

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

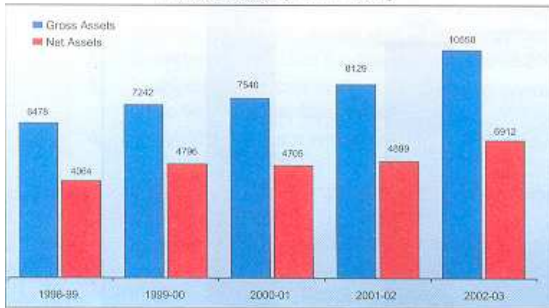
YEARLY FINANCIAL RESULTS AT A GLANCE

(Rs.in lacs)

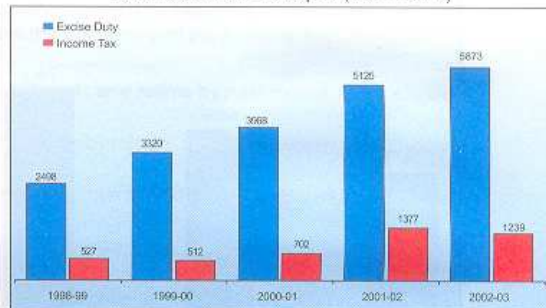
	March '03	March '02	March '01	March'00	March'99
Share Capital	799.92	799.92	799.92	799.92	799.92
Reserve & Surplus	9289.78	7827.18	6662.31	5689.31	4693.41
Total Shareholder's Funds	10089.70	8627.10	7462.23	6489.23	5493.33
Unsecured Loans	552.13	742.83	865.72	976.32	837.16
Secured Loans	463.57	219.86	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 Depn. & 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

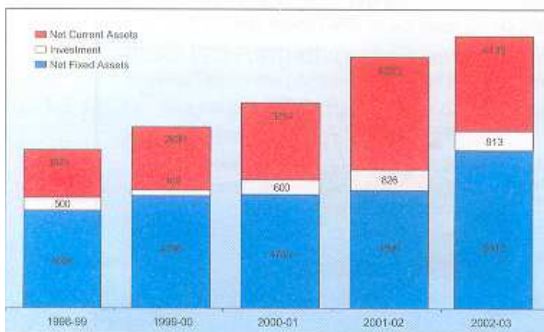
MUNJAL SHOWA LIMITED
Fixed Assets (Rs. In Lacs)



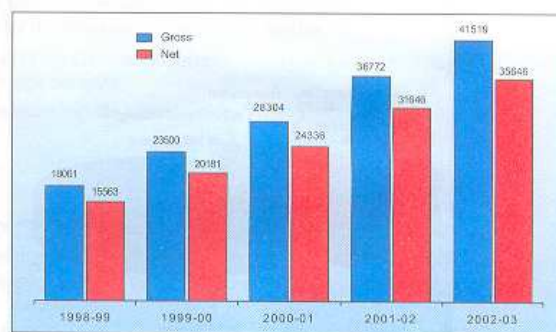
MUNJAL SHOWA LIMITED
Contribution to Exchequer (Rs. In Lacs)



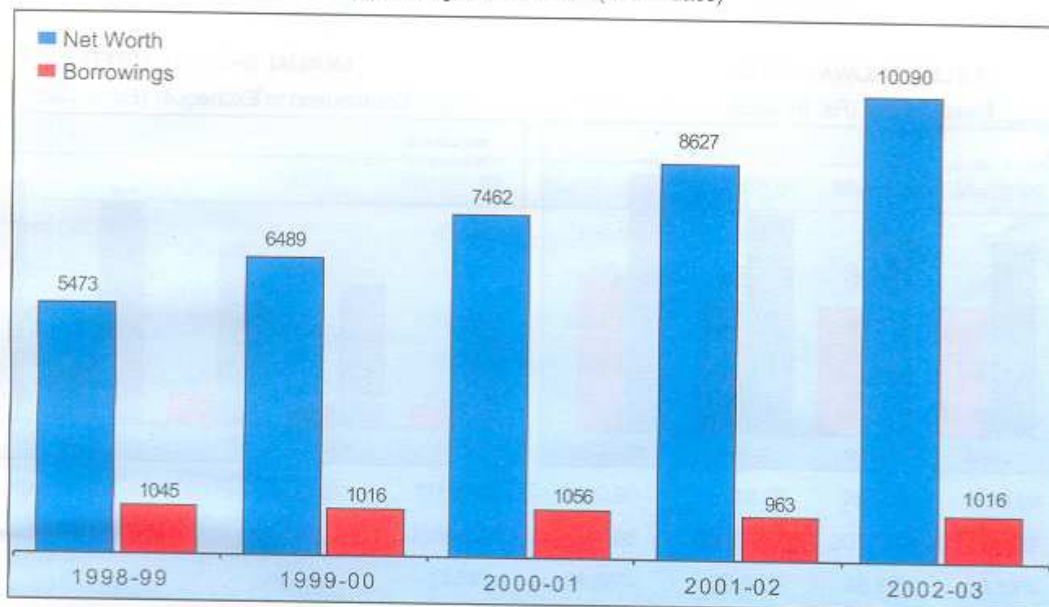
MUNJAL SHOWA LIMITED
Application of Funds (Rs. In Lacs)



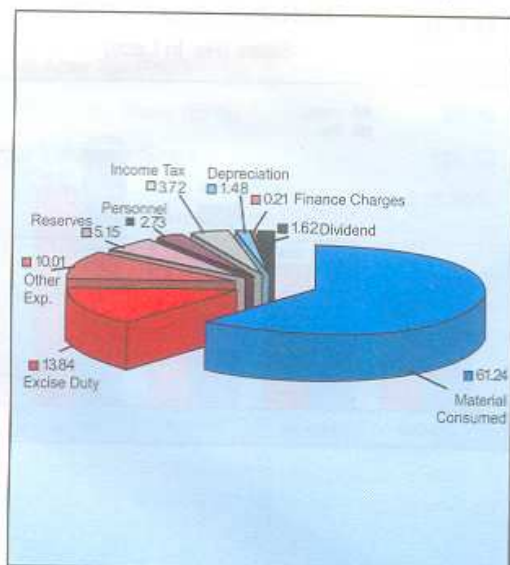
MUNJAL SHOWA LIMITED
Sales (Rs. In Lacs)



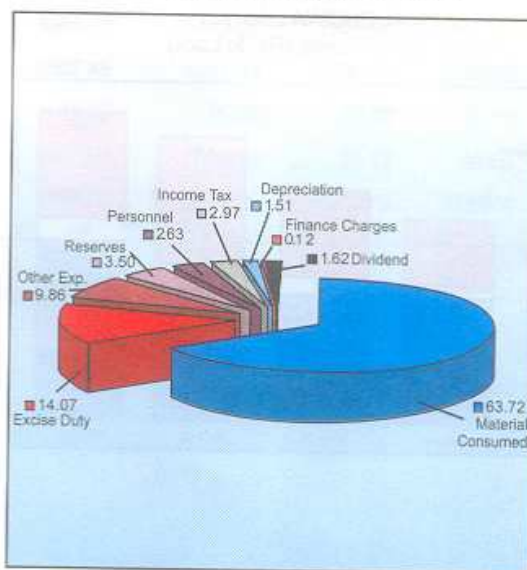
MUNJAL SHOWA LIMITED
Borrowings & Net Worth (Rs. In Lacs)



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 26TH 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 21st August, 2001 and Seventeenth Annual General meeting held on 19th 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 19th 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) 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."

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 16th August'2003 to 26th 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 26th 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 31st 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 31st 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. 1st 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. 1st 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

Exchange Board of India (De-listing of Securities) Guidelines, 2003 on January 28, 2003 under which a company can de-list its securities from any stock exchange subject to Shareholders' approval by way of special resolution for voluntary de-listing, if its securities remain listed and are available for trading at one of such stock exchanges in India which provides online trading terminals in every part of India.

The proposed voluntary de-listing of the Company's shares from the said stock exchanges will not adversely affect any investors including the Members located in the regions where the said stock exchanges are situated

The proposed de-listing is in the interest of the Company and in order to reduce recurring cost, the Board recommends for approval by the members resolution for de-listing of its shares from four Stock Exchanges namely, The Delhi Stock Exchange Association Limited, The Ludhiana Stock Exchange Association Limited, The Calcutta Stock Exchange Association Limited and The Stock Exchange, Ahmedabad where the trading of the shares of the Company is almost negligible. However, securities will remain available for trading at Mumbai Stock Exchange and National Stock Exchange.

None of the directors of the Company is concerned or interested in the resolution at Item No.9

Item No. 10

Consequent to the Company's application to National Stock Exchange (NSE) for listing of its equity shares, the Company had undertaken to amend its Article of Association to the effect that option or right to call of shares shall not be given to any person except with the sanction of the Company by way of special resolution passed in the general meeting. This had been done so as to meet the requirement of bye-laws of National Stock Exchange. The proposed resolution is therefore, placed in order to give effect to the said undertaking given by the Company.

The Board recommends the resolution to the members for their approval. None of the directors of the Company is concerned or interested in the resolution at Item No.10

Copies of all relevant documents and papers referred to in the accompanying Notice and Explanatory Statement are kept open for inspection by Members between 11.00A.M. to 1.00 P.M. on any working day except Sundays and Public Holidays upto the date of Meeting at the Registered Office of the Company.

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

FUTURE PROSPECTS

During the financial year 2002-03, the Company had successfully developed Front Fork and Rear Cushion for "AMBITION" Model for Hero Honda Motors Limited. The Company was also developing the samples for two models "CD Dawn" a low priced bike in its segment and "KARIZMA" a premium segment bike for Hero Honda Motors Limited. These two models have been successfully launched in the month of April, 2003 and May, 2003 respectively and as per initial response, these have been overwhelmingly accepted in the market.

Suzuki Motors Corporation has slowed down its entry into Two Wheeler segment after studying the Indian market conditions. We are hopeful that as and when Suzuki Motor Corporation commences manufacturing facility, the Company will get its legitimate share of business on merits.

The Company has successfully developed and delivered Gas Charged Front and Rear Struts for Honda Seil's new car likely to be launched in October'2003. It was a milestone achievement for the Company to manufacture such "HI-TECH" product.

Our supply for "ACTIVA" Model during the period under review was appreciated by Honda Motorcycle and Scooter India Private Limited. We have subsequently been entrusted to develop and deliver sample for 100% export model called "LEAD" and geared scooters for Indian market called "ETERNO". The Company has already delivered sample and commenced mass production activity to meet customer requirement. Honda Motorcycle and Scooter India Private Limited achieved record production of 165000 nos. vehicles in the year 2002-03. They have plans of doubling the production to 352000 nos. vehicles in the year 2003-04. MSL as virtual single source supplier can look forward to increased sales. The Company has submitted quotation for New Motorcycle Venture, which is slated for launch in 2004.

Based on growth plan and indication received from existing customers, the company has already enhanced production capacity to the tune of 10 Million units (Approx) which is expected to take care of customer requirements of next year comfortably. The Company has already purchased land at IMT Manesar for future expansion in capacity.

DIRECTORS

Shri Brijmohan Lal Munjal, Dr. K.C Sethi and Shri S.D Khosla, the directors of the Company, retire by rotation from the Board at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Board recommends their re-appointment as directors liable to retire by rotation.

