

16th Annual Report 2000-2001



**MUNIAL
SHOWA**

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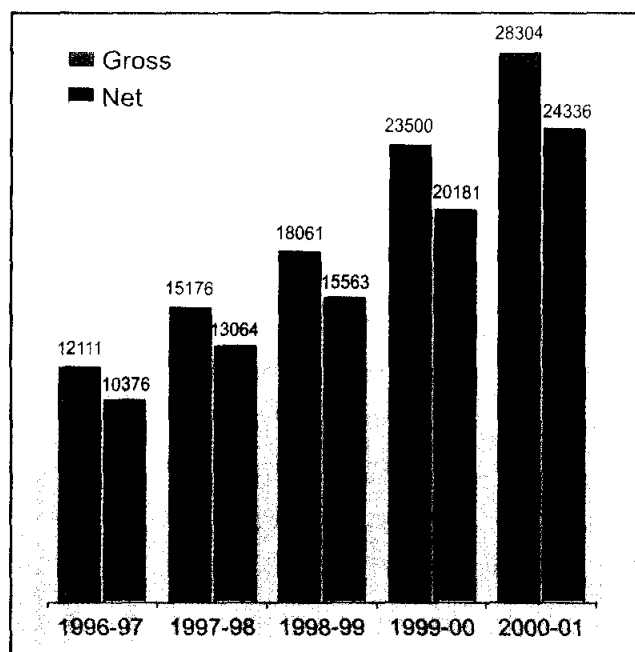
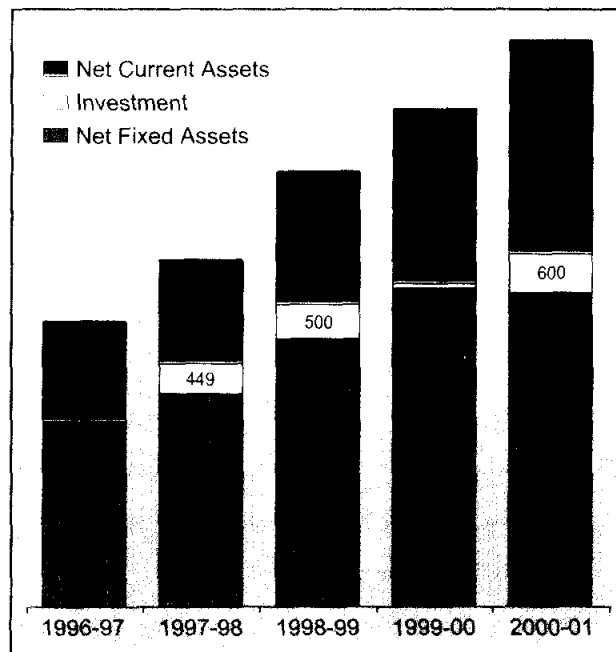
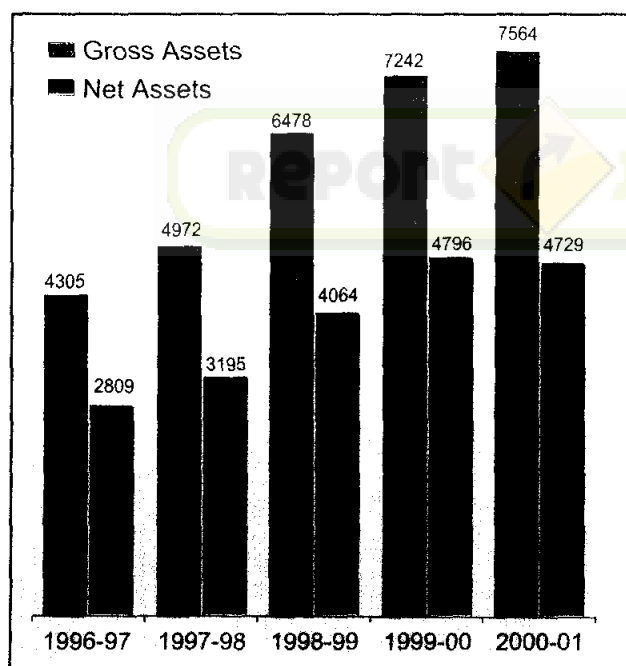
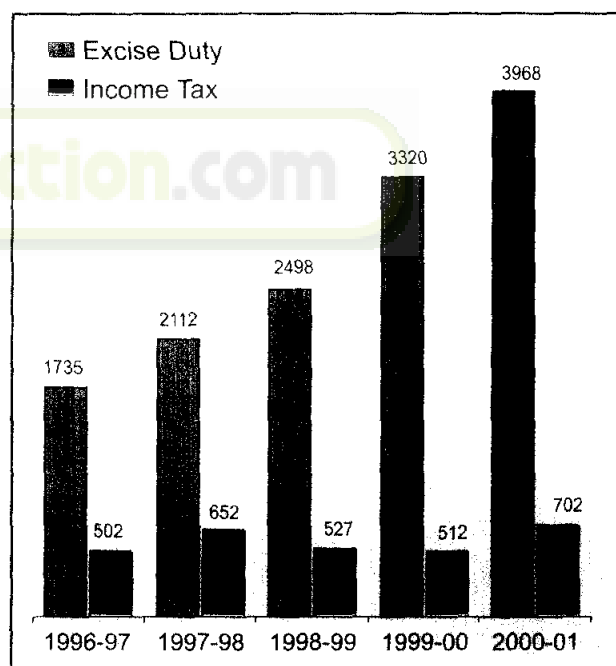
BOARD OF DIRECTORS**Brijmohan Lall Munjal**
(Chairman)**Yogesh Munjal**
(Managing Director)**Takeshi Fukui**
(Joint Managing Director)**Yoshitaka Terazawa****Dr. K. C. Sethi****S.D. Khosla****K.N. Malhotra****Ashok Munjal****Pankaj Munjal****COMPANY SECRETARY****Pankaj Gupta****AUDITORS**M/s S. R. Batliboi & Company
Chartered Accountants
New Delhi**BANKERS**The Bank of Tokyo-Mitsubishi Ltd.
Canara Bank
Standard Chartered Bank**TECHNICAL & FINANCIAL
COLLABORATOR**Showa Corporation
1-14-1, Fujiwara - Cho
Gyoda - Shi Saitama Ken, Japan**REGISTERED OFFICE & WORKS**9-11, Maruti Industrial Area
Gurgaon - 122 015 (Haryana)**SHARE TRANSFER AGENTS**MCS Limited
Shri Venkatesh Bhavan
212-A, Shahpurjat
New Delhi-110049
Tel : 6494830
Fax : 6494152
E-mail : mcsdel@vsnl.com

