crores (Rs. Five crores only) for giving loans, deposits and for giving guarantees and providing security to other bodies corporate under Section 370 of the Companies Act, 1956.

In view of the growth and increase in the business volumes of the Company, consent is being sought for giving inter corporate loans, deposits to any body corporate(s) including body corporate(s) under the same management from time to time upto an aggregate of Rs. 10 crores (Rs. Ten crores only).

In addition to the above, consent is also being sought for giving guarantee(s) and providing securities to other bodies corporate, including bodies corporates under the same management upto an aggregate of Rs. 5 crores (Rs. five crores only).

None of the Directors of the Company is interested/concerned in the Special Resolution under item No. 6 of the Notice.

The Board of Directors of your Company recommends passing of the aforesaid Special Resolution.

By Order of the Board  
For **MUNJAL SHOWA LIMITED**

Place : New Delhi  
Dated : 22nd June, 1998

MOHIT DATTA  
Company Secretary



## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 13th Annual Report together with the Audited Statement of Accounts for the financial year ended 31st March, 1998.

## FINANCIAL RESULTS

The salient features of the Company's financial results for the year under review are as follows:

	Year ended 31.03.98	Year ended 31.03.97
	Rs. (Lacs)	Rs. (Lacs)
Sales and other Income	15266.40	12178.83
Profit before Depreciation	2295.57	1676.50
Depreciation	287.93	271.08
Net Profit	2007.64	1405.42
Provision for Taxation	641.09	489.53
Profit after Tax	1366.55	915.89
Net Profit brought forward	812.94	829.04
Available Profit	2179.49	1744.93
Proposed Dividend	139.98	119.99
Corporate Tax on Dividend	14.00	12.00
Transferred to General Reserve	1200.00	800.00
Surplus carried to Balance Sheet	825.51	812.94

## DIVIDEND

The Board is pleased to recommend a dividend of 35% i.e. Rs. 3.50 per equity share for the year ended 31st March, 1998. The dividend if approved by the share holders at the Annual General Meeting would be payable to the shareholders whose name appear in the Register of Members on 22nd day of August, 1998.

## OPERATIONS

The performance of your Company continues to show marked improvement despite an overall slump in the industry. The Company has been able to record impressive growth by harnessing higher turnover of Rs 151.76 crores as against the turnover of Rs. 121.11 crores during the year 1996-97. The sterling performance is attributed to the Company's relentless pursuit towards maintaining highest quality standard of its products and laying equal emphasis towards the service part of it.

In addition to the above, your company has been assigned a P1 + rating by CRISIL for its Rs. 60 million commercial paper programme.

**MUNJAL  
SHOWA**

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**CURRENT YEAR**

The Company continues to perform well during the current financial year. The sales in the first quarter of the current year has increased by 11% over the last year's average sales. The Company expects a jump in the sales on account of the commissioning of Plant II of Hero Honda at Gurgaon and the commencement of supplies to Honda SIEL Cars.

**FUTURE PLANS**

Your Company has received orders from Honda SIEL Cars, which has started its commercial production. In addition to the above, orders have also been received from TELCO Small Car. Talks are under way for developing various other components for automobile majors including Toyota Kirloskar Joint Venture and Hindustan Motors (Lancer).

**DIRECTORS**

Mr. S. D. Khosla, Mr. Pankaj Munjal, the Directors of the Company who retire by rotation and being eligible, offer themselves for re-appointment. The Board recommends their re-appointment as rotational directors.

**AUDITORS**

M/s S. R. Batliboi & Co., Chartered Accountants, the Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment. The Company has received a certificate from the auditors to the effect that if re-appointed, their appointment shall be in accordance with Section 224 (1B) of the Companies Act, 1956. The Board recommends their re-appointment.

**AUDITORS' REPORT**

As regards the observations made in the Auditors' Report, the notes to the accounts are self explanatory and hence do not call for any further comments.

**FIXED DEPOSITS**

During the year under review the Company has not accepted any deposit under Section 58A of the Companies Act, 1956, read with the Companies (Acceptance of Deposits) Rules, 1975.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS AND OUTGO & PARTICULARS OF EMPLOYEES**

The information pursuant to 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 regarding conservation of energy, technology absorption and R & D and foreign exchange earnings & outgo is annexed to and forms a part of the report.

The information required in terms of Section 217(2A) of the Companies Act, 1956 regarding employees is also given in the Annexure forming part of this report.