CORPORATE GOVERNANCE

Corporate Governance and Management Discussion and Analysis Reports along with Certificate of the Auditors of your Company pursuant to clause 49 of the Listing Agreement with the Stock Exchanges has been included in this Report as **Annexure-A**. Your Company has been practicing the principles of good Corporate Governance over the years. The Board of directors supports the broad principles of Corporate Governance. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity.

AUDITORS

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

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance of Section 217(2AA) of the Companies Act, 1956, the Directors confirm:-

- a) that the applicable accounting standards have been followed in the preparation of annual accounts and that there are no material departures;
- b) that such accounting policies have been selected and applied consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March' 2003 and of the profit of the Company for the year ended on that date;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the annual accounts have been prepared on a going concern basis;

FIXED DEPOSIT

The Company has not accepted any Fixed Deposits during the year or in any other years under Section 58A of the Companies Act, 1956 and the rules made there under.

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

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 are given in **Annexure-B** which forms part of Directors' Report.

ENVIRONMENT COMPLIANCE

The Sound Environmental Health and Safety Management is an integral part of the Company's business practices. For all manufacturing facilities, which require environmental consents such as air, water and hazardous waste, proper authorizations from respective Pollution Control Boards have been obtained and are in compliance with the present Environmental Legislation. The Company initiated many programmes to improve the health and safety of employees by way of Internal Environment Management Programme. These initiatives and the improvements arising out of these initiatives are monitored and reviewed through structured audits and management reviews.

During the year, Company has taken membership of Haryana Environmental Management Society. The Society is currently focusing on the risk from uncontrolled dumping of industrial hazardous wastes and endeavors to develop a common "Treatment, Storage and Disposal Facility" (TDSF) to facilitate the Industries for safe disposal of such hazardous waste generated from industrial operations and processes.

We have received Certificate of Sustainability 'Green System' from Central Ground Water Authority for our Rain Water Harvesting System. Gurgaon Industrial Association(GIA) has certified the Company as 'Eco Profit Company' in Haryana.

The Company is constantly dedicated to the safety and health of its employees. It has started working on "Occupational Health and Safety Assessment Series-18001 (OHSAS) specification from September' 2001. The target date for achievement of this certificate has been extended to August' 2003 due to expansion in the shop floor. This specification lays down certain requirements for an Occupational Health and Safety Management System to enable the organization to control its Occupational Health and Safety Risks and improve its performance.

PARTICULARS OF EMPLOYEES

A statement under sub-section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended forming part of this Directors' Report is given in **Annexure-C**.

ISO, QS, TPM AND TS ACCREDITATION

Your Company's manufacturing facilities in the Plant at Gurgaon continue to maintain and uphold the prestigious ISO 9001, QS 9000 and ISO 14001 certification from reputed leading Indian and International Certification Institutions. During the year, the Company has obtained TS16949-1999 certification and Company is confident of obtaining the TS16949-2002 certification by December 2003.

Your Company is actively involved in Total Productive Maintenance (TPM) since June' 2000 to achieve world-class excellence and has set June' 2004 as target date for achievement of TPM Excellency Award from JIPM Japan. Major objectives of TPM are, formation of cross functional work groups to improve overall effectiveness of equipment and processes within their areas, to procure and install maintenance free plant and machinery, to achieve zero defects, zero break down, zero losses and zero accidents, to increase profits of the Company by reducing unit cost, to work towards education and training of personnel and to create a pleasant working environment.

The Company has achieved immense benefit in terms of overall approach and involvement by one and all. During the year under review Company's TPM Team has rectified/modified 24 bottleneck machines in order to achieve zero defects, zero breakdown, zero accidents and zero wastages.

The goal of Technical Specification (TS16949) is the development of fundamental quality systems. It provides continuous improvements, emphasis on prevention of defects and reduces waste and variation in supply chain. TS16949 is based on customer specific requirements. It defines approach and responsibility including assurance of Company's needs. The Company is confident to achieve first stage of this specification by June'2002 and has planned for latest stage in December' 2003.

LISTING

The Shares of your Company are listed at Delhi, Mumbai, Kolkata, Ahmedabad, Ludhiana and National Stock Exchanges, and pursuant to Clause 38 of the Listing Agreement, the Annual Listing fees for the year 2003-2004 has been paid to them well before the due date i.e. April 30, 2003. The Company was permitted to trade on National Stock Exchange till 31.03.2003. To improve the liquidity of the shares, the Company has entered into agreement with National Stock Exchange for listing which has been subsequently approved for listing.

Consequent to the changes in the capital market in relation to the manner of dealing in shares of Companies, it has been observed that trading in equity shares of the Company at Delhi, Kolkata, Ahmedabad and Ludhiana Stock exchanges has been reduced substantially due to availability of online terminals for trading from National Stock Exchange and Mumbai Stock Exchange. Accordingly it is proposed to delist the Company's equity shares from one or more such stock exchange/s.

HUMAN RESOURCES

During the year, the management continued with the strategy of imparting professional training to the executives and staff at various levels with a view to upgrade their competence and managerial qualities so that they can function effectively in a more competitive and rapidly changing environment. The management also formed a number of internal task forces comprising employees to provide guidance and formulate appropriate policies. These include Cost-cutting Measures; Improvement in Management Information System etc.

ACKNOWLEDGEMENT

The directors express their gratitude to the Central Government and the State Government of Haryana for their kind co-operation and support. Your directors place on record the appreciation for the assistance and confidence reposed by the bankers, customers, suppliers and stakeholders during the period under review. The Board also places on record its appreciation for the contribution made by the employees at all levels.

The directors also place on record their appreciation for the valuable assistance and guidance extended to the Company by Showa Corporation, Japan and for the encouragement and assurance, which our collaborator has given for growth and development of the Company.

For and on behalf of the Board

BRIJMOHAN LALL MUNJAL

Chairman

Place: New Delhi

Dated: 20.05.2003

ANNEXURE-A TO DIRECTORS' REPORT REPORT ON CORPORATE GOVERNANCE

Company's Philosophy on Code of Governance

Munjal Showa Limited (MSL), as a constituent of Hero Group, is committed to the highest standards of Corporate Governance in all its activities and processes. The company fully realizes the rights of its shareholders to information on the performance of the company and considers itself a trustee of its shareholders. The Company provides detailed information on various issues concerning the Company's business and financial performance to its shareholders. The entire process begins with the functioning of the Board of Directors, with leading professionals and experts serving as independent Directors and represented in the various Board Committees. Systematic attempt is made to eliminate informational asymmetry between executive and non-executive directors.

Key elements in the Corporate Governance are transparency, accountability and equity, in all facets of its operations, and all interactions with its stakeholders, including the shareholders, employees, the Government and the Bankers

I BOARD OF DIRECTORS

Composition of Board

The Board consists of nine Directors in a pool of collective knowledge from various disciplines like Engineering, Finance, Business Management, Corporate Planning etc. The Board has been constituted in a manner, which will result in an appropriate composition of Executive, Non-Executive and Independent Directors. The Non-executive Directors play active role in the meetings of the Board and are associated with the various Board Committees. The Non-Executive Directors bring independent judgment in the Board's deliberations and decisions. The Board meets regularly and is responsible for the proper management of the Company. The Board comprises of more than 50% of Non-Executive Directors out of which three Directors are independent Directors.

The composition of the Board of Directors as at 31st March 2003 is as follows:

Name	Designation	Executive / Non-executive / Independent
Mr. Brijmohan Lall Munjal	Chairman	Non-Executive
Mr. Yogesh Munjal	Managing Director	Executive
Mr. Seiji Konoue	Joint Managing Director	Executive
Mr. Kiyoshi Nagashima*	Director	Non-executive
Mr. Pankaj Munjal	Director	Non-executive
Mr. Ashok Munjal	Director	Non-executive
Mr. S. D. Khosla	Director	Non-executive –Independent
Mr. K. N. Malhotra	Director	Non-executive- Independent
Dr. K. C. Sethi	Director	Non-executive- Independent

**Representative of Showa Corporation, Japan, based at Japan

II BOARD MEETINGS, ITS COMMITTEE MEETINGS & PROCEDURES AND ATTENDANCE OF DIRECTORS

The Company has defined guidelines for the meeting of the Board of Directors and Committees in order to institutionalize all corporate affairs and setting up systems and procedures for advance planning for matters

requiring discussion/ decisions by the Board. These guidelines seek to systematize the decision making process at the meetings of Board/Committees, in an informed and most efficient manner.

The Board meets at least once in a quarter to consider, amongst other business, the quarterly performance of the company and its financial results. The Board held four meetings during the financial year 2002-03 on 24th May 2002, 22nd July 2002, 30th October 2002 and 17th January 2003. All the relevant information needed for taking decisions by the Board is made available to the directors at the meetings.

The Board and its Committees formulate policy decisions, so as to lead and control the Company. The Composition of the Board is in conformity with the provisions of the Listing Agreement. No Director is a member of more than 10 Committees or Chairman of more than 5 Committees across all companies in which they are directors. The details are as under:

S. No.	Name of Director	No. of Board Meetings attended	Attendance at last AGM	Number of outside Directorship(s) (*)	Total Number of Membership(s) in other Board Committees	Number of Chairmanship(s) in other Board Committees
1	Mr. Brijmohan Lall Munjal	4	Yes	7	Nil	Nil
2	Mr. Yogesh Munjal	4	Yes	3	2	Nil
3	Mr. Seiji Konoue Appointed w.e.f. 07.06.2002	3	Yes	Nil	Nil	Nil
4	Mr. S. D. Khosla	2	No	3	Nil	2
5	Mr. Kiyoshi Nagashima** Appointed w.e.f. 24.05.2002	Nil	No	Nil	Nil	Nil
6	Mr. Pankaj Munjal	1	No	6	Nil	Nil
7	Mr. Ashok Munjal	4	Yes	5	2	Nil
8	Mr. K. N. Malhotra	4	Yes	3	1	Nil
9	Dr. K. C. Sethi	4	Yes	Nil	Nil	Nil
10	Mr. Takeshi Fukui (Upto 6 th June 2002)	1	No	Nil	Nil	Nil
11	Mr. Yoshitaka Terazawa** (Upto 24 th May 2002)	Nil	No	Nil	Nil	Nil

* Excludes Directorship in Indian Private Limited Companies, Membership of Managing Committee of various Chambers/other Bodies and alternate Directorship.

** Representatives of Showa Corporation, Japan, based at Japan

III AUDIT COMMITTEE

The Audit Committee consists of three Directors namely Dr. K. C. Sethi, Mr. Ashok Munjal and Mr. K. N. Malhotra, being Non- Executive Directors, to review various areas of audit and accounts. All these Directors have good knowledge of Corporate and Project Finance, Accounts and Company Law. The terms of reference of the Audit Committee as stipulated by the Board of Directors are as contained in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The Audit Committee would assure to the Board adherence of adequate internal control and financial disclosure and other acts conforming to the requirements of Listing Agreement with the Stock Exchanges. The Company Secretary acts as the secretary of the Committee. The Auditors and AGM Finance generally attend the meetings on invitation of the Chairman.

