

15th

ANNUAL

REPORT

2005

LIFE SIMPLIFIED.

ELECTROLUX KELVINATOR LIMITED

BOARD OF DIRECTORS

Mr. Venugopal N Dhoot
 Mr. Pradeepkumar N Dhoot
 Mr. Sanjeev K Shelgikar
 Mr. Anirudh V Dhoot
 Mr. Saurabh P Dhoot
 Mr. Suresh M Hegde
 Mr. Atul Galande

COMPANY SECRETARY

Mrs. Geeta Puri Seth

AUDITORS

M/s. Price Waterhouse
 Chartered Accountants
 PW Centre,
 Saidulajab, Mehrauli-Badarpur Road,
 Opp. D-Block, Saket, New Delhi-110 030

REGISTERED OFFICE

Flat No. 201-202, A-22, Green Park,
 Aurobindo Marg, New Delhi-110 016

Tel : +91 11 2686 6184/85/86

Fax : +91 11 2686 2625

CORPORATE OFFICE

Global Business Park, Tower 'A' (3rd Floor),
 Mehrauli-Gurgaon Road, Gurgaon-122002, Haryana

Tel : +91 124 280 3250

Fax : +91 124 280 3292

E-mail : investors.helpdesk@notes.electroluxindia.com

REGISTRAR & SHARE TRANSFER AGENT

Intime Spectrum Registry Limited
 A-31, 3rd Floor, Naraina Industrial Area,
 Phase-I, New Delhi - 110028

Tel : +91 11 5141 0592/93/94

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NOTICE IS HEREBY GIVEN THAT THE FIFTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF ELECTROLUX KELVINATOR LIMITED WILL BE HELD ON THURSDAY, THE 29TH DAY OF SEPTEMBER, 2005 AT 10.30 A.M. AT GANDHI MEMORIAL HALL, PEAREYLA BHAWAN, 2, BHADURSHAH ZAFAR MARG, NEW DELHI - 110 002, TO TRANSACT THE FOLLOWING BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the 12 months' period ended 31st December, 2004 and the Balance Sheet as at 31st December, 2004 and the reports of the Auditors and Directors thereon.
2. To appoint M/s Kadam & Co., Chartered Accountants, as Statutory Auditors of the Company, in place of the retiring Auditors - M/s Price Waterhouse, Chartered Accountants, who have confirmed their unwillingness to continue as the Statutory Auditors of the Company, to hold office from the conclusion of the Fifteenth Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Venugopal N Dhoot, for whom the Notice has been received under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Pradeepkumar N Dhoot, for whom the Notice has been received under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Sanjeev K Shelgikar, for whom the Notice has been received under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Anirudh V Dhoot, for whom the Notice has been received under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Saurabh P Dhoot, for whom the Notice has been received under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Suresh M Hegde, for whom the Notice has been received under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Atul Galande, for whom the Notice has been received under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
10. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the remuneration paid to Mr. Lars Bertil Ohlson, Whole-time Director, from December 24, 2002 till August 28, 2003, as detailed in the Explanatory Statement, be and is hereby approved."

Sd/-
ANIRUDH V DHOT
DIRECTOR

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON POLL, TO VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IN ORDER TO BE EFFECTIVE, SHOULD BE RETURNED DULY COMPLETED TO THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.

2. Pursuant to Section 154 of the Companies Act, 1956, the Register of Members and Share Transfer Books shall remain closed from Monday, 26th September, 2005 to Thursday, 29th September, 2005 (both days inclusive).
3. The Directors' Report, Report on Corporate Governance and the Auditors' Certificate thereon, Auditors' Report, Audited Balance Sheet as at 31st December, 2004 and the Profit & Loss Account for the year ended on that date are enclosed.
4. Members holding Shares in identical order of names in more than one Folios are requested to write to the Company enclosing their Share Certificates to enable the Company to consolidate their holdings in one folio. Members are requested to notify correction/change in address, if any, to the Company at its Registered Office, quoting their Folio Number.
5. Members desiring any information on the Accounts are required to write to the Company at its Registered Office, giving at least 7 days notice prior to the date of Annual General Meeting to enable the Management to compile and keep the information ready.
6. Members/proxies should bring the Attendance Slip sent herewith, duly filled in for attending the meeting. Members / Proxies are requested not to bring their family as the same creates administrative difficulties. Members/Proxies are requested not to bring any brief case, suitcase, hand bags, carry bags, etc. as the same will not be allowed to be taken inside the venue for security reasons.
7. Members are requested to bring their copy of this Annual Report to the Meeting.
8. NO GIFTS WILL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING.

(Pursuant to Section 173(2) of the Companies Act, 1956)

Mr. Venugopal N Dhoot was appointed as an Additional Director by the Board of Directors of the Company vide a Resolution passed by Circulation effected on 7th July, 2005 and as per the provisions of Section 260 of the Companies Act, 1956, holds office upto the date of the Fifteenth Annual General Meeting of the Company. The Company has received a Notice under Section 257 of the Companies Act, 1956, from a member signifying the intention to propose the name of Mr. Venugopal N Dhoot, as a Director of the Company, along with a deposit of Rs. 500.

