

**MUNJAL
SHOWA**



19th

Annual Report 2003-04

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BOARD OF DIRECTORS

Brijmohan Lall Munjal
(Chairman)

Yogesh Munjal
(Managing Director)

Seiji Konoue
(Joint Managing Director)

Kiyoshi Nagashima

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

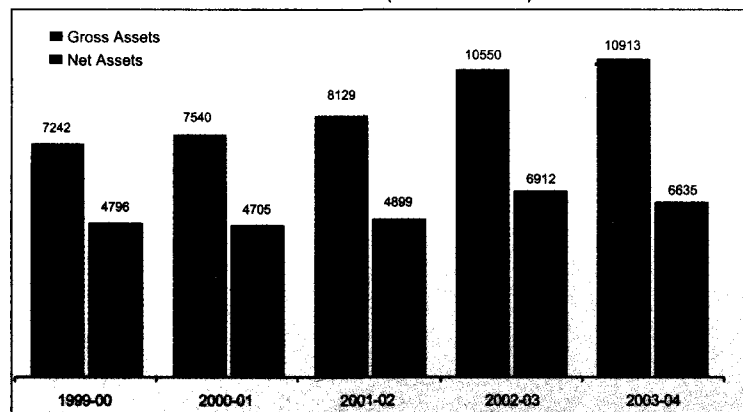
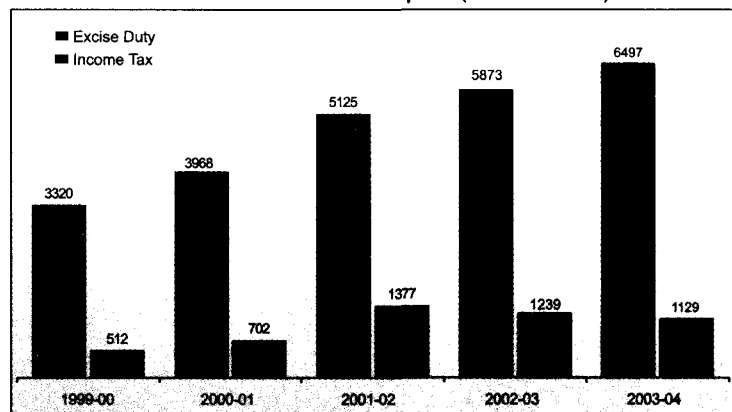
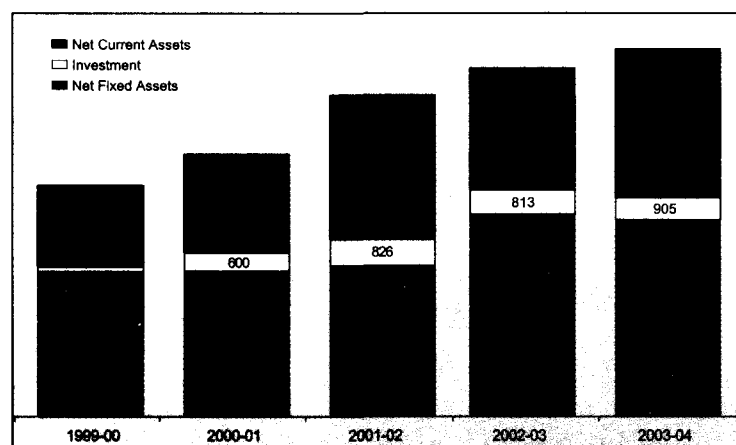
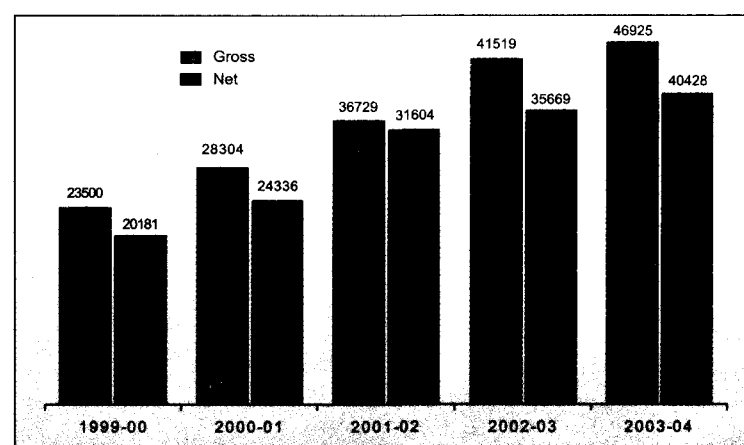
MCS Limited
Shri Venkatesh Bhavan, W-40,
Okhla Industrial Area, Phase II,
New Delhi-110020
Tel: 26384909 ; Fax: 26384907
Email: mcsdel@vsnl.com