During the financial year 2002-03, the Audit Committee met three times, on 24th May 2002, 30th October 2002 and 17th January 2003. Attendance of Members at the meetings of the Audit Committee held during 2002-03 was as under:

Members	No. of Meetings attended
Mr. K. N. Malhotra, Chairman	3
Mr. Ashok Munjal	3
Dr. K. C. Sethi	3

IV REMUNERATION OF DIRECTORS

The Board decides the remuneration of Directors subject to the approval of shareholders and Central Government, if required. The interested Executive Directors do not participate or vote. The remuneration structure of whole-time Directors comprises of basic salary, commission, perquisites and other allowances. The Chairman and Non-executive Directors do not draw any remuneration from the Company except sitting fee for attending the meetings of Board of Directors and Committees thereof as may be determined by the Board of Directors from time to time. Therefore, no separate Remuneration Committee has been constituted. The details of the remuneration paid to Directors for the financial year 2002-03 are as under:

Name	Salary, Allowances and Perquisites *	Commission**	Sitting Fee***	Total
Mr. Brijmohan Lall Munjal	Nil	Nil	20000	20000
Mr. Yogesh Munjal	2033808	3487859	Nil	5521667
Mr. Seiji Konoue	1216381	2847622	Nil	4064003
Mr. Takeshi Fukui	580984	640237	Nil	1221221
Mr. S. D. Khosla	Nil	Nil	35000	35000
Mr. Pankaj Munjal	Nil	Nil	5000	5000
Mr. Ashok Munjal	Nil	Nil	45000	45000
Mr. K. N. Malhotra	Nil	Nil	35000	35000
Dr. K. C. Sethi	Nil	Nil	35000	35000

* Gross Salary includes basic salary, Company's contribution to Provident Fund, Medical Reimbursement, Monetary value of perquisites and value of rent-free accommodation.

** Commission is calculated @ 1% of the net profit calculated in accordance with Section 198 of the Companies Act, 1956.

*** Sitting fee shown above also includes the fee paid to directors for attending meetings of Committees of the Board.

There are no Stock Options available / issued to any directors of the Company and this does not form a part of their contract with the Company.

V SHARE TRANSFER AND INVESTOR GRIEVANCE COMMITTEE

The "Share Transfer and Investor Grievances Committee" has been looking into investor grievances and to suggest remedies and measures for improvement.

During the year, the Company received 178 requests/complaints from the shareholders. All the requests/complaints were attended to promptly and resolved to the satisfaction of the shareholders. The Company endeavors to reply to all complaints received from the shareholders within a period of ten days. As on date no complaints are pending except those, which are under litigation, dispute or court orders. There was no pending share transfer case as on 31st March 2003.

List of requests/complaints received from shareholders during the financial year 2002-2003 is as under:

S.No.	Nature of request/complaint received	Received	Solved	Pending
1.	Change of address / Bank details	26	26	Nil
2.	Correspondence related to depository operations	27	27	Nil
3.	Non- receipts of dividend warrants / Revalidation of dividend warrants	63	63	Nil
4.	Loss of shares / Duplicate issue of shares	10	10	Nil
5.	Registration of Nomination	7	7	Nil
6.	Miscellaneous	45	45	Nil
TOTAL		178	178	Nil

VI SHARE TRANSFER SYSTEM

The Board of Directors has delegated the authority to approve the share transfers etc. to the Company Secretary and/or AGM-Finance who attend to the same every fortnight and in case of any dispute, forward the same to the Share Transfer and Investor Grievances Committee for their approval. The Committee comprises of four directors, of whom two are Executive Directors. The Chairman is a non-executive independent director.

VII GENERAL BODY MEETINGS

The Annual General Meetings of the last three years of the Company have been held as under:

For the Year	Location	Day and Date	Time	No. of Special Resolutions passed
2001-2002	Notting Hills, Old Delhi Road, Opp. Pasco Automobiles, Gurgaon- 122 015	Monday, 19 th August, 2002	10:30 A.M.	01
2000-2001	9-11, Maruti Industrial Area, Gurgaon- 122 015	Tuesday, 21 st August, 2001	3:30 P.M.	02
1999-2000	9-11, Maruti Industrial Area, Gurgaon- 122 015	Tuesday, 29 th August, 2000	3:30 P.M.	01

No resolution has been passed by the Company's shareholders through postal ballot during the Financial Year 2002-03 and there is no resolution proposed to be passed through postal ballot in the ensuing Annual General Meeting.

VIII DISCLOSURES

- There were no materially significant related party transactions during the year having potential conflict with the interest of the Company. The transactions with related parties are disclosed in Note No. 13 to the accounts in the Annual Report.
- There have been no non-compliance by the Company or penalty or stricture imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

IX MEANS OF COMMUNICATION

The Quarterly and Half-yearly Un-Audited Financial Results and the Annual Audited Financial Results are published by the company in leading national newspapers i.e. The Economic Times (English) and Navbharat Times (Hindi). Though the half yearly report is not sent to each household of shareholders, these results are also placed on Company's web site www.munjalshowa.net. As the Company publishes the Audited Annual Results within a stipulated period of three months from the close of the financial year, as permitted under the Listing Agreement of the Stock Exchanges, the Un-Audited results for the last quarter of the financial year are

not published. Moreover, w.e.f. September, 2002 financial results are also available in the EDIFAR System maintained by the SEBI at its website www.sebi.gov.in.

X MANAGEMENT

(A) Management Discussion and Analysis Report

• Industry Structure and Development

An offshoot of Hero Group of Companies, Munjal Showa Limited (MSL) was established in 1985 in Technical and Financial Collaboration with Showa Corporation, Japan - the pioneer and leader in the World for manufacture of shock absorbers. The Hero Group and Showa Corporation have equity participation to the extent of 39% and 26% respectively in MSL.

MSL manufactures auto components for the Two-wheeler and Four-wheeler Industry, which lies under single primary business segment. Company's main products are:

- Front fork
- Rear shock absorbers
- Front struts
- Rear struts
- Gas springs/Rear door lifters
- Gas Struts (Front and Rear)

As Hero Honda Motors Limited became World's leading motorcycle manufacturer; MSL emerged as the largest manufacturer of shock absorbers in the Country under organized sector.

• Opportunities and Threats

Automobiles Industry is continued to be on growth mode especially two wheeler motorcycle segment which account for 76% of the total market share. During the period under review more than 5 million two-wheelers were sold, out of which motorcycle segment account for slightly more than 3.80 million vehicles. Hero Honda Motors Limited harnessed market share of 44% of motorcycle segment where MSL is a single source supplier. Likewise, in scooter segment, the Company enjoys market share in excess of 20% by supplying to Honda Motorcycle and Scooter India Limited and Kinetic Motor Company Limited. Bulk of the Company's revenue continues to generate from two wheeler segment.

The Company has ultra modern plant and its products conform to highest standard of quality, safety and dependability. Technology plays a pivotal role in making world-class product. In reference to customer requirement, the Company has installed and commissioned hi-tech facilities for making Gas Charged Front Struts and Rear Struts. The Plant was commissioned in the Financial Year 2002-03. In order to meet out its customer's requirement of increased warranty period, MSL has also extended its warranty period from six months to two years on all its products. Consequently, in order to reduce warranty claims, the Company has installed and commissioned successfully Nickle-Chrome Plating Plant during the period under review which has elevated the status of your Company being focused on customer satisfaction.

As all of our customers are on growth path, the Company can confidently look forward to an overall growth of approximately 10% in next year.

• Product-wise performance

All the products of the Company come under single primary business segment i.e. Shock Absorbers. Its variants are Front Forks, Struts and Gas Spring/ Rear Door Lifters etc. Therefore, the requirement for analyzing segment-wise or product-wise performance does not arise.

• Outlook

The outlook for 2003-04 appears to be promising one. Our customers have collectively indicated higher off take level and introduction of new models to meet and beat the competition. Hero Honda Motors Limited in two-wheeler segment has firm plans to launch 'KARIZMA' in the first quarter of the year 2003-04. Honda Motorcycle

and Scooter India Limited is also ready to launch 'ETERNO' a geared scooter that will compete with other leading/established brands. In four-wheeler segment, Honda Sael Cars India Limited will launch new generation "HONDA CITY" in second half of year 2003-04, where the Company is sole supplier. New releases and overall growth in the market will ensure achievement of growth as envisaged for the Company.

• **Risk and Concerns**

The profitability of the Company may be affected by change in Government Policy regarding Excise Duty, Import Duty, Income Tax etc. The implications of VAT are yet to be measured and felt by the Industry. The import content in the product constitute around 30% of the raw material cost. Though, the rupee is getting stronger and stable, any sudden change in the status may affect adversely the profitability of the Company due to depreciation in the rupee and / or overall recession in the Automobile Industry. However, the Company continuously takes initiatives placing the Company on the safe and right path of progress.

• **Internal Control System and their adequacy**

The Company has in place an adequate system of internal controls to ensure efficiency of operations and compliance with applicable legislation. The system comprise a well-defined organization structure, with identified reporting and accountability levels including documented policy guidelines and manuals. The overall budget is crystallized before the commencement of each financial year and actual performance is reviewed with reference to budgets and short-term forecasts by the management periodically. Management information reports are obtained each month and budget variances, if any, are analysed and reviewed by top management to initiate corrective actions wherever necessary.

There is an elaborate internal audit system, which is conducted by Vaish Associates, Chartered Accountants firm. The internal auditors in their subsequent reports regularly review the internal audit findings and the Audit Committee also simultaneously reviews the reports.

• **Discussion on financial performance with respect to operational performance**

Despite the global un-certainties, which has mainly arisen due to the situation in Gulf, Afghanistan and Iraq, the turnover of the Company for the year under review has been increased by almost 12.50 % from Rs.371.10 Crores in the previous year to Rs.417.48 Crores in the current year. The Profits before Depreciation, Interest, and Taxes (PBDIT) and Profits after Taxes(PAT) during the period under review were Rs. 40.59 Crores and Rs.21.39 Crores as against Rs.45.11 Crores and Rs.25.07 Crores in the previous year 2001-02 respectively.

The Company is able to maintain profitability at this level despite a reduction in the selling price from the Customers. The profitability could be maintained at this level on account of enhanced operating efficiencies, better working capital management, Company's serious efforts towards maintaining highest quality standard of its products, cost reduction, productivity improvement through TPM activities.

• **Material developments in Human Resources/ Industrial Relations, including number of people employed**

The Company lays a lot of importance on manpower rationalization and efficiency improvement. The Company believes that human resources are vital resources for giving the company a competitive edge in the current business environment. The Company's philosophy is to provide congenial work environment, performance oriented work culture, knowledge acquisition/ dissemination, skill building, creativity and responsibility and performance based compensation. Actions have been taken to develop and enhance the skills of human resources. The Company has successfully conducted the program 'Success and Happiness' and 'Art of Living' during 2002-03.

The Company had 840 employees as on 31st March, 2003. The Industrial relations remained cordial throughout the year.

• **Cautionary Statement**

The report contains forward looking statements that describe our objectives, plans or goals. All statements that address expectations or projections about the future, including, but not limited to statements about the Company's growth, product development, market position, expenditure and financial results, are forward looking statements. These are subject to certain risks and uncertainties, including but not limited to, Government

action, local, political or economic development, technological risks, risk inherent in the Company's growth strategy, dependence on certain customers, technical personnel and other factors that could cause actual results to differ materially from those contemplated by the relevant forward looking statements. Investors should bear this in mind while they consider forward looking statements.

(B) Disclosures

- a) The Company has not entered into any transactions of a material nature with the Promoters, Directors or the Management, their subsidiaries or relatives that may have potential conflict with the interest of the Company at large. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.

The transactions with related parties are disclosed in Note No.13 of Schedule 16 to the Accounts in the Annual Report.
- b) The Company has complied with all the requirements of the Listing Agreement with the Stock Exchanges as well as regulations and guidelines of SEBI. No penalties or strictures have been imposed by SEBI, Stock Exchanges or any statutory authorities on matters relating to the capital markets during the last three years.

