

**MUNDAL  
SHOWA**

# 18<sup>TH</sup> ANNUAL REPORT 2002-03

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ON THE ROAD TO SUCCESS

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**BOARD OF DIRECTORS**

**Brijmohan Lall Munjal**  
(Chairman)

**Yogesh Munjal**  
(Managing Director)

**Takeshi Fukui**  
(Joint Managing Director  
upto 6th June, 2002)

**Seiji Konoue**  
(Joint Managing Director  
w.e.f. 7th June, 2002)

**Yoshitaka Terazawa**  
(upto 24th May, 2002)

**Kiyoshi Nagashima**  
(w.e.f. 24th May, 2002)

**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

**COST AUDITORS**

M/s Ramanath Iyer & Co.  
Cost Accountants  
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 : 26494830,  
26495704  
Fax: 011-26494152



## YEARLY FINANCIAL RESULTS AT A GLANCE

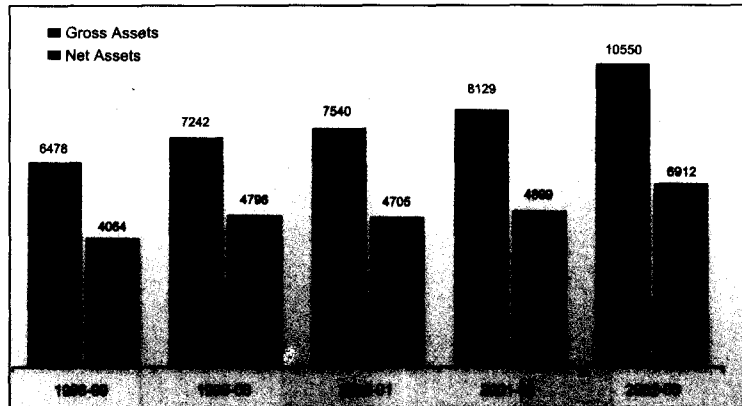
(Rs.in lacs)

	March '03	March '02	March '01	March'00	March'99
Share Capital	799.92	799.92	799.92	799.92	799.92
Reserve & Surplus	9289.78	7827.18	6662.31	5689.31	4693.41
Total Shareholder's Funds	10089.70	8627.10	7462.23	6489.23	5493.33
Unsecured Loans	552.13	742.83	865.72	976.32	837.16
Secured Loans	463.57	219.86	190.59	39.95	207.80
Total Term Liability	1015.70	962.69	1056.31	1016.27	1044.96
Total Assets	11105.41	9589.80	8518.55	7505.50	6538.29
Net Sales	35645.37	31603.66	24336.03	20180.72	15562.67
(% Increase over Previous year)	12.79%	29.86%	20.59%	29.67%	19.13%
Profit Before Interest Deprn. & Tax (PBDIT)	4059.29	4510.67	2471.31	2246.81	2080.76
Financial Charges	51.39	78.70	91.83	72.07	57.50
Depreciation	629.86	546.96	401.19	375.14	299.79
Profit Before Tax (PBT)	3378.04	3885.01	1978.29	1799.60	1723.47
Profit After Tax (PAT)	2139.38	2507.45	1281.53	1306.65	1210.25
Earnings per Share (EPS)	26.75	31.35	16.02	16.33	15.13
Book Value per Share	126.12	107.84	93.28	81.12	68.68
Dividend %	# 75.00%	75.00%	35.00%	35.00%	35.00%