YEARLY FINANCIAL RESULTS AT A GLANCE

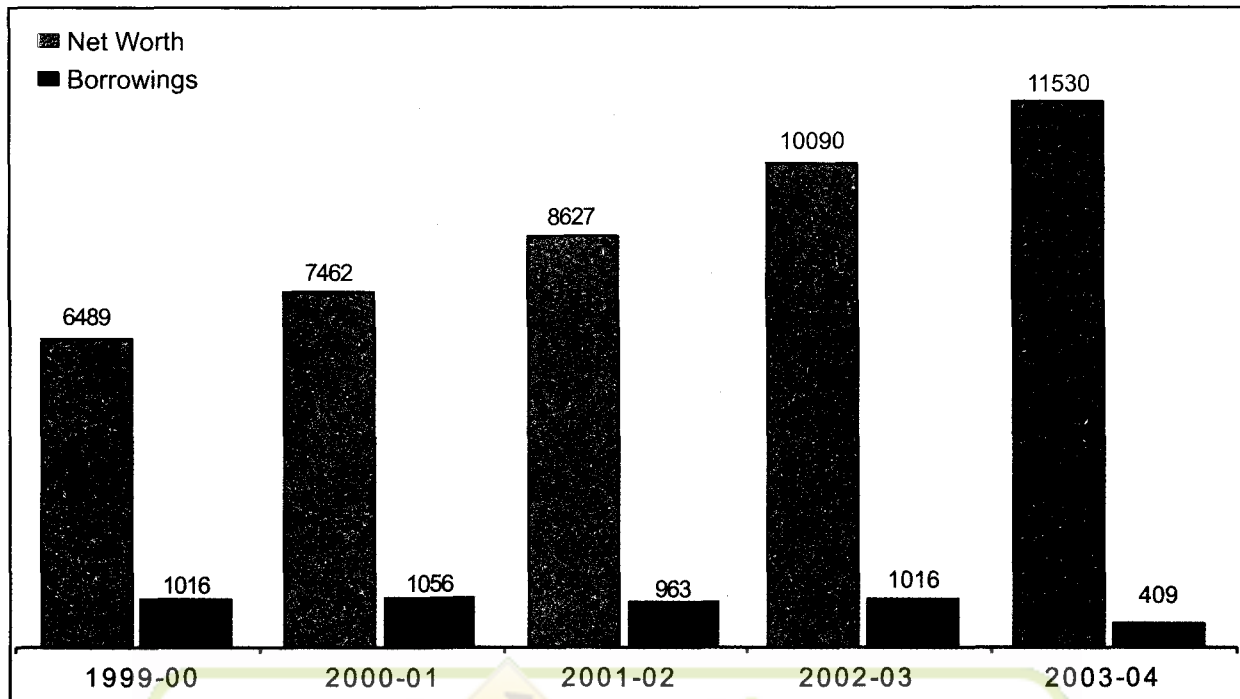
(Rs.in lacs)

	March '04	March '03	March '02	March'01	March'00
Share Capital	799.92	799.92	799.92	799.92	799.92
Reserve & Surplus	10729.81	9289.78	7827.18	6662.31	5689.31
Total Shareholder's Funds	11529.73	10089.70	8627.10	7462.23	6489.23
Unsecured Loans	226.34	552.13	742.83	865.72	976.32
Secured Loan	182.90	463.57	219.86	190.59	39.95
Total Term Liability	409.24	1015.70	962.69	1056.31	1016.27
Total Assets	12553.81	11860.07	9589.80	8518.55	7505.50
Net Sales	40427.70	35668.84	31603.66	24336.03	20180.72
(% Increase over Previous year)	13.34%	12.86%	29.86%	20.59%	29.67%
Profit Before Interest Depn. & Tax (PBDIT)	4047.29	4059.29	4510.67	2471.31	2246.81
Interest	54.15	51.39	78.70	91.83	72.07
Depreciation	747.73	629.86	546.96	401.19	375.14
Profit Before Tax (PBT)	3245.42	3378.04	3885.01	1978.29	1799.60
Profit After Tax (PAT)	2116.82	2139.38	2507.45	1281.53	1306.65
Earnings per Share (EPS)	26.46	26.75	31.35	16.02	16.33
Book Value per Share	144.12	126.12	107.84	93.28	81.12
Dividend %	# 75.00%	75.00%	75.00%	35.00%	35.00%