(C) The profile of Directors retiring by Rotation and other Directors eligible for Appointment /Re-appointment.

I) MR. BRIJMOHAN LALL MUNJAL

Mr. Brijmohan Lall Munjal is the Chairman of Hero Group of Companies. Mr. Lall has a sparkling trail of successes. He has steered the group to National and International recognition and the Group enjoys a number of Accreditations to its credit. Hero Cycles is the largest manufacturer of bicycles in the World and one of the highest exporters from India. Hero Honda is the largest manufacturer of two-wheeler in the World. It ranks among top Indian corporate leaders as surveyed by Far Eastern Economic Review.

Mr. Brijmohan Lall Munjal is actively involved in promoting Indian Industry. He is the past President of Confederation of Indian Industry (CII), Society of Indian Automobiles Manufacturers (SIAM) and past member of the Board of the Country's Central Bank (Reserve Bank of India).

As a recognition of his contribution to Indian Industry, Mr. Lall was adjudged as the Businessman of the Year (1994) by a leading Indian business magazine- Business India. XLRI, a premier Institution has conferred on him the honor of Sir Jehangir Ghandy Medal for Industrial Peace in 2000. He has been conferred upon the Entrepreneur of the Year Award (2001) by Ernst & Young and the Business Standard's Entrepreneur of the Year (2002). Besides serving on the Board of various social institutions, he is on the Board of following Companies:

Hero Cycles Limited	Chairman & Director
Hero Honda Motors Limited	Chairman & Director
Hero Honda Finlease Limited	Chairman & Director
Omax Autos Limited	Chairman & Director
Sunbeam Auto Limited	Chairman & Director
Munjal Auto Industries Limited	Director
Hero Financial Services Limited	Director
Rockman Investments Pvt. Limited	Director
Munjal Bros (Pvt.) Limited	Director
Easy Bill Pvt. Limited	Director

II) MR. S. D. KHOSLA

Mr. S.D.Khosla retired as Executive Director from Industrial Development Bank of India. He has vast experience in the field of Commercial and Development Banking for forty years. He has also worked as executive Chairman of Risk Capital and Technology Finance Corporation for over three years. He is on the Board of the following companies:

Dewan Housing Finance Corporation Limited	Director
Majestic Auto Limited	Director
UEM (India) Limited	Director

III) DR. K C SETHI

Dr. K.C. Sethi was Director General of Mangalmai Institute of Management and Technology, Greater Noida, until November 2002. Earlier he was Director General of BLS Institute of Management, Ghaziabad and Director of ITS (Institute of Technology and Science). Dr. Sethi an eminent scholar, academician and administrator having experience of more than 30 years in the field of Management Education, was also associated with most of the leading and well known Institutions in India like IIM Calcutta, MDI Gurgaon, Director of IMT Ghaziabad etc.

AUDITORS' CERTIFICATE

To

The members of **MUNJAL SHOWA LIMITED**

We have examined the compliance of conditions of Corporate Governance by Munjal Showa Limited, for the year ended on March 31, 2003, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/ Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

S.R. BATLIBOI & Co.

Chartered Accountants

Per

Pankaj Chadha

Partner

Place: New Delhi
Dated: 20.05.2003

ANNEXURE-B TO DIRECTORS' REPORT**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO – COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.****A. CONSERVATION OF ENERGY**

The Company has taken various steps to reduce consumption of power, fuel, oil and other energy resources by adopting various measures, improvement of power factor, indoor shop lighting, etc. Special emphasis has been given to improve the productivity of electric motors. A team of experts is studying the possibility of use of various methods by which the company optimizes the use of energy without affecting the productivity, quality etc. Training programmes were conducted to increase awareness on energy saving.

B. TECHNOLOGY ABSORPTION**a) Research and Development**

Company continued to give utmost importance to the R&D activities. The objective of the Company through continuous Research and Development activities is the introduction of cost effective, State-of-art-products with enhanced life and to increase the production capacity by further debottlenecking the machines.

During the year, the Company has developed samples for various customers for their new models of vehicles as per the specifications of customers and technical know-how provided by our collaborators M/s Showa Corporation, Japan.

b) Technology Absorption, Adaptation and Innovation

Your Company has absorbed the technology received from collaborator Showa Corporation, Japan, continuously.

As in the past, the Company has successfully implemented indigenisation of various components as an import substitution in order to fulfill the continuous demand of the customers for price reduction with the prior approval of our collaborators on quality issues.

The cost reduction was possible because of material reduction, standardisation, application engineering, product engineering & manufacturing and reduction in manufacturing cycle time.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earnings during the year were Rs. 25,433/- and foreign exchange outgo during the year was Rs. 67,29,99,927/-

For and on behalf of the Board

BRIJMOHAN LALL MUNJAL

Chairman

Place: New Delhi
Dated: 20.05.2003

ANNEXURE-C TO DIRECTORS' REPORT

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1988 FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2003

Sl. No.	Name	Age (Years)	Designation	Nature of Duties	Qualification	Experience (Years)	Date of Commencement of Employment	Gross Remuneration (Rs.)	Particulars of last employment, designation	% age/Nos. of Equity Share as per Clause (a) (iii) of Section 217(2A)
A. Employed for whole of the Year										
1	Yogesh Munjal	63	Managing Director	Overall control of the affairs of the Company	B. Arch.	39	01.09.86	5,521,667	Chief Executive Rockman Cycle India Ltd.	800*
B. Employed for part of the year										
2	Takeshi Fukui	50	Joint Managing Director	Overall control of the affairs of the Company	Graduate Engineer	25	01.04.97	1,212,221	Manager Showa Corporation, Japan	NIL
3	Seiji Konoue	47	Joint Managing Director	Overall control of the affairs of the Company	Graduate Engineer	25	07.06.2002	4,064,003	Manager Showa Corporation, Japan	NIL

* No. of Shares

NOTES

- Information has been furnished on the basis of employees employed throughout the financial year, who were in receipt of remuneration for that year which, in the aggregate, was not less than Rs. 24,00,000/- (Rs. Twenty four Lacs) and those employed for the part of the Financial Year, were in receipt of remuneration for any part of that year at a rate which, in the aggregate was not less than Rs. 2,00,000/- (Rs. Two Lacs) per month.
- Gross remuneration includes Salary, Company's contribution to Provident Fund, Medical Reimbursement, Monetary Value of perquisites & value of Rent Free Accommodation in case of Managing Director.
- All appointments are / were on contractual basis.
- Mr. Yogesh Munjal is related to Mr. Brijmohan Lall Munjal, Mr. Ashok Munjal and Mr. Pankaj Munjal, Directors of the Company. The other employees are not related to any Director of the Company.

For and on behalf of the Board

BRIJMOHAN LALL MUNJAL
Chairman

Place: New Delhi

AUDITORS' REPORT**TO THE MEMBERS OF MUNJAL SHOWA LIMITED**

1. We have audited the attached Balance Sheet of **Munjali Showa Limited** as at March 31, 2003 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i). We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii). In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii). The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv). In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v). On the basis of the written representations received from the directors, as on March 31, 2003, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2003 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi). In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2003;
 - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

S.R. BATLIBOI & CO.Chartered Accountants
Per**Pankaj Chadha**

Partner

Membership No.: 91813

New Delhi
Date : 20.05.2003

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT TO THE MEMBERS OF
MUNJAL SHOWA LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31,2003**

1. The Company has maintained proper records of fixed assets showing quantitative details and situation thereof. The Company carries out physical verification of fixed assets in a phased manner over a period of three years and accordingly physical verification of part of fixed assets was carried out during the year and the discrepancies between the physical count and the book records have been properly dealt with in the books of account. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of the assets.
2. None of the fixed assets have been revalued during the year.
3.
 - a) The stocks of finished goods, stores and spares, raw-materials and components, except for those lying with outside parties, have been physically verified by the management at reasonable intervals during the year.
 - b) The procedures followed by the management for such physical verification are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The discrepancies between physical stocks and the book records, which were not material, have been properly dealt with in the books of account.
 - d) In our opinion, the valuation of above stocks is fair and proper and in accordance with normally accepted accounting principles and is on the same basis as in the previous year.
4. The Company has not taken/granted any loans from/to Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and/ or from/ to companies under the same management as defined under section 370 (1B) of the Companies Act, 1956.
5. Loans and advances in the nature of loans have been given to employees and others and the same are being repaid as per stipulations, along with interest, wherever applicable, except loans given to ex-employees of the Company, which are fully provided for.
6. There are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores and spares, raw materials and components, plant and machinery, equipment and other assets and for sale of goods.
7. According to the information and explanations given to us, the transactions of purchase of goods and materials made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs 50,000 or more, in respect of each party, have been made at prices which, in our opinion, are reasonable having regard to the prices at which similar transactions have been made with other parties, except for items stated to be of proprietary nature, where the question of comparison does not arise. In respect of transactions of sale of goods and materials made in pursuance of contracts or arrangements entered in the aforesaid register and aggregating during the year to Rs 50,000 or more in respect of each party, we are informed that the same being tailor-made goods, the question of comparison of prices does not arise.
8. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores and spares, raw materials and components and finished goods. Adequate provision for the loss arising on such items has been made in the accounts under review.
9. In our opinion, the Company has not accepted any deposits from the public within the meaning of section 58A of the Companies Act, 1956 and the rules framed there under.
10. The Company has maintained reasonable records for the sale/disposal of realisable scrap. The Company does not have any by-product.
11. The Company has an adequate internal audit system commensurate with its size and the nature of its business.

12. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
13. The Company has been regular in depositing Provident Fund and Employees State Insurance dues with the appropriate authorities.
14. According to the information and explanations given to us, no personal expenses of employees or Directors have been charged to revenue account, other than those payable under the contractual obligations or in accordance with generally accepted business practices.
15. According to the information and explanations given to us and the books and records examined by us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty outstanding as at 31st March 2003 for a period exceeding six months from the date they became payable.
16. The Company is not a Sick Industrial Company as defined within the meaning of Clause (O) of sub-section (1) of section 3 of Sick Industrial Companies (Special Provisions) Act, 1985.

S.R.BATLIBOI & CO.