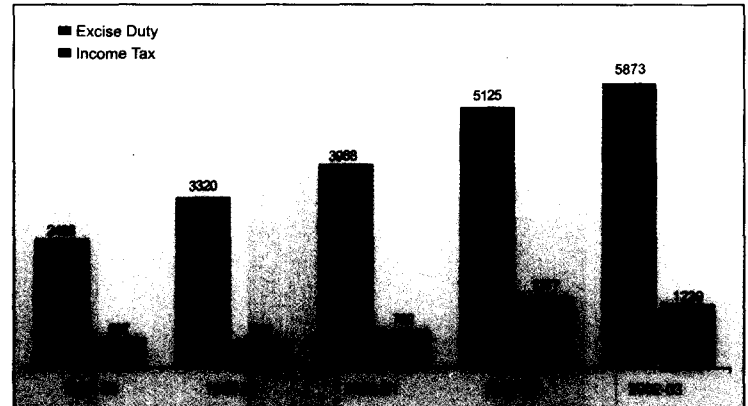
# Recommended by Board of Directors



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

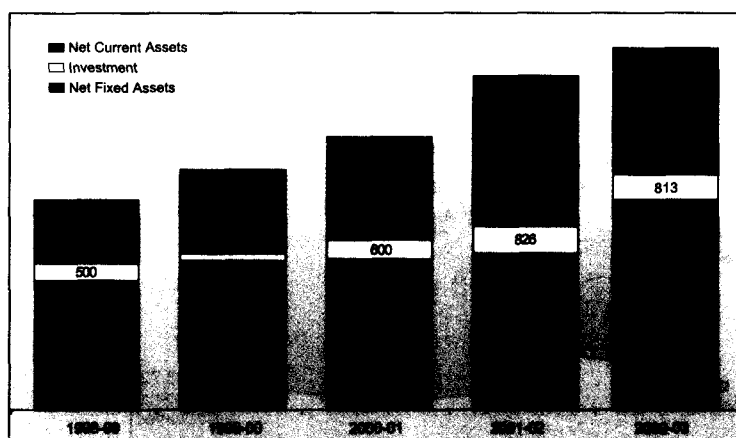


**MUNJAL SHOWA LIMITED**  
Contribution to Exchequer (Rs. In Lacs)

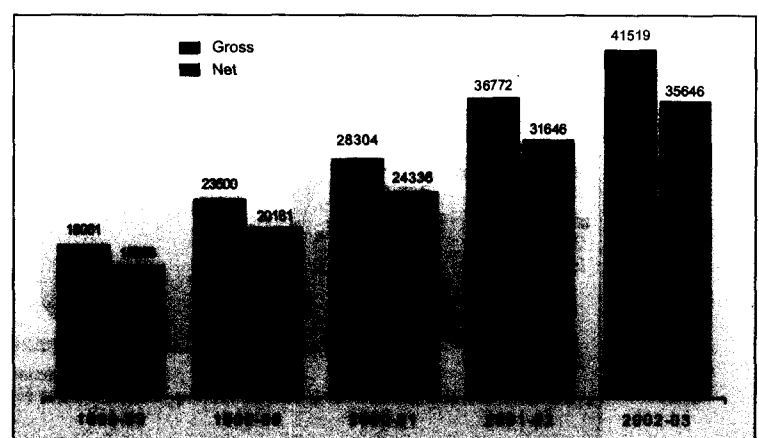