YEARLY FINANCIAL RESULTS AT A GLANCE

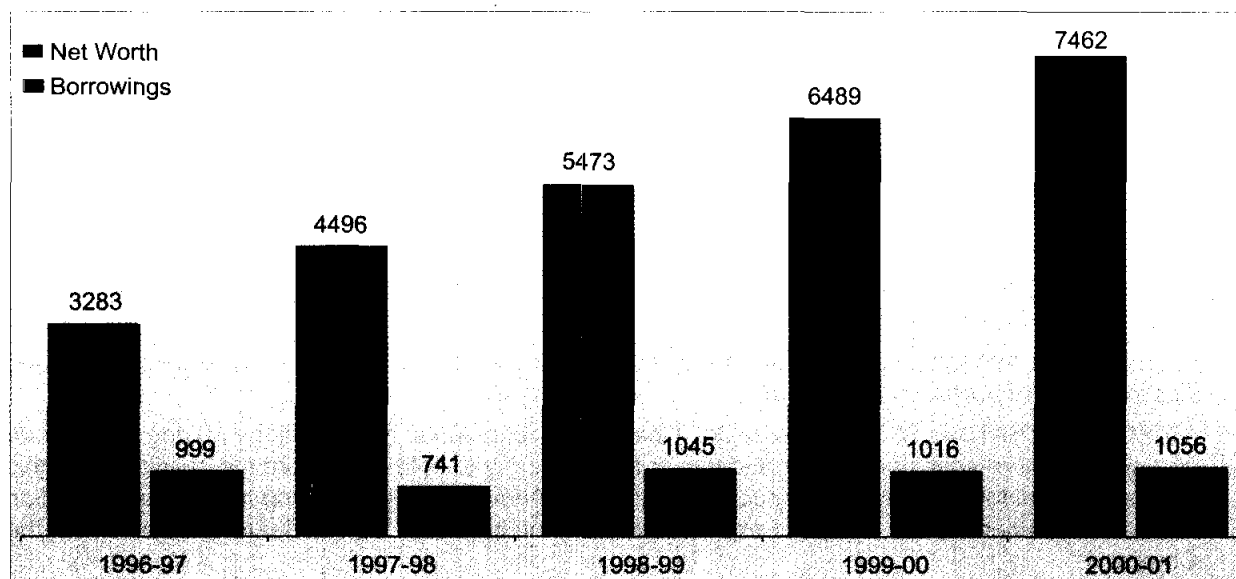
(Rs.in lacs)

	March'01	March'00	March'99	March'98	March'97	March'96
Share Capital	799.92	799.92	799.92	399.97	399.97	399.97
Reserve & Surplus	6662.31	5689.31	4693.41	4095.96	2885.39	2099.49
Total Shareholder's Funds	7462.23	6489.23	5493.33	4495.94	3283.37	2499.46
Total Term Liability	865.72	976.32	837.16	511.09	911.82	331.29
Total Assets	8518.54	7505.50	6538.29	5236.50	4282.73	3482.13
Net Sales	24336.03	20180.72	15562.67	13063.80	10376.17	9188.77
(% Increase over Previous year)	20.59%	29.67%	19.13%	25.90%	12.92%	36.04%
Profit Before Interest						
Depn. & Tax (PBDIT)	2471.31	2246.81	2080.76	2361.97	1783.61	1633.75
Interest	91.83	72.07	57.50	66.40	107.11	102.36
Depreciation	401.19	375.14	299.79	287.93	271.08	332.27
Profit Before Tax (PBT)	1978.29	1799.60	1723.47	2007.64	1405.42	1199.12
Profit After Tax (PAT)	1281.53	1306.65	1210.25	1366.55	915.89	687.35
Earnings per Share (EPS)	16.02	16.33	15.13	34.17	22.90	17.18
Book Value per Share	93.28	81.12	68.68	112.41	82.10	62.49
Dividend %	# 35.00%	35.00%	35.00%	35.00%	30.00%	28.00%

Recommended by Board of Directors

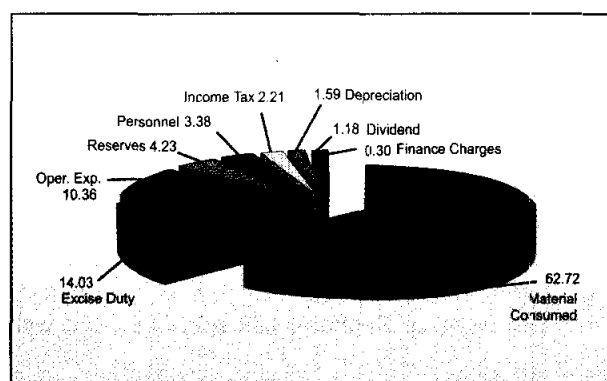
MUNJAL SHOWA LIMITED
Sales (Rs. In Lacs)MUNJAL SHOWA LIMITED
Profit and Loss (Rs. In Lacs)MUNJAL SHOWA LIMITED
Fixed Assets (Rs. In Lacs)MUNJAL SHOWA LIMITED
Current Liabilities (Rs. In Lacs)