Chartered Accountants

Per

Pankaj Chadha

Partner

Membership No.: 91813

New Delhi
May 20, 2003

BALANCE SHEET AS AT MARCH 31, 2003

	Schedule No	As at March 31, 2003 Rs	As at March 31, 2002 Rs
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	79,992,500	79,992,500
Reserves and Surplus	2	928,977,576	782,718,181
		<u>1,008,970,076</u>	<u>862,710,681</u>
Loan Funds			
Secured Loans	3	46,357,485	21,985,914
Unsecured Loan	4	55,213,374	74,283,456
		<u>101,570,859</u>	<u>96,269,370</u>
		<u>1,110,540,935</u>	<u>958,980,051</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross Block	5	921,022,499	783,435,212
Less: Depreciation		<u>363,778,152</u>	<u>322,993,766</u>
		<u>557,244,347</u>	<u>460,441,446</u>
Add : Capital Work-in-Progress		<u>133,960,479</u>	<u>29,480,335</u>
		<u>691,204,826</u>	<u>489,921,781</u>
Investments	6	<u>81,274,286</u>	<u>82,634,504</u>
Current Assets, Loans and Advances			
Inventories	7	190,976,458	195,377,814
Sundry Debtors	8	506,441,056	409,564,065
Cash and Bank Balances	9	4,697,951	99,444,687
Other Current Assets	10	6,080,458	5,138,022
Loans and Advances	11	481,020,991	381,369,412
		<u>1,189,216,914</u>	<u>1,090,894,000</u>
Less: Current Liabilities and Provisions	12		
Current Liabilities		432,297,842	360,188,049
Provisions		<u>343,391,009</u>	<u>268,367,232</u>
		<u>775,688,851</u>	<u>628,555,281</u>
Net current assets		<u>413,528,063</u>	<u>462,338,719</u>
Deferred Tax Liabilities (net)		<u>(75,466,240)</u>	<u>(75,914,953)</u>
(Refer note 12 b) of schedule 16)		<u>1,110,540,935</u>	<u>958,980,051</u>

Notes to Accounts

16

In terms of our attached Report of even date

S.R. BATLIBOI & CO.
Chartered Accountants
Per

YOGESH MUNJAL
Managing Director

PANKAJ CHADHA
Partner

PANKAJ MUNJAL
Director

Place : New Delhi
Dated : 20.05.2003

S.D.KHOSLA
Director

BRIJMOHAN LALL MUNJAL
Chairman

SEIJI KONOUE
Jt. Managing Director

ASHOK MUNJAL
Director

MAHESH TANEJA
AGM- Finance

DR K.C SETHI
Director

K.N.MALHOTRA
Director

PANKAJ GUPTA
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

	Schedule No.	For the year ended March 31, 2003 Rs.	For the year ended March 31, 2002 Rs.
INCOME			
Sales		4,151,872,775	3,672,890,354
Other Income	13	22,925,193	38,135,466
		<u>4,174,797,968</u>	<u>3,711,025,820</u>
EXPENDITURE			
Manufacturing and Other Expenses	14	3,768,869,497	3,259,958,506
Financial Charges	15	5,138,702	7,870,454
Depreciation	5	62,985,760	54,696,330
		<u>3,836,993,959</u>	<u>3,322,525,290</u>
Profit for the year before Tax		337,804,009	388,500,530
Provision for Wealth Tax		246,884	252,200
Provision for Current Income Tax		125,000,000	136,000,000
Provision / (benefit) for Deferred Taxation		(448,713)	1,649,554
		<u>213,005,838</u>	<u>250,598,776</u>
Excess Provision of Income Tax for earlier years written back (net)		932,597	145,905
Profit for the Year		213,938,435	250,744,681
Surplus brought forward from Previous Year		119,933,580	79,181,399
Amount available for Appropriations		<u>333,872,015</u>	<u>329,926,080</u>
APPROPRIATIONS			
Proposed Dividend		59,992,500	59,992,500
Tax on Proposed Dividend		7,686,540	-
Transferred to General Reserve		150,000,000	150,000,000
Surplus carried to Balance Sheet		116,192,975	119,933,580
		<u>333,872,015</u>	<u>329,926,080</u>
Basic and Diluted Earnings Per Share (Refer note 11 of schedule 16)		26.75	31.35
Notes to Accounts	16		

In terms of our attached Report of even date

S.R. BATLIBOI & CO.
Chartered Accountants
Per

PANKAJ CHADHA
Partner

Place : New Delhi
Dated : 20.05.2003

YOGESH MUNJAL
Managing Director

PANKAJ MUNJAL
Director

S.D.KHOSLA
Director

BRIJMOHAN LALL MUNJAL
Chairman

SEJI KONOUE
Jt. Managing Director

ASHOK MUNJAL
Director

MAHESH TANEJA
AGM- Finance

DR K.C SETHI
Director

K.N.MALHOTRA
Director

PANKAJ GUPTA
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2003

	For the year Ended March 31, 2003 Rs.	For the Year Ended March 31, 2002 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and extraordinary items	337,804,009	388,500,530
Add: Depreciation	62,985,760	54,696,330
Loss on disposal of Fixed Assets (net)	4,388,167	6,774,457
Interest Expenses	2,366,547	4,295,619
Dividend Income	(676,816)	(4,985,740)
Interest Income	(1,820,426)	(9,822,536)
Profit on sale of Long Term Investments	(879,103)	(9,405,384)
Operating Profit before Working Capital	404,168,138	430,053,276
Adjustments for —		
Trade & Other Receivables	(131,136,693)	(134,542,020)
Inventories	4,401,356	4,684,830
Trade Payable	84,943,762	20,662,715
Cash generated from Operations	362,376,563	320,858,801
Direct Taxes Paid (Net)	(141,156,755)	(107,312,408)
Cash Flow before Extraordinary Items	221,219,808	213,546,393
Extraordinary Items	—	—
Net Cash from Operating Activities	221,219,808	213,546,393
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Investments	(127,637,204)	(103,301,990)
Sale of Investment	129,876,525	90,072,870
Purchase of Fixed Assets	(268,840,228)	(81,435,100)
Sales of Fixed Assets	183,256	526,066
Movement in Loans	(421,875)	(447,550)
Interest Received	6,812,035	7,589,038
Dividend Received	823,229	4,839,327
Net Cash used in Investing Activities	(259,204,262)	(82,157,339)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/ (Repayment) from/of Sales Tax Deferment Loan (Net)	(19,070,082)	(12,288,476)
Proceeds of Bank Borrowings	24,371,571	2,926,449
Dividend Paid	(59,697,224)	(27,919,741)
Interest Paid	(2,366,547)	(1,755,345)
Net Cash used in Financing Activities	(56,762,282)	(39,037,113)

	<u>For the year Ended</u> <u>March 31, 2003</u> Rs.	<u>For the Year Ended</u> <u>March 31, 2002</u> Rs.
Net Increase/ (Decrease) in Cash and Cash Equivalents	(94,746,736)	92,351,941
Cash and Cash Equivalents as at April 1 (Opening Balance)	99,444,687	7,092,746
Cash and Cash Equivalents as at March 31 (Closing Balance)	4,697,951	99,444,687

S.R. BATLIBOI & CO.
Chartered Accountants
Per

PANKAJ CHADHA
Partner

Place : New Delhi
Dated : 20.05.2003

YOGESH MUNJAL
Managing Director

PANKAJ MUNJAL
Director

S.D.KHOSLA
Director

BRIJMOHAN LALL MUNJAL
Chairman

SEJI KONOUE
Jt. Managing Director

ASHOK MUNJAL
Director

MAHESH TANEJA
AGM- Finance

DR K.C SETHI
Director

K.N.MALHOTRA
Director

PANKAJ GUPTA
Company Secretary

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	As at March 31, 2003 Rs.	As at March 31, 2002 Rs.
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED		
15,000,000 Equity Shares of Rs 10 each	150,000,000	150,000,000
ISSUED AND SUBSCRIBED		
7,999,500 Equity Shares of Rs 10 each	79,995,000	79,995,000
PAID UP		
7,999,000 Equity Shares of Rs 10 each fully paid	79,990,000	79,990,000
Add : Shares Forfeited	2,500	2,500
	79,992,500	79,992,500
Of the above, 3,999,500 Equity Shares were allotted as fully paid Bonus Shares by Capitalisation of General Reserve in an earlier year.		
SCHEDULE 2		
RESERVES AND SURPLUS		
GENERAL RESERVE		
* As per last account	662,784,601	587,050,000
- Add: Transfer from Profit and Loss Account	150,000,000	150,000,000
	812,784,601	737,050,000
* Less : Deferred Tax Liabilities (net) as on April 1, 2001 (Refer note 12 a) of Schedule-16	-	74,265,399
	812,784,601	662,784,601
BALANCE AS PER PROFIT AND LOSS ACCOUNT ATTACHED	116,192,975	119,933,580
	928,977,576	782,718,181
SCHEDULE 3		
SECURED LOANS		
Cash Credit Loans from Banks	46,357,485	21,985,914

	As at March 31, 2003 Rs.	As at March 31, 2002 Rs.
SCHEDULE 4		
UNSECURED LOAN		
Sales Tax Deferment Loans (Interest Free)	55,213,374	74,283,456

NOTES

- 1 Cash Credit Loans from Banks are secured by way of hypothecation of Company's stocks and book debts, both present and future and further secured by pari-passu second charge over the Company's fixed assets.
- 2 Eighty five percent of the amount of the Sales Tax Deferment Loans are guaranteed by a Body Corporate and the balance is guaranteed by a Bank.
- 3 Amount of Sales Tax Deferment Loan repayable within next 12 months Rs. 32,579,142/- (Previous Year Rs. 19,070,082/-).

SCHEDULE 5
FIXED ASSETS

(Amount in Rs.)

	GROSS BLOCK			Cost as at March, 31 2003	DEPRECIATION			As at March, 31 2003	NET BLOCK	
	Cost as at April 1, 2002	Additions during the year	Adjustments/ Deductions		As at April, 1 2002	Provided During the Year	Adjustments/ Deductions		As at March, 31 2003	As at March, 31 2002
Land (Freehold)	13,187,923	-	-	13,187,923	-	-	-	13,187,923	13,187,923	13,187,923
Buildings	62,660,746	910,128	-	63,560,874	16,831,457	1,931,025	-	18,762,482	44,798,392	45,819,288
Plant and Machinery	662,474,133	159,252,118	26,706,792	795,019,459	289,540,350	56,727,068	22,171,678	323,595,740	471,423,719	373,433,783
Furniture, Fixture and Office Equipment	29,672,218	2,842,291	27,460	32,687,049	12,411,234	2,833,786	1,399	15,243,621	17,443,428	17,460,984
Vehicles	15,250,192	1,355,547	38,545	16,567,194	4,710,725	1,493,081	26,297	6,176,309	10,390,885	10,539,487
Total (A)	783,435,212	164,360,064	26,772,797	921,022,499	322,983,766	62,965,760	22,201,374	363,778,152	557,244,347	460,441,446
Capital Work in Progress									1,137,679	21,745,841
Capital Advances (Unsecured Considered Good)									132,822,600	7,734,494
Total (B)									133,960,479	29,480,335
Total (A+B)									691,204,826	489,921,781
PREVIOUS YEAR	750,166,915	55,742,785	22,494,468	783,435,212	283,491,381	54,698,330	15,193,945	322,993,766	460,441,446	

NOTE

Fixed Assets of the cost of Rs. 26,734,252/- (Previous Year Rs. 18,270,338/-) (WDV Rs. 4,383,828/- (Previous Year Rs. 5,733,803/-)) have been discarded during the year.