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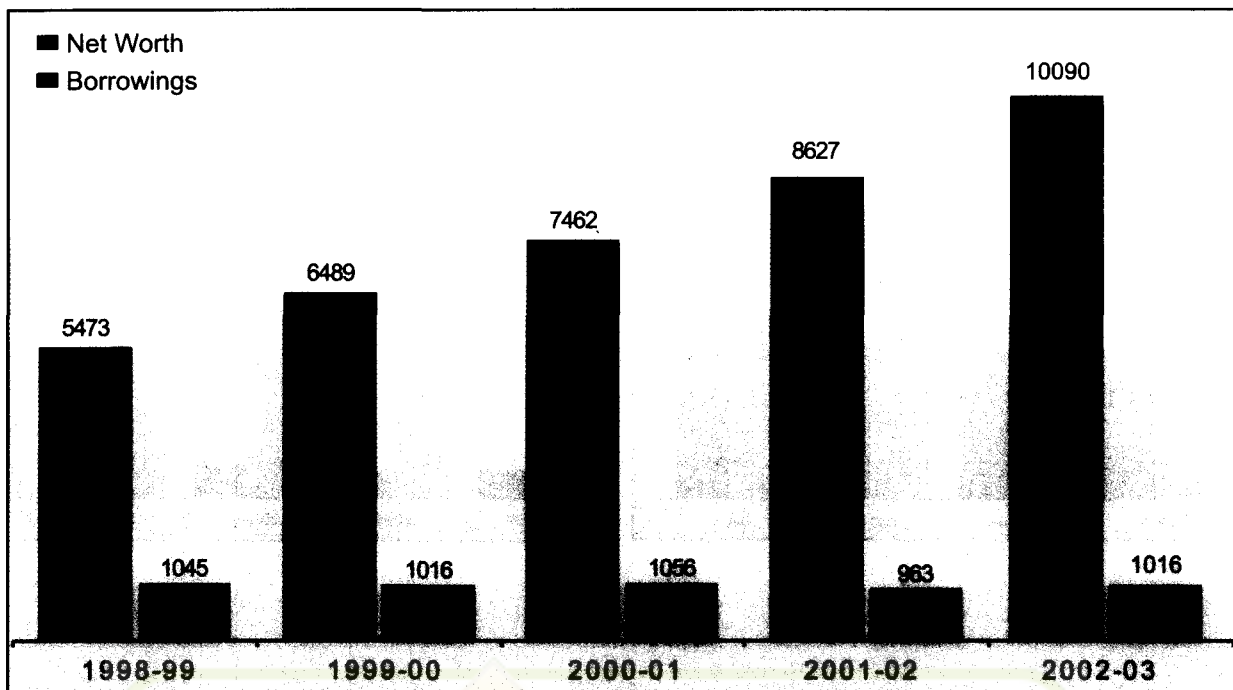
**MUNJAL SHOWA LIMITED**  
Application of Funds (Rs. In Lacs)



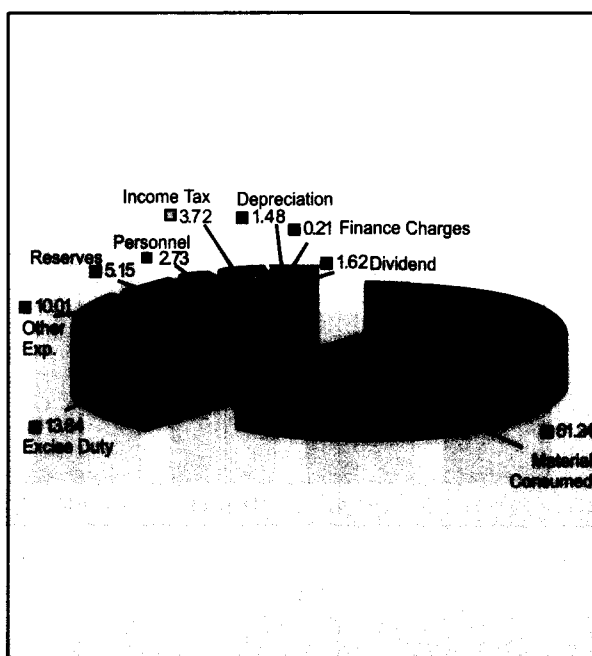
**MUNJAL SHOWA LIMITED**  
Sales (Rs. In Lacs)