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

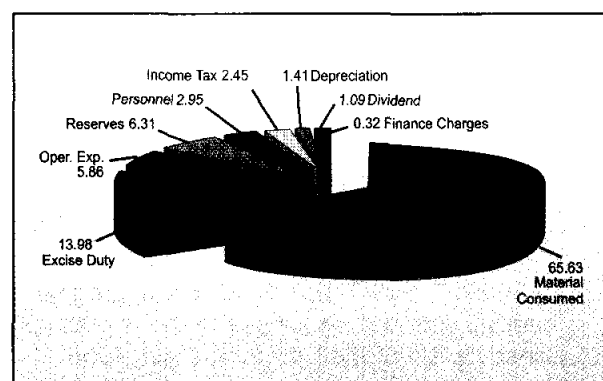


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MUNJAL SHOWA LIMITED
Distribution of Revenue (1999-2000)



MUNJAL SHOWA LIMITED
Distribution of Revenue (2000-2001)



NOTICE

NOTICE IS HEREBY GIVEN THAT THE SIXTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF MUNJAL SHOWA LIMITED WILL BE HELD ON TUESDAY THE 21ST DAY OF AUGUST, 2001 AT 3.30 P.M. AT THE REGISTERED OFFICE OF THE COMPANY AT 9-11, 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, 2001 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 of Rs. 3.50 per Equity Share for the financial year 2000-2001.
- 3) To appoint a Director in place of Mr. Ashok Munjal, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Mr. Yoshitaka Terazawa, who retires by rotation and being eligible, offers himself for re-appointment.
- 5) To appoint the Auditors and to fix their remuneration, consider and if thought fit, to pass the following Resolution as an Ordinary Resolution:

"RESOLVED THAT M/s S. R. Batliboi & Co., Chartered Accountants, New Delhi the retiring Auditors be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at such remuneration and reimbursement of out of pocket expenses as may be approved by the Board of Directors of the Company."

SPECIAL BUSINESS

To consider and if thought fit to pass with or without modification (s), the following Resolutions

As Ordinary Resolutions:**Appointment of Director**

- 6) "RESOLVED THAT Dr. K. C. Sethi who has been appointed as an Additional Director of the Company with effect from 23rd January, 2001 in terms of Section 260 of the Companies Act, 1956, and Article 89 of the Articles of Association of the Company and in respect of whom the Company has received a notice from a member proposing his candidature for the office of director under Section 257 of the Companies Act, 1956, together with a deposit of Rs. 500/- as required under the Act, be and is hereby re-appointed as a Director of the Company and that he shall be liable to retire by rotation."

Re-appointment of Managing Director

- 7) "RESOLVED THAT pursuant to Section 269, 198, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the re-appointment of Mr. Yogesh Munjal as Managing Director of the Company with effect from 1st September, 2001 for a further period of five years on the terms and conditions as set out in the Explanatory Statement annexed hereto.

RESOLVED FURTHER THAT the aggregate amount of remuneration payable to him in a particular financial year will be subject to the overall ceiling limit laid down in Sections 198 and 309 read with Schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT in terms of Article 86 of the Articles of Association of the Company, so long as Mr. Yogesh Munjal continues to act as the Managing Director, he will not be liable to retire by rotation."

As Special Resolutions:**Amendment in Articles of Association**

- 8) "RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the manner set out as under:

Insert a new Article no. 74A as under after the existing Article 74:

74A "Notwithstanding anything contained in the Articles of Association of the Company, the Company do adopt the mode of passing the resolution by its members by means of postal ballot (including voting by electronic mode) and/or other ways as prescribed by the Central Government in this behalf in respect of the following matters instead of transacting such business in General Meeting of the Company:-

1. Any business that can be transacted by the Company in General Meeting and
2. Particularly, resolutions relating to such business as the Central Government by notification declare to be conducted only by postal ballot.