	As at March 31, 2003 Rs.	As at March 31, 2002 Rs.
SCHEDULE 6		
INVESTMENTS (LONG TERM)		
Unquoted		
NIL (Previous year 2,588,930) Units of Prudential ICICI Mutual Fund under Liquid Plan (Dividend Option) of Rs 10/- each	-	30,629,657
1,134,475 (Previous year NIL) Units of Prudential ICICI Mutual Fund under Income Plan (Growth Option) of Rs 10/- each	20,000,000	-
NIL (Previous year 8,667) Units of Pioneer ITI Mutual Fund under Treasury Management Account (Dividend Option) of face value of Rs 1,000/- each	-	10,062,605
NIL (Previous year 2,002,258) Units of Standard Chartered Mutual Fund under GSSD GSSIF Investment Plan (Dividend Option) of face value of Rs 10/- each	-	21,942,242
2,301,921 (Previous year NIL) Units of Standard Chartered Mutual Fund under GSSD GSSIF Investment Plan (Growth Option) of face value of Rs 10/- each	30,403,012	-
NIL (Previous year 1,464,128) Units of Pioneer ITI Mutual Fund under Income Builder Account Plan A (Monthly Dividend Payout) of face value of Rs 10/- each.	-	20,000,000
1,623,944 (Previous year NIL) Units of Pioneer ITI Mutual Fund under Income Builder Account Plan A (Monthly Dividend Payout) of face value of Rs 10/- each.	30,871,274	-
	81,274,286	82,634,504

NOTES

- 1 Repurchase price of investments in Mutual Funds amounts to Rs 88,261,766/- (Previous year Rs 81,965,029/-).
- 2 32,493 units of Prudential ICICI Mutual Fund under Liquid Plan (Dividend Option), 1,913,461 units of Prudential ICICI Mutual Fund under Income Plan (Growth Option) and 1,468,716 units of Sun F& C Mutual Fund under FISF short term Plan (Growth Option) were purchased and sold during the year.
- 3 2,588,930 units of Prudential ICICI Mutual Fund under Liquid Plan (Dividend Option), 8,667 units of Pioneer ITI Mutual Fund under Treasury Management Account (Dividend Option), 1,464,128 units of Pioneer ITI Mutual Fund under Income Builder Account Plan A (Monthly Dividend Payout) and 2,002,258 units of Standard Chartered Mutual Fund under GSSD GSSIF Investment Plan (Growth Option) were sold during the year.

SCHEDULE 7
INVENTORIES

Raw Materials and Components (including materials in transit Rs.91,827,895/-)		
Previous year Rs. 90,775,496/- and materials lying with outside party Rs. Nil Previous year Rs. 1,714,805/-).	151,772,558	154,445,360

	As at March 31, 2003 Rs.	As at March 31, 2002 Rs.
Stores and Spare Parts (including materials in transit Rs 2,976,301/-, Previous Year Rs 3,139,609/-)	19,010,014	28,322,353
Finished goods	5,247,611	5,486,402
Work-in-progress (including materials lying with outside parties Rs 592,748/-, Previous Year Rs. 982,639/-)	14,782,591	7,035,824
Scrap	163,684	87,875
	<u>190,976,458</u>	<u>195,377,814</u>

SCHEDULE 8

SUNDRY DEBTORS

(Unsecured, considered good except where otherwise stated)

Outstanding for a period exceeding six months (including Rs 1,310,864/-, Previous Year Rs. 1,244,142/- considered doubtful of recovery)	5,192,203	5,330,085
Other Debts	502,559,717	405,478,122
	<u>507,751,920</u>	<u>410,808,207</u>
Less: Provision for Doubtful Debts	1,310,864	1,244,142
	<u>506,441,056</u>	<u>409,564,065</u>

SCHEDULE 9

CASH AND BANK BALANCES

Cash in hand	40,469	98,712
Balance with Scheduled Banks :		
• In Current Accounts	485,867	174,145
• In Cash Credit Accounts	3,164,791	98,460,831
• In Unclaimed Dividend Accounts	1,006,824	710,999
	<u>4,697,951</u>	<u>99,444,687</u>

SCHEDULE 10

OTHER CURRENT ASSETS

Interest Accrued on Deposits and Others	-	4,991,609
Dividend Receivable	-	146,413
Accrued exchange differences on Forward Contracts	94,208	-
Surrender value of an Insurance Policy	5,986,250	-
	<u>6,080,458</u>	<u>5,138,022</u>

	As at March 31, 2003 Rs.	As at March 31, 2002 Rs.
SCHEDULE 11		
LOANS AND ADVANCES		
(Unsecured, considered good except where otherwise stated)		
Advances Recoverable in cash or in kind or for value to be received or pending adjustments	13,514,789	20,705,566
[including considered doubtful of recovery Rs.625,000/- (Previous Year Rs. 625,000/-)]		
Inter Corporate Loans	3,760,000	-
Loans to Employees and Others		
[including considered doubtful of recovery Rs.28,045/- (Previous Year Rs.28,045/-)]	3,570,806	3,148,931
Balance with Central Excise and Custom Authorities	171,549,589	141,462,158
Deposits	3,921,010	2,398,420
Advance Income Tax/Tax Deducted at Source and Refund Receivable	285,357,842	214,307,382
	<u>481,674,036</u>	<u>382,022,457</u>
Less: Provision for Doubtful Advances	653,045	653,045
	<u>481,020,991</u>	<u>381,369,412</u>
SCHEDULE 12		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors		
♦ For Goods and Expenses (including acceptance of Rs 119,210,942/-, Previous Year Rs 43,811,945/-) and payable to Managing Director and Joint Managing Director Rs 6,988,593/-, Previous Year Rs 8,101,408/-)	412,476,134	344,603,327
♦ For Other Finance	18,846,060	14,904,350
Unclaimed Dividend	975,648	680,372
	<u>432,297,842</u>	<u>360,188,049</u>
Provisions		
♦ Income Tax	260,067,403	205,854,095
♦ Wealth Tax	246,884	252,200
♦ Warranty	12,620,252	-
♦ Leave Encashment	2,777,430	2,268,437
♦ Proposed Dividend	59,992,500	59,992,500
♦ Tax on Proposed Dividend	7,686,540	-
	<u>343,391,009</u>	<u>268,367,232</u>
	<u>775,688,851</u>	<u>628,555,281</u>

	For the year ended March 31, 2003 Rs.	For the year ended March 31, 2002 Rs.
SCHEDULE 13		
OTHER INCOME		
Interest Received (Gross, Tax Deducted at Source Rs 323,619/-,(Previous Year Rs. 635,914/-)	1,820,426	9,822,536
Profit on Sale of Long Term Investments	879,103	9,405,384
Gain on Cancellation of Foreign Exchange Contracts (Net)	875,004	67,398
Unspent Liabilities /Sundry Balances Written back	1,467,679	113,398
Dividend on Long Term Investments	676,816	4,985,740
Sale of scrap	17,049,723	12,537,799
Miscellaneous Receipts	156,442	1,203,211
	<u>22,925,193</u>	<u>38,135,466</u>

SCHEDULE 14
MANUFACTURING AND OTHER EXPENSES

Cost of Raw Materials and Components Consumed/Sold	2,660,275,415	2,267,426,516
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Payments to and Provisions for Employees:

• Salaries and Wages	94,203,292	85,524,915
• Contribution to Provident and Other Funds	6,170,899	6,648,094
• Staff Welfare Expenses	9,223,465	8,861,327
	<u>109,597,656</u>	<u>101,034,336</u>

**Manufacturing, Administration and
Selling Expenses**

• Stores, Spares and Tools Consumed	152,643,511	164,914,993
• Excise Duty	587,336,190	512,524,488
• Power and Fuel	93,173,427	69,664,271
• Rent	1,463,107	1,792,000
• Rates and Taxes	255,972	607,605
• Repair and Maintenance		
- Plant and Machinery (excluding stores consumption)	9,022,508	4,062,903
- Buildings	3,182,868	3,564,702
- Others	6,348,184	4,200,621
• Insurance (Net)	3,078,591	7,941,532
• Legal and Professional Expenses	4,487,820	3,010,092
• Communication Expenses	2,427,341	2,447,122
• Travel and Conveyance Expenses	10,843,802	11,674,245

	For the year ended March 31, 2003 Rs.		For the year ended March 31, 2002 Rs.	
♦ Auditor's Remuneration				
- As Auditors	472,500		420,000	
- For Certification and Other Matters	231,000		156,250	
- For Expenses	27,640		37,800	
♦ Directors' Sitting Fee	175,000		277,000	
♦ Selling Expenses				
- Cartage and Freight	4,693,512		2,695,487	
- Discounts on Sales	2,202,027		2,186,786	
- Advertisement and Publicity	585,378		358,697	
♦ Royalty	78,088,406		48,640,765	
♦ Technicians Fee	869,221		438,211	
♦ Designs and Drawing Fee (includes Rs. Nil, Previous Year Rs. 13,082,507 pertaining to models introduced in earlier years)	2,408,400		13,082,507	
♦ Software Implementation Expenses	1,813,305		8,271,000	
♦ Warranty Expenses	25,416,585		6,081,500	
♦ Provision for Doubtful Debts	414,715		1,078,730	
♦ Loss on Disposal of Fixed Assets (Net)	4,388,167		6,774,457	
♦ Foreign Exchange Fluctuation (Net)	4,218,710		1,125,781	
♦ Donations	266,225		387,938	
♦ Other Expenses	6,046,099	1,006,580,211	5,916,672	884,334,155
		3,776,453,282		3,252,795,007
Add/Less: Decrease/(Increase) in Stocks				
♦ Closing Stock				
- Finished Goods	5,247,611		5,486,402	
- Work-in-Progress	14,782,591		7,035,824	
- Scrap	163,684		87,875	
	20,193,886		12,610,101	
♦ Opening Stocks				
- Finished Goods	5,486,402		9,431,584	
- Work-in-Progress	7,035,824		10,165,248	
- Scrap	87,875		176,768	
	12,610,101	(7,583,785)	19,773,600	7,163,499
		3,768,869,497		3,259,958,506

SCHEDULE 15

FINANCIAL CHARGES

Interest to Income Tax Department	—	2,262,000
Interest to Banks and Others	2,366,547	2,033,619
Bank Charges	2,772,155	3,574,835
	5,138,702	7,870,454

SCHEDULE 16**NOTES TO ACCOUNTS****1. ACCOUNTING POLICIES****a) Basis of Accounting**

The accounts of the Company are prepared under the historical cost convention and in accordance with applicable Accounting Standards except where otherwise stated. Mercantile System of Accounting is followed by the Company except for claims lodged on customers / suppliers for price revision on supplies made / received and insurance claims receivable, which are accounted for as and when settled on account of uncertainties.

b) Revenue Recognition

Revenue from the sale of goods is recognised upon the passage of title to the customers, which generally coincides with their delivery. Sale of goods is inclusive of excise duty but exclusive of sales tax.

c) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable cost of bringing the asset to working condition for its intended use.

Expenditure on account of modification/ alteration in Plant and Machinery/ Buildings, which increases the future benefit from the existing assets beyond its previously assessed standard of performance, is capitalized.

All assets costing upto Rs. 5,000 are depreciated in the year of purchase.