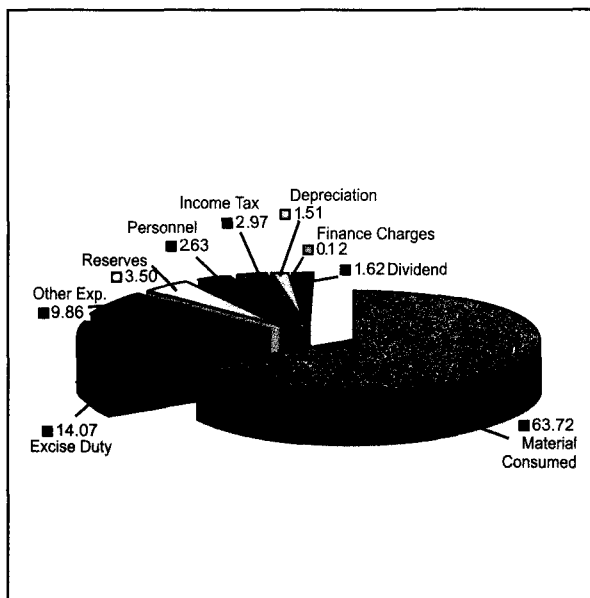
Recommended by Board of Directors

MUNJAL SHOWA LIMITED
Fixed Assets (Rs. In Lacs)

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

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

MUNJAL SHOWA LIMITED
Sales (Rs. In Lacs)


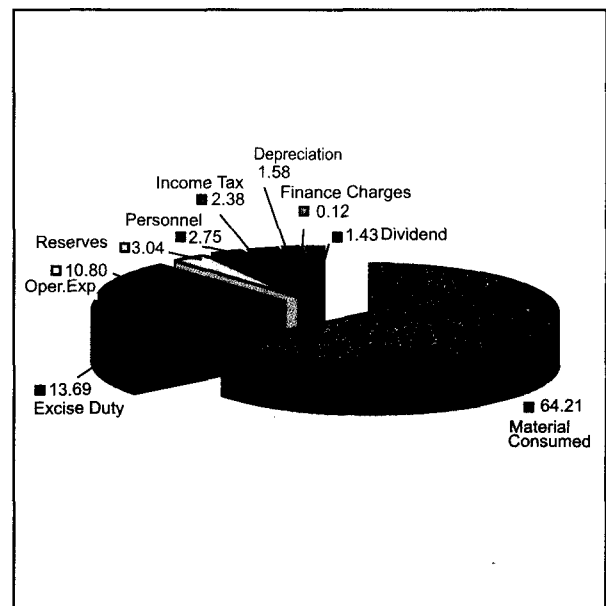
MUNJAL SHOWA LIMITED
Borrowings & Net Worth (Rs. In Lacs)



MUNJAL SHOWA LIMITED
Distribution of Revenue (2002-2003)



MUNJAL SHOWA LIMITED
Distribution of Revenue (2003-2004)



NOTICE

NOTICE IS HEREBY GIVEN THAT THE NINETEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF MUNJAL SHOWA LIMITED WILL BE HELD ON TUESDAY THE 24TH DAY OF AUGUST, 2004 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, 2004 and Profit and Loss Account for the year ended on that date together with the Directors' and the Auditors' Report thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Shri Ashok Munjal , who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Kiyoshi Nagashima , who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint M/s S. R. Batliboi & Co., Chartered Accountants, New Delhi the retiring Auditors of the Company as Auditors, who shall 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

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

As Ordinary Resolutions: -**6. Variation in the Terms of Appointment of Sh. Yogesh Munjal- Managing Director**

"RESOLVED that in partial modification of the earlier Resolutions passed in the Sixteenth Annual General Meeting held on 21st August, 2001, Seventeenth Annual General meeting held on 19th August 2002 and Eighteenth Annual General Meeting held on 26th August, 2003, 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 Sh. Yogesh Munjal- Managing Director be increased to Rs. 95,000/- per month from Rs. 85,000/- per month with effect from 01.10.2003 for the remaining period of his tenure.