The Company shall comply with the procedure for such postal ballot and/or other ways prescribed by the Central Government in this regard from time to time.

Confirmation of the decision of the Board to provide Surety

- 9) "RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any of the Companies Act, 1956, (hereinafter referred to as the Act) the decision of the Board be and is hereby confirmed for providing surety on behalf of M/s Hero Honda Motors Limited (hereinafter referred to as HHML) to Governor of Haryana to the extent of Rs. 3316 lacs for sales tax deferment facility availed by HHML, notwithstanding that such surety together with the Company's existing investments in other bodies corporate and loans to or guarantees / securities provided on behalf of other bodies corporate, was in excess of the percentage prescribed under Section 372A of the Act.

RESOVLED FURTHER THAT the approval be and is hereby accorded for giving guarantee / providing security / surety upto a maximum limit of Rs. 7500 lacs at any point of time including the amount of guarantees/ securities / sureties already provided on behalf of other bodies corporate pursuant to Section 372A of the Act.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take decision regarding giving of guarantee / security / surety not exceeding the limits set out above and to do all such acts as may be necessary in this regard."

By order of the Board
For **MUNJAL SHOWA LTD.**

PANKAJ GUPTA
Company Secretary

Gurgaon
19.07.2001

NOTES

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.

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.

The Register of Members and Share Transfer Books will remain closed from 10th August'2001 i.e. Friday to 21st August'2001 i.e. Tuesday (both days inclusive).

The dividend as recommended by the Board of Directors will be paid to those members whose names appear in the Register of Members of the Company as on 21st day of August'2001 i.e. Tuesday

Pursuant to the provisions of Section 205A of the Companies (Amendment) Act, 1999, the amount of dividend which remains unclaimed for a period of 7 years from the date of declaration would be transferred to the Investor Education and Protection Fund, and the shareholders would not be able to claim any amount of dividend so transferred to the fund. As such, shareholders who have not encashed their dividend warrants are requested in their own interest to write to the Company immediately for claiming outstanding dividends declared by the Company during the years 1995 onwards. In respect of the unclaimed dividends for periods prior to 1995, already transferred by the Company to the General Revenue Account of the Central Government, shareholders may claim the same by writing to the Registrar of Companies, Delhi & Haryana, Paryavaran Bhawan, CGO Complex, Lodhi Road, New Delhi 110 003 by quoting the **Company's Registration No.05-20934**.

On the item 9 of the notice which is to be passed as Special Resolution, members entitled to attend and the vote at the meeting may, instead of attending and voting at the meeting personally or through proxies, elect to vote by postal ballot and may send their assent or dissent in writing to the Company by postal ballot, in the prescribed postal ballot form being sent separately along with self-addressed postage pre-paid envelope. The postal ballot form, duly completed and signed should reach on or before 22nd August' 2001 at the Registered Office of the Company at 9-11, Maruti Industrial Area, Gurgaon-122 015.

Members are requested to bring their copy of the Annual Report and Attendance Slip to the Annual General Meeting.

Annexure to the Notice

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6

Dr. K. C. Sethi has been appointed as an Additional Director at the meeting of the Board of Directors held on 23rd January'2001 pursuant to Section 260 of the Companies Act, 1956 and Article 89 of the Articles of Association of the Company to hold office of a Director only up to the 16th Annual General Meeting of the Company.

The Company has received a notice from a member under Section 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- signifying his intention to propose the candidature of Dr. K. C. Sethi for the office of Director of the Company.

Dr. K. C. Sethi is presently Director General of BLS Institute of Management committed to excellence in Professional Education, Training, Development, Research and Consultancy. Dr. K. C. Sethi has also worked as Director of Institute of Technology and Science, Ghaziabad for three years and as a Dean at the Management Development Institute (MDI) for ten years. He was also a professor in the Indian Institute of Management (IIM), Calcutta for seventeen years. Dr. K. C. Sethi was on deputation for one year as Director in the Bureau of Public Enterprises, Govt. of India. He was also a Director in Institute of Management Technology, Ghaziabad.