Assets held for disposal are recognised as 'Other Current Assets' where realizable value is considered material.

d) Depreciation

- i) Depreciation on fixed assets has been provided on Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956 as applicable at the time of addition of respective assets.
- ii) Amounts added to / deducted from fixed assets on account of foreign currency fluctuations are considered as additions / deductions of the year in which such fluctuations occur and depreciation thereon is provided /adjusted retrospectively from the date the related assets have been put to use.
- iii) Depreciation on the amount of adjustment to Fixed Assets on account of capitalisation of Insurance Spares is provided over the remaining useful life of related/mother assets.

e) Investments

All investments acquired for 12 months or more are classified as long term and other investments are classified as current. Long term investments are stated at Cost. When there is a decline in the value of any investment, which is not considered to be temporary, then the same is provided for by reducing the value of the investment and charging the same to the Profit & Loss Account. Current investments are valued at lower of cost or market value.

f) Foreign Currency Transactions

Transactions arising in foreign currencies during the year are converted at rates ruling on the transaction dates. In case of foreign exchange contracts, the difference between the forward exchange rate and the exchange rate at the date of transaction is recognised as income or expense over the life of the contract. Liabilities payable in foreign currencies are restated at year-end exchange rates or at the rates at which foreign exchange forward covers have been obtained. Gain or loss on the restatement of the foreign currency transactions or on cancellation of forward exchange contracts, if any, is reflected in profit and loss account, except gain or loss on transactions relating to acquisition of fixed assets, which is adjusted to the carrying amount of fixed assets.

g) Inventories

- i) Inventories of raw materials, components, stores, spares and finished goods are valued at cost or net realisable value whichever is lower and inventories of scrap materials are valued at estimated realisable value.
- ii) Cost of inventories of raw materials, components, stores and spares are ascertained on weighted average basis, from hitherto followed basis of first in first out (FIFO). However, this change has no material impact on these financial statements.
- iii) Cost of finished goods and work in process comprises of material, labour and other related overheads including depreciation.

h) Excise Duty and Custom Duty

Excise duty and custom duty on goods and materials are paid on clearance but are accounted for in the books on accrual basis. Accordingly, provision for excise duty and custom duty is made in the accounts for goods and materials lying in the bonded warehouse.

i) Retirement Benefits

- i) The Company has taken policies with Life Insurance Corporation of India to cover its liability on account of Gratuity and Superannuation Fund payable to its employees. Premium paid/payable on the above policies is charged to Profit and Loss Account.
- ii) Provision for leave entitlement of the employees is made on the basis of actuarial valuation.

j) Income Taxes

Provision is made for Current Income Tax Liability estimated to arise on the results for the year at the current rate of tax in accordance with Income Tax Act, 1961.

Deferred Income Tax is provided, using the liability method, on all temporary differences at the Balance Sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred Tax Assets are recognized only to the extent that there is a reasonable certainty that sufficient taxable profit will be available against which such deferred tax assets can be realised.

Deferred Tax Assets and Liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or subsequently enacted at the Balance Sheet date.

k) Warranty Claims

Warranty Costs are provided on accrual basis on the total sales of goods during the year, which are based on past experience of claims.

1) Other Current Assets

Other current assets represent amounts receivable / realizable and are valued at lower of cost or estimated realisable value.

2. As the Company's business activities falls within a single primary business segment viz, auto components for Two Wheeler and Four Wheeler Industry, the disclosure requirement of Accounting Standard (AS-17) 'Segment Reporting' issued by the Institute of Chartered Accountants of India is not applicable.

3. Contingent Liabilities (not provided for) in respect of:

	Current Year Rs.	Previous Year Rs.
a) Bank Guarantees	1,510,492	1,510,492
b) Sureties Given to Sales Tax Authorities on behalf of four bodies corporate	580,678,127	600,560,127
c) Surety Given to Custom Authority on behalf of a body corporate	28,600,000	28,600,000
d) Surety given to Haryana Vidyut Parsaran Nigam Limited on behalf of a body corporate	100,000	100,000
e) Demand raised by Income Tax Authorities, being disputed by the Company	17,221,258	11,434,978
f) Labour claims against the Company not acknowledged as debts (net of provision)	7,862,932	2,443,143
4. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 10,989,989/- (Previous Year Rs. 24,483,582/-).		
5. Advances recoverable include Rs.7,000/- (Previous Year Rs. 31,000/-) due from an officer of the Company. Maximum amount due at any time during the year was Rs.31,000/- (Previous Year Rs. 35,000/-).		
6. During the year, considering revision of warranty terms with its customers, the company has provided for product warranty costs aggregating Rs. 12,620,252/- as against the hitherto practice of recording the warranty expenses as and when incurred. This estimate is considered appropriate as it is determined based on past trends of warranty claims. As a result, Profit for the year and Reserves and Surplus at the year-end are lower and provision under Schedule 12 is higher by such amount.		
7. The management has a process to assess reasonableness of its transfer price documentation as required under relevant provisions of the Income-tax Act, 1961. Based on its assessment of previous year, the management is confident that no adjustments in these financial statements will arise, when such assessment is completed for current year.		

8. Sundry Creditors include Rs. 15,144,101/- (Previous year Rs. 14,044,701/-) due to Small Scale Industrial Undertakings (SSI) to the extent such parties have been identified from available documents/information. The SSIs to whom the Company owes sums which are outstanding for more than 30 days are as under:

	Current Year Rs.	Previous Year Rs.
Associated Engineers	944,760	34,672
Divya Engineers	331,292	-
Jai Raj Ancillaries Pvt. Ltd.	417,627	64,746
Krishna Industries	1,406,463	-
M.V. Engineering Industries	99,596	-
Rikki Plastic	344,584	22,642
Shriram Engineers	122,754	19,298
Gowell Rubber Industries	337,854	-
Nice Steel Industries	365,071	-
Albatross Fine Chem Ltd	57,183	-
Tekniktrad International	183,544	29,135
Abhi Enterprises	25,571	7,806
Citizen Press Components	366,621	-
Delite Enterprises	185,222	56,194
Shree Durga Udyog	526,359	103,100
Rubberways	379,588	80,506
Ancil Autotech Private Limited	250,070	-

The above amounts have since been paid.

9. Payments to Directors which have been debited to respective heads of expenses comprise of the following:

	Current Year Rs.	Previous Year Rs.
Salary, Commission and Allowances	8,833,298	9,780,408
Contribution to Provident and Other Funds	211,200	184,800
Perquisites (Actual and / or as evaluated under the Income Tax Rules)	1,762,393	1,477,648
Sitting Fee	175,000	277,000
	10,981,891*	11,719,856*

*Increase in the remuneration of Directors by Rs. 133,200/- (Previous Year Rs. 133,200/-) is subject to approval of the shareholders.

10. Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956 for the purpose of calculating Managing Director's and Joint Managing Director's Commission.

	Current Year	Previous Year
	Rs.	Rs.
Profit as per Profit and Loss Account	337,804,009	388,500,530
Add :		
Directors Remuneration	10,806,891	11,442,856
Directors Fee	175,000	277,000
Net Profit for the purpose of Managing Directors' Commission	348,785,900	400,220,386
Commission payable to Managing Director and Joint Managing Director @ 1% of Net Profit for each of them	6,975,718	8,004,408

11. Earnings per Share:

	Current Year	Previous Year
	Rs.	Rs.
Net Profit as per Profit and Loss Account (Rs.)	213,938,435	250,744,681
Number of Equity Shares	7,999,000	7,999,000
Earnings Per Share (Rs.)	26.75	31.35
Diluted Earning Per Share (Rs.)	26.75	31.35

12. Deferred Tax Liabilities (Net)

- a) Deferred Tax Liabilities of Rs. 74,265,399/- arising on account of temporary differences as at April 1, 2001 have been adjusted from General Reserve in the previous year.
- b) The break-up of Deferred Tax Liabilities (Net) as on 31st March, 2003 is as follows:

Tax Assets /(Liabilities) due to timing difference in respect of:	Current Year	Upto Previous Year
	Rs.	Rs.
Expenditure debited to Profit and Loss Account but allowed for tax purposes in the subsequent year(s)	6,303,868	1,674,277
Provision for Doubtful Debts and Advances	704,552	697,217
Depreciation	(82,474,660)	(78,286,447)
TOTAL	(75,466,240)	(75,914,953)

13. Related Party Disclosure

- **Key Management Personnel:**
 - Shri Brijmohan Lall Munjal- Chairman
 - Shri Yogesh Munjal – Managing Director
 - Shri Takeshi Fukui- Joint Managing Director (part of the year)
 - Shri Seiji Konoue- Joint Managing Director (part of the year upto year end)
- **Related Party Disclosure**

During the year, the Company has entered into transactions with related parties. Those transactions along with related balances as at March 31, 2003 and 2002 and for the years then ended are presented in the following table:

(Amount in Rs.)

	Enterprises which are having significant influence over the Company		Directors and their relatives		Enterprises over which Directors/ and their relatives have significant influence	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Purchase of Goods	577,610,400	490,029,867	—	—	560,139,500	526,498,152
Sale of Goods	25,433	—	—	—	3,645,424,770	3,199,014,004
Purchase of Assets	10,327,674	—	—	—	1,395,267	2,787,136
Service Charges Paid	—	—	—	—	3,804,512	9,541,500
Remuneration	—	—	10,862,116	11,719,856	—	—
Reimbursement of Expenses	—	663,351	—	—	—	—
Royalty	78,088,405	48,640,765	—	—	—	—
Design and Drawing Fee Paid	2,408,400	13,082,507	—	—	—	—
Technician Fee	656,614	86,688	—	—	—	—
Foreign Exchange Fluctuation (loss)	4,324,414	824,529	—	—	—	—
Trade Payable	198,889,980	107,168,833	7,108,318	8,101,408	49,163,819	50,502,488
Trade Receivable	17,880	60,016	—	—	474,366,145	373,025,268
Interest Paid	186,704	452,499	—	—	—	—
Dividend Paid	15,600,000	7,280,000	4,509,000	2,105,600	18,900,000	8,820,000
Sureties Given to Government Departments	—	—	—	—	593,733,377	628,760,127
Sureties Obtained	—	—	—	—	62,261,500	74,335,500

- Enterprise with significant influence over the Company
 - Showa Corporation, Japan
- Enterprises over which Directors have significant influence
 - Hero Honda Motors Limited
 - Sunbeam Auto Limited
 - Hero Cycles Limited
 - Hero Corporate Services Limited
 - Highway Cycles Industries Limited
 - M&M Auto Industries Limited (Only for Previous Year)
 - Majestic Auto Limited
 - Dayanand Munjal Investments Private Limited
 - Thakurdevi Investments Private Limited

No amount has been provided as doubtful debts or advances/ written off or written back in the year in respect of debts due from / to above related parties.

11 ADDITIONAL INFORMATION PURSUANT TO PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956
a) Details of Capacity and Production:-

Class of Goods	Licenced Capacity (Nos.)	Installed Capacity* (Nos.)	Actual Production (Nos.)
Shock Absorbers	N.A.	9,324,515	7,492,251
	N.A.	(7,272,000)	(6,409,882)
Struts	N.A.	969,000	414,070
	N.A.	(805,200)	(393,793)
Window Balancer	N.A.	1,006,500	406,705
	N.A.	(1,006,500)	(422,652)

* As certified by the management

b) Particulars in respect of Sales and Stocks for Class of Goods dealt with by the Company:

	Opening Stock		Closing Stock		Sales	
	Nos.	Value Rs.	Nos.	Value Rs.	Nos.	Value Rs.
Shock Absorbers	16,074 (13,413)	4,046,885 (7,202,114)	14,060 (16,074)	4,058,410 (4,046,885)	7,494,265 (6,407,221)	3,697,233,393 (3,241,263,250)
Struts	1,884 (2,889)	1,350,116 (1,963,878)	1,298 (1,884)	979,230 (1,350,116)	414,656 (394,798)	358,326,786 (334,989,530)
Window Balancer	895 (2,296)	89,401 (265,592)	1,966 (895)	209,971 (89,401)	405,634 (424,053)	49,189,069 (54,049,179)
Components etc.						47,123,527 (42,588,395)

c) Raw Materials and Components consumed/sold :

	Units	Current Year		Previous Year	
		Qty.	Value Rs.	Qty.	Value Rs.
Fork Pipe	Nos.	3,691,261	386,279,718	2,975,852	350,241,638
	Kgs.	—		40,000	
Bottom Case	Nos.	3,447,998	419,174,296	2,919,687	350,171,329
Main Spring Cushion	Nos.	7,869,921	269,377,377	6,811,698	237,172,981
Oil Seal	Nos.	8,427,741	408,281,442	7,006,974	344,793,910
Dust Seal	Nos.	3,679,462	272,799,228	2,979,827	222,638,393
Other Materials and Components			904,363,354		762,408,265
			2,660,275,415		2,267,426,516

d) C.I.F. Value of Imports (Excluding Material in Transit)