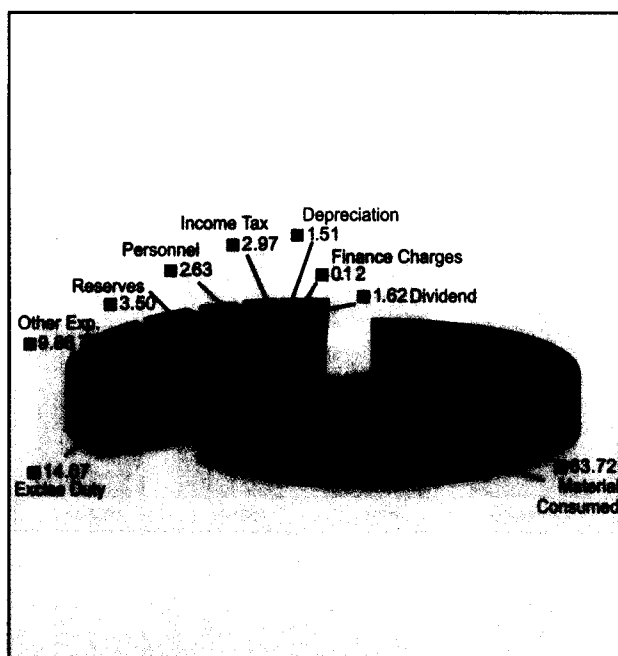
**MUNJAL SHOWA LIMITED**  
Borrowings & Net Worth (Rs. In Lacs)



**MUNJAL SHOWA LIMITED**  
Distribution of Revenue (2001-2002)



**MUNJAL SHOWA LIMITED**  
Distribution of Revenue (2002-2003)



## NOTICE

**NOTICE IS HEREBY GIVEN THAT THE EIGHTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF MUNJAL SHOWA LIMITED WILL BE HELD ON TUESDAY THE 26<sup>TH</sup> DAY OF AUGUST, 2003 AT 10.30 A.M. AT NOTTING HILLS, OPP. PASCO AUTOMOBILES, OLD DELHI ROAD, GURGAON-122015, HARYANA TO TRANSACT THE FOLLOWING BUSINESS:-**

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2003 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 financial year 2002-2003.
3. To appoint a Director in place of Shri. Brijmohan Lall Munjal , who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. S D Khosla , who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Dr. K C Sethi , who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint the Auditors and to fix their remuneration, to 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 a remuneration of Rs. 5,45,000/- plus applicable service tax and reimbursement of out of pocket expenses based on actuals.

### SPECIAL BUSINESS

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

#### As Ordinary Resolutions: -

#### 7. Variation in the Terms of Appointment of Shri Yogesh Munjal- Managing Director

"RESOLVED that in partial modification of the earlier Resolutions passed in the Sixteenth Annual General Meeting held on 21<sup>st</sup> August, 2001 and Seventeenth Annual General meeting held on 19<sup>th</sup> August 2002, the consent of the Company be and is hereby accorded under Sections 198, 269 and 309 read with Schedule- XIII and other applicable provisions, if any, of the Companies Act, 1956 that the Basic Salary payable to Shri Yogesh Munjal- Managing Director be increased to Rs. 85,000/- per month from Rs. 75,000/- per month with effect from 01.10.2002 for the remaining period of his tenure.

RESOLVED FURTHER THAT subject to the approval of the Central Government, the Company shall pay Income Tax on the perquisite value of the following fringe benefits.

- (i) Subscription on Credit Cards and Club facilities including life membership.
- (ii) Chauffeur and Motor Car Expenses.
- (iii) Attendant provided by the Company at residence.
- (iv) Travelling expenses of the spouse.

RESOLVED FURTHER THAT all other terms and conditions of his appointment shall remain unchanged.

RESOLVED FURTHER THAT the aggregate of the remuneration payable to him in any particular Financial Year will be subject to the overall ceiling limit laid down in Section 198 and 309 read with Schedule XIII of the Companies Act, 1956.

#### 8. Variation in the Terms of Appointment of Shri Seiji Konoue – Joint Managing Director

"RESOLVED that in partial modification of the earlier Resolution passed in the Seventeenth Annual General Meeting held on 19<sup>th</sup> August, 2002, the consent of the Company be and is hereby accorded under Sections 198, 269 and 309 read with Schedule- XIII and other applicable provisions, if any, of the Companies Act, 1956 that the Basic Salary payable to Shri Seiji Konoue - Joint Managing Director be increased to Rs. 85,000/- per month from Rs. 75,000/- per month with effect from 01.10.2002 for the remaining period of his tenure.