Dr. K. C. Sethi has carried out a number of consulting assignments on Management Development Planning, Performance Appraisal, Organization Structure, Organization Development etc. He has widely travelled

and served as a visiting Professor at the Graduate Business School at the University of California, Los Angeles Campus, USA and also at the Institute of Social Studies, the Hague (Holland)

Dr. Sethi has a large number of publications to his credit and papers in Indian and Foreign Journals. Dr Sethi is member of several National and International Professional Societies.

The Board recommends the resolution for approval by the members.

None of the directors except Dr. K. C. Sethi is interested / concerned in the Resolution.

Item No. 7

The present tenure of Mr. Yogesh Munjal as Managing Director of the Company expires on 31st August, 2001. During his tenure of five years, Mr. Yogesh Munjal steered MSL to great heights and MSL has taken strategic move towards new clientele. Under his stewardship, the Company has achieved a record turnover. Keeping in view his long standing experience, expertise and knowledge in managing the affairs of the Company, he has been re-appointed as Managing Director by the Board of Directors by passing a resolution in its meeting held on 19th July, 2001 i.e. Thursday for a further period of five years w.e.f. 1st September, 2001 subject to approval of the shareholders on the terms and conditions including minimum remuneration as set out below:

1. **Basic Salary:** Rs. 65,000/- (Rs. Sixty five thousand only) p.m.
2. **Commission:** He shall also be allowed commission in addition to Basic Salary, perquisites and any other allowances, benefits, or amenities subject to the condition that the amount of commission shall not exceed 1% of the net profits of the company in a particular financial year as computed in the manner referred to in Section 198 of the Companies Act, 1956.
3. **Perquisites and Allowances:** In addition to the above Basic Salary and Commission, he shall be entitled to the following perquisites and allowances:
 - a. **Residential Accommodation:** Rent free furnished residential accommodation with free use of all the facilities and amenities shall be provided by the Company;
 - b. **Medical Reimbursement:** Reimbursement of actual medical expenses incurred by him and his family;
 - c. **Children's Education Allowance:** In case of children studying in India, actual expenses incurred, is admissible;
 - d. **Leave Travel Concession:** For him and his family once in a year incurred in accordance with any Rules specified by the Company;
 - e. **Club Fees:** Actual fees of clubs will be reimbursed;
 - f. **Gas, Electricity & Water:** Actual Expenses on Gas, Electricity and Water will be paid by the Company;
 - g. **Personal Accident Insurance:** Actual premium to be paid by the Company;
 - h. **Insurance of House-hold goods:** Actual premium to be paid by the Company;
Explanation: For the aforesaid purposes "Family" means the spouse, the dependent children and dependent parents;
 - i. **Car:** Facility of car with driver to be used for the business of the Company;
 - j. **Telephone:** Free telephone facility at Residence to be used for the business of the Company;
 - k. **Leave:** One month's leave with full salary for every 11 months of service subject to the condition that the leave accumulated but not availed will not be encashed;
 - l. **Reimbursement of expenses:** Reimbursement of entertainment, travelling, hotel and other expenses actually and properly incurred for the business of the Company;
 - m. **Contribution to Provident and Superannuation Funds:** Company's contribution to Provident and Superannuation funds will be as per the Rules of the Company; and
 - n. **Gratuity:** Not exceeding half month's salary for each completed year of service, as per the Rules of the Company subject to the provisions of the Gratuity Act, 1972.

4. Minimum Remuneration

In case of any loss or inadequacy of profits during any financial year, the remuneration payable to Mr. Yogesh Munjal shall not exceed the limits as prescribed under Part-II of Schedule XIII of the Companies Act, 1956. Provided that the aggregate amount of remuneration payable to him in a particular financial year