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.

7. Variation in the Terms of Appointment of Sh. Seiji Konoue – Joint Managing Director

“RESOLVED that in partial modification of the earlier Resolution passed in the Seventeenth Annual General Meeting held on 19th August, 2002 and Eighteenth Annual General Meeting held on 26th August, 2003, 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 Sh. Seiji Konoue - Joint Managing Director be increased to Rs. 95,000/- per month from Rs. 85,000/- per month with effect from 01.10.2003 for the remaining period of his tenure.

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.

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

Place: New Delhi
Dated: May 8, 2004

PANKAJ GUPTA
Company Secretary

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.6 & 7 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 of the Company will remain closed from 7th August' 2004 to 24th August' 2004 (both days inclusive).
- 4) The dividend as recommended by the Board of Directors, if sanctioned at the Nineteenth Annual General Meeting, will be paid to those members whose names appear on the Company's Register of Members on 24th August' 2004. In respect of the shares held 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) Pursuant to Section 205 of the Companies Act, 1956, all unclaimed/unpaid dividends for the period(s) up to 31st March, 1994 have already been transferred 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 forward their claims in the prescribed Form No. II to 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 1996-97 and thereafter, which remains unclaimed for a period of 7 years would 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. Dividends declared for the financial years 1994-95 and 1995-96, remaining unpaid/unclaimed has been transferred to the Investor Education and Protection Fund.

Information in respect of unclaimed dividend pertaining to subsequent financial years 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
31.03.1997	25.09.1997	01.10.2004	31.10.2004
31.03.1998	26.08.1998	01.09.2005	01.10.2005
31.03.1999	20.08.1999	26.08.2006	25.09.2006
31.03.2000	29.08.2000	04.09.2007	04.10.2007
31.03.2001	21.08.2001	27.08.2008	26.09.2008
31.03.2002	19.08.2002	25.08.2009	24.09.2009
31.03.2003	26.08.2003	01.09.2010	01.10.2010

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) The Company has provided a facility to the Members for remittance of dividend through Electronic Clearing System (ECS). The ECS facility is available at locations identified by Reserve Bank of India from time to time and covers most of the cities and towns. Members 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 duly filled in to the Annual General Meeting.

ANNEXURE TO THE NOTICE

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

Item No. 6

The Members in the Sixteenth Annual General Meeting held on 21.08.2001 had approved the remuneration of Sh. Yogesh Munjal, Managing Director of the Company and subsequently increased his basic salary from 65000/- to 75000/- with effect from 01.10.2001 in the Seventeenth Annual General Meeting held on 19.08.2002. In the Eighteenth Annual General Meeting held on 26.08.2003 members had approved increase in his basic salary from Rs. 75,000/- to 85,000/-. The job responsibilities have considerably increased in view of increase in the volume of business. Keeping in view the above and on the basis of recommendation of Remuneration Committee, your Board of Directors by passing a Resolution in their meeting held on 23.10.2003 have revised the basic salary of Managing Director from Rs. 85000/- to Rs. 95000/- (Rupees Ninety Five thousand only) per month w.e.f. 1st October, 2003 for the remaining period of his tenure. All other terms and conditions of his appointment will remain the same.

Sh. Yogesh Munjal, Sh. Brijmohan Lal Munjal, Sh. Ashok Munjal and Sh. Pankaj Munjal being related to each other may be deemed to be interested in the Resolution under Item no. 6.

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

Item No. 7

The Members in the Seventeenth Annual General Meeting held on 19.08.2002 had approved the remuneration of Sh. Seiji Konoue, Joint Managing Director of the Company and subsequently increased his basic salary from Rs. 75000/- to Rs. 85000/- per month w.e.f. 01.10.2002 in the Eighteenth Annual General Meeting held on 26.08.2003. The job responsibilities have considerably increased in view of increase in the volume of business. Keeping in view the above, Your Board of Directors by passing a Resolution in their meeting held