RESOLVED FURTHER THAT subject to the approval of Central Government, the Company shall pay Income Tax on the perquisite value of the following fringe benefits.

- (i) Subscription on Credit Cards and Club facilities including life membership.
- (ii) Chauffer and Motor Car Expenses.
- (iii) Attendant provided by the Company at residence.
- (iv) Travelling expenses of the spouse.

RESOLVED FURTHER THAT all other terms and conditions of his appointment shall remain unchanged.

RESOLVED FURTHER THAT the aggregate of the remuneration payable to him in any particular Financial Year will be subject to the overall ceiling limit laid down in Section 198 and 309 read with Schedule XIII of the Companies Act, 1956."

#### **As Special Resolution:**

#### **9. De-listing of Equity Shares**

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

"RESOLVED that subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956 (including any statutory amendments) and the Rules framed there under, Securities and Exchange Board of India (De-listing of Securities) Guidelines, 2003, Listing Agreements, and all other applicable laws, rules, regulations and guidelines and subject to such approvals and guidelines and subject to such other approvals, permissions and sanctions as may be necessary and subject to such other conditions and modifications as may be prescribed or imposed by any such authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company ( hereinafter referred as " the Board" which term shall include any Committee thereof for the time being exercising the powers conferred by the Board ), consent of the Company be and is hereby accorded to the Board to de-list the Equity Shares of the Company from all or any of the Stock Exchanges at Ahmedabad, Kolkata, Ludhiana and Delhi.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to seek voluntary de-listing and to take all necessary actions in this regard and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, doubt that may arise in this regard and to execute all such deeds, documents as may be necessary and for this purpose to delegate the authority duly vested herein to any of the Directors or the Company Secretary or any other person, whom the Board may deem fit to do various acts, deeds and things as required to be done for de-listing of shares".

#### **10. Alteration of Articles of Association**

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

RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of India be altered in the manner set out as under:

After Article No."25", the new Article No. "25A" shall be inserted;

"That option or right to call of shares shall not be given to any person except with the sanction of the Company in general meeting."

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

**PANKAJ GUPTA**  
Company Secretary

Place: New Delhi  
Dated: 20.05.2003

**Registered Office:**  
9-11, Maruti Industrial Area  
Gurgaon, Haryana - 122 015





## 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 Explanatory Statement setting out the material facts concerning Special Business at Item No.7, 8, 9 & 10 of the accompanying notice as required by Section 173(2) of the Companies Act, 1956, is annexed hereto.
- 3) The Register of Members and Share Transfer Books will remain closed from 16<sup>th</sup> August'2003 to 26<sup>th</sup> August'2003 (both days inclusive).
- 4) The dividend as recommended by the Board, if sanctioned at the meeting, will be paid to those members whose names appear on the Company's Register of Members on 26<sup>th</sup> of August'2003. In respect of the shares in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by the Depositories for this purpose.
- 5) The Company has already transferred all unclaimed dividends declared upto the financial year ended 31<sup>st</sup> March, 1995 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Shareholders who have not yet encashed their dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, NCT of Delhi & Haryana, Paryavaran Bhawan, CGO Complex, Lodhi Road, New Delhi 110 003 by quoting the **Company's Registration No.05-20934**.
- 6) Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 31<sup>st</sup> March, 1996 and thereafter, which remain unclaimed for a period of 7 years will be transferred by the Company to the **Investor Education and Protection Fund (IEPF)** established by the Central Government pursuant to Section 205C of the Companies Act, 1956. Dividend declared for the Financial Year 1994-1995 in the Financial Year 1995-96, remaining unpaid/unclaimed has been transferred to the Investor Education and Protection Fund.