	Current Year Rs.	Previous Year Rs.
Capital Goods	15,450,132	1,324,931
Raw Materials, Components, Stores, Spares, Tools etc.	597,851,152	487,371,081

e) Value of Imported and Indigenous Raw Materials and Components and Stores and Spares consumed and percentage of each to the total consumption:

	Current Year		Previous Year	
	Value Rs.	Percentage %	Value Rs.	Percentage %
Raw Materials and Components				
• Imported	807,635,357	30	684,188,728	30
• Indigenous	1,852,640,058	70	1,583,237,788	70
	2,660,275,415	100	2,267,426,516	100
Stores and Spares				
• Imported	28,703,828	19	29,023,284	18
• Indigenous	123,939,683	81	135,891,709	82
	152,643,511	100	164,914,993	100

(f) Expenditure in Foreign Currency (on cash basis)

	Current Year Rs.	Previous Year Rs.
Technician Fee (Net of Taxes)	910,231	626,798
Royalty (Net of Taxes)	43,572,587	31,762,643
Drawing Fee (Net of Taxes)	—	10,145,698
Travelling	1,105,770	1,993,294
Interest	186,704	452,499
Others	663,351	659,528

(g) Earning in Foreign Exchange

	Current Year Rs.	Previous Year Rs.
FOB Value of Goods Exported	25,433	—

- h) Dividend for the year 2001-2002, Rs. 1,32,60,000/- (Previous Year Rs. 7,280,000/-) remitted in foreign currency to Showa Corporation, Japan on 2,080,000 (Previous Year 2,080,000) Equity Shares and similarly dividend paid Rs. 68,981/- (Previous Year Rs. 17,850/-) in Indian Rupees to non-resident shareholders in the year 2001-2002 on 13,428 (Previous Year 5,100) Equity Shares.

15. Previous year's figures have been regrouped / rearranged wherever necessary to confirm to this year's classification.

In terms of our attached Report of even date

S.R. BATLIBOI & CO.
Chartered Accountants
Per

PANKAJ CHADHA
Partner

Place : New Delhi
Dated : 20.05.2003

YOGESH MUNJAL
Managing Director

PANKAJ MUNJAL
Director

S.D.KHOSLA
Director

BRIJMOHAN LALL MUNJAL
Chairman

SEJI KONOUE
Jt. Managing Director

ASHOK MUNJAL
Director

MAHESH TANEJA
AGM- Finance

DR K.C SETHI
Director

K.N.MALHOTRA
Director

PANKAJ GUPTA
Company Secretary

Additional information as required under Part IV of Schedule VI to the Companies Act, 1956
Balance Sheet Abstract and Company's General Business Profile.

I) Registration Details.

Registration No. State Code

Balance Sheet,

Date Month Year

II) Capital raised during the Year (Amount in Rs.)

Public Issue Rights Issue

Bonus Issue Private Placement

III) Position of Mobilisation and Deployment of Funds (Amount in Rs.)

Total Liabilities Total Assets

Sources of Funds

Paid - up Capital Reserves and Surplus

Secured Loans Unsecured Loans

Application of Funds

Net Fixed Assets Investments

Net Current Assets Misc. Expenditure

Accumulated Losses Deferred Tax Liabilities (Net)

IV) Performance of Company (Amount in Rs.)

Turnover (including other income)

4 1 7 4 7 9 7 9 6 8

Total Expenditure

3 8 3 6 9 9 3 9 5 9

Profit / Loss before Tax

3 3 7 8 0 4 0 0 9

Profit / Loss after Tax

2 1 3 9 3 8 4 3 5

Earning per Share in Rs.

2 6 . 7 5

Dividend rate%

7 5

V) Generic Names of Three Principal Products / Services of Company

(As per monetary terms)

Item Code No.
(ITC Code)

8 7 1 4 9 9 . 0 0

Product
Description

S H O C K A B S O R B E R S

Item Code No.
(ITC Code)

8 7 0 8 8 0 . 0 0

Product
Description

S T R U T S

Item Code No.
(ITC Code)

8 7 0 8 8 0 . 0 0

Product
Description

W I N D O W B A L A N C E R S

BRIJMOHAN LALL MUNJAL

Chairman

YOGESH MUNJAL
Managing Director

SELJIKONOUE
Jt. Managing Director

DR K.C SETHI
Director

PANKAJ MUNJAL
Director

ASHOK MUNJAL
Director

K.N.MALHOTRA
Director

Place : New Delhi
Dated : 20.05.2003

S.D.KHOSLA
Director

MAHESH TANEJA
AGM- Finance

PANKAJ GUPTA
Company Secretary

GENERAL SHAREHOLDER INFORMATION :

1. Annual General Meeting

-Day, Date and Time	: Tuesday, 26 th August'2003 10.30 A.M.
-Venue	: Notting Hills, Old Delhi Road, Opp. Pasco Automobiles, Gurgaon-122015, Haryana

2. Financial Calender

(a) Financial Year 2003-2004	: April to March
(b) Financial reporting for the quarter ending June'2003	: End July' 2003
(c) Financial reporting for the half year ending Sept'2003	: End October'2003
(d) Financial reporting for the quarter ending December'2003	: End January'2004
(e) Financial reporting for the year ending March'2004.	: End June' 2004
(f) Annual General Meeting for the year ending March 31,2004	: End September'2004

3. Face Value of the Equity Share

: Rs. 10/- per share

4. Date of Book Closure

: 16th August'2003 to 26th August,2003
(both days inclusive)

5. Dividend Payment Date

: 30 days from the date of AGM

6. Listing on Stock Exchanges :

The Delhi Stock Exchange Association Limited	DSE House, 3/1 Asaf Ali Road New Delhi-110 002
The Stock Exchange, Mumbai	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001
The Calcutta Stock Exchange Association Limited	7, Lyons Range, Kolkata-700 001
The Stock Exchange- Ahmedabad	Kamdhenu Complex, Panjara pole, Ahmedabad-380 015
The Ludhiana Stock Exchange Association Limited	Feroze Gandhi Market, Ludhiana-141 001
National Stock Exchange of India Limited	"Exchange Plaza", Bandra- Kurla Complex, Bandra (E), Mumbai- 400 051

7. Stock Code

-The Delhi Stock Exchange Association Limited	: 5519
-The Stock Exchange, Mumbai	: 520043
-National Stock Exchange	: munjalshow
-International Securities Identification number (ISIN) for NSDL & CDSL	: INE577A01019

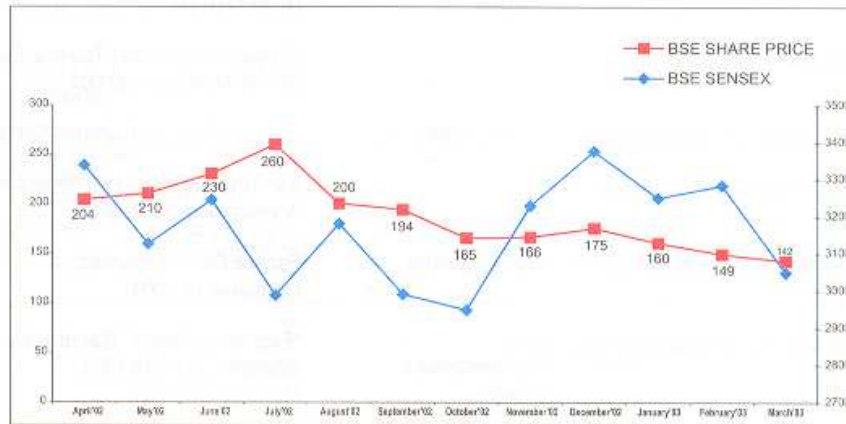
8. **Market Price Data :**

Performance of erstwhile MSL Shares at The Mumbai Stock Exchange

YEAR 2002-03	BSE SENSEX	Bombay Stock Exchange		
		High (Rs)	Low (Rs)	Volume (Nos.)
April'02	3,338	204	123	79621
May'02	3,126	210	155	55947
June'02	3,245	230	205	62006
July'02	2,988	260	177	97876
August'02	3,181	200	179	38464
September'02	2,991	194	160	6342
October'02	2,949	165	148	15524
November'02	3,229	166	136	8367
December'02	3,377	175	150	9736
January'03	3,250	160	133	22594
February'03	3,284	149	130	8821
March'03	3,049	142	120	37886

9. **Stock Performance:**

Index Comparison – MSL Share Price Vs. BSE Sensex



10. **Registrar and Share Transfer Agents**

MCS Limited
Shri Venkatesh Bhavan
212-A, Shahpurjat
New Delhi-110 049
Tel: 26494830
Fax: 26494152
E-mail: mcsdel@vsnl.com

Share Transfer System: The Company's shares being in compulsory demat list are transferable through the depository system only. Shares in physical form are processed by MCS Limited, Registrar and Transfer Agents of the Company every fortnight and a demat option letter is sent to the shareholder for exercising the option to receive the shares in demat Form within 30 days. Then, the shares are confirmed to the respective client accounts with depository of NSDL and CDSL.

The total number of shares transferred in physical form during the year under review was 11007 shares.

11. A. Distribution of Shareholding as on March 31, 2003:

Slab	No. of Shareholders		No. of Shares	
	Numbers	% to Shareholders	Numbers	% to Shareholding
Upto 5000	4181	90.54	754927	9.44
5001-10000	282	6.11	218291	2.73
10001-20000	67	1.45	107929	1.35
20001-30000	29	0.63	72415	0.91
30001-40000	9	0.19	33650	0.42
40001-50000	11	0.24	52128	0.65
50001-100000	14	0.30	105452	1.32
100001 and above	25	0.54	6654208	83.18
Total	4618	100.00	7999000	100.00

B. Shareholding pattern as on March 31, 2003:

Shareholders	No. of Shareholders	No. of Shares held	% Shareholding
1 Individuals	4443	1442538	18.03
2 Companies	130	678861	8.49
3 Promoters	4	3120000	39.00
4 Foreign Collaborator	1	2080000	26.00
5 FIIs, NRI's, OCB's	25	15078	0.19
6 Mutual Funds, Banks, FI's etc.	15	662523	8.28
Total	4618	7999000	100.00

12. Nomination Facility:

The Company offers facility of nomination. The members are requested to refer to Section 109A of the Companies Act, 1956 as amended. The facility is made available folio-wise and for the entire shares registered under the folio. The members holding shares in dematerialized form may contact and consult their respective Depository Participant (DP) for availing the nomination facility.

13. Dematerialization of Shares and Liquidity : As on March 31, 2003 a total of 23,16,791 Equity Shares of the Company, which forms 28.96 % of Share Capital of the Company have been dematerialized.
The Trading in Company's share is permitted compulsorily in dematerialized form from 28th August'2000 as per notification issued by SEBI.
14. Outstanding GDRs/ADRs/Warrants or any convertible instruments, if any : Not Applicable
15. Plant Location & Address for Correspondence : 9 -11, Maruti Industrial Area, Sector-18 Gurgaon-122 015, Haryana
Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.
Share Transfer Agent and Registrar M/s MCS Limited may be contacted for any query related to Share Transfer and other matters.