Mr. Venugopal N Dhoot is one of the promoters of Videocon Group, a leading consumer Electronics conglomerate in India.

The Board of Directors recommends the Resolution for approval by the members.

None of the Directors except Mr. Venugopal N Dhoot himself, Mr. Pradeepkumar N Dhoot, Mr. Anirudh V Dhoot and Mr. Saurabh P Dhoot, being related to Mr. Venugopal N Dhoot, is interested or concerned in the Resolution.

Mr. Pradeepkumar N Dhoot was appointed as an Additional Director by the Board of Directors of the Company vide a Resolution passed by Circulation effected on 7th July, 2005 and as per the provisions of Section 260 of the Companies Act, 1956, holds office upto the date of the Fifteenth Annual General Meeting of the Company. The Company has received a Notice under Section 257 of the Companies Act, 1956, from a member signifying the intention to propose the name of Mr. Pradeepkumar N Dhoot as a Director of the Company, along with a deposit of Rs. 500/-.

Mr. Pradeepkumar N Dhoot is also one of the promoters of Videocon Group, a leading Consumer Electronics conglomerate in India.

The Board of Directors recommends the Resolution for approval by the members.

None of the Directors except Mr. Pradeepkumar N Dhoot himself, Mr. Venugopal N Dhoot, Mr. Anirudh V Dhoot and Mr. Saurabh P Dhoot, being related to Mr. Pradeepkumar N Dhoot, is interested or concerned in the Resolution.

Mr. Sanjeev K Shelgikar was appointed as an Additional Director by the Board of Directors of the Company vide a Resolution passed by Circulation effected on 7th July, 2005 and as per the provisions of Section 260 of the Companies Act, 1956, holds office upto the date of the Fifteenth Annual General Meeting of the Company. The Company has received a Notice under Section 257 of the Companies Act, 1956, from a member signifying the intention to propose the name of Mr. Sanjeev K Shelgikar as a Director of the Company, along with a deposit of Rs.500/-.

Mr. Sanjeev K Shelgikar is a Fellow member of the Institute of Chartered Accountants of India, having vast experience in the fields of Finance & Law.

The Board of Directors recommends the Resolution for approval by the members.

None of the Directors except Mr. Sanjeev K Shelgikar, is interested or concerned in the Resolution.

Mr. Anirudh V Dhoot was appointed as an additional Director by the Board of Directors of the Company vide a Resolution passed by Circulation effected on 7th July, 2005 and as per the provisions of Section 260 of the Companies Act, 1956, holds office upto the date of the Fifteenth Annual General Meeting of the Company. The Company has received a Notice under Section 257 of the Companies Act, 1956, from a member signifying the intention to propose the name of Mr. Anirudh V Dhoot as a Director of the Company, along with a deposit of Rs. 500/-.

Mr. Anirudh V Dhoot is a Master in Business Administration. He is having 5 years' experience in the diversified fields.

The Board of Directors recommends the Resolution for approval by the members.

None of the Directors except Mr. Anirudh V Dhoot himself, Mr. Venugopal N Dhoot, Mr. Pradeepkumar N Dhoot and Mr. Saurabh P Dhoot being related to Mr. Anirudh V Dhoot, is interested or concerned in the Resolution.

Item No. 7

Mr. Saurabh P Dhoot was appointed as an Additional Director by the Board of Directors of the Company vide a Resolution passed by Circulation effected on 7th July, 2005 and as per the provisions of Section 260 of the Companies Act, 1956, holds office upto the date of the Fifteenth Annual General Meeting of the Company. The Company has received a Notice under Section 257 of the Companies Act, 1956, from a member signifying the intention to propose the name of Mr. Saurabh P Dhoot as a Director of the Company, along with a deposit of Rs. 500/-.

Mr. Saurabh P Dhoot is presently pursuing a degree in "Information System Engineering" at Imperial College, London. He has got experience in the field of marketing.

The Board of Directors recommends the Resolution for approval by the members.

None of the Directors except Mr. Saurabh P Dhoot himself, Mr. Venugopal N Dhoot, Mr. Pradeepkumar N Dhoot and Mr. Anirudh V Dhoot being related to Mr. Saurabh P Dhoot, is interested or concerned in the Resolution.

Item No. 8

Mr. Suresh M Hegde was appointed as an Additional Director by the Board of Directors of the Company vide a Resolution passed by Circulation effected on 21st July, 2005 and as per the provisions of Section 260 of the Companies Act, 1956, holds office upto the date of the Fifteenth Annual General Meeting of the Company. The Company has received a Notice under Section 257 of the Companies Act, 1956, from a member signifying the intention to propose the name of Mr. Suresh M Hegde as a Director of the Company, along with a deposit of Rs. 500/-.

Mr. Suresh M Hegde is a Law Graduate having vast experience in the fields of Law and Finance.

The Board of Directors recommends the Resolution for approval by the members.

None of the Directors except Mr. Suresh