Information in respect of such unclaimed dividend when due for transfer to the said Fund is given below:

Financial year ended	Date of declaration of Dividend	Last date for claiming unpaid Dividend	Due date for transfer to IEP Fund
31.03.1996	26.09.1996	25.09.2003	23.10.2003
31.03.1997	25.09.1997	24.09.2004	22.10.2004
31.03.1998	26.08.1998	25.08.2005	22.09.2005
31.03.1999	20.08.1999	19.08.2006	16.09.2006
31.03.2000	29.08.2000	28.08.2007	25.09.2007
31.03.2001	21.08.2001	20.08.2008	17.09.2008
31.03.2002	19.08.2002	18.08.2009	15.09.2009

Shareholders who have not so far en-cashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Company immediately. **Shareholders are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.**

- 7) Members are requested to notify immediately any change of address
  - i) To their Depository Participants (DPs) in respect of their electronic share accounts, and
  - ii) To the Company's Registrar, MCS Limited in respect of their physical share folios, if any, quoting their folio number.

8) Electronic Clearing Service (ECS) Facility

The Company provides the facility of ECS to all shareholders, holding shares in electronic and physical forms, residing in the cities wherever RBI has such facility. Shareholders holding shares in the physical form who wish to avail ECS facility may authorize the Company with their ECS mandate in the prescribed form which can be obtained from the Company upon request.

9) Shareholders holding shares in electronic form may kindly note that their bank account details as furnished by their Depositories to the Company will be printed on their Dividend Warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such shareholders for deletion of / change in such Bank details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic mode. **Shareholders who wish to change such Bank Account details are therefore requested to advise their Depository Participants about such change, with complete details of bank Account.**

10) Shareholders 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. 7**

The Members in the Sixteenth Annual General Meeting held on 21.08.2001 had approved the remuneration of Shri Yogesh Munjal, Managing Director of the Company and subsequently increased his basic salary from Rs. 65000/- to Rs. 75000/- per month with effect from 01.10.2001 in the Seventeenth Annual General Meeting held on 19.08.2002. The annual turnover of the Company has crossed the level of Rs. 400 Crores and the job responsibilities have also considerably increased. Keeping in view the above, your Board of Directors by passing a Resolution in their meeting held on 23.10.2002 have revised the basic salary of Managing Director from Rs. 75000/- to Rs. 85000/- (Rupees Eighty Five thousand only) per month w.e.f. 1<sup>st</sup> October, 2002 and subject to the approval of Central Government, payment of Income Tax on the perquisite value of fringe benefits mentioned in the resolution for the remaining period of his tenure. All other terms and conditions of his appointment will remain the same.

Shri Yogesh Munjal, Shri Brijmohan Lall Munjal, Shri Ashok Munjal and Shri Pankaj Munjal being related to each other may be deemed to be interested in the Resolution under Item no. 7.

The Board recommends the resolution to the members for their approval.

**Item No. 8**

The Members in the Seventeenth Annual General Meeting held on 19.08.2002 had approved the remuneration of Shri Seiji Konoue, Joint Managing Director of the Company. The annual turnover of the Company has crossed the level of Rs. 400 Crores and the job responsibilities have also considerably increased. Keeping in view the above, Your Board of Directors by passing a Resolution in their meeting held on 23.10.2002 have revised the basic salary of Joint Managing Director from Rs. 75000/- to Rs. 85000/- (Rupees Eighty Five thousand only) per month w.e.f. 1<sup>st</sup> October, 2002 and subject to the approval of Central Government, payment of Income Tax on the perquisite value of fringe benefits mentioned in the resolution for the remaining period of his tenure. All other terms and conditions of his appointment will remain the same.

Except Shri Seiji Konoue, no other director is interested/concerned in the Resolution under Item no. 8

The Board recommends the resolution to the members for their approval.

**Item No. 9**

The Company had came out with its maiden public issue of equity shares in 1987. In order to provide utmost liquidity to its valuable investors, the Company decided to get listed its equity shares on five stock exchanges namely, Delhi, Mumbai, Ahmedabad, Kolkata and Ludhiana. However, Mumbai Stock Exchange and National Stock Exchange have made available online trading terminals recently. At present, the traditional style of trading at the stock exchange premises only has completely phased out. SEBI has notified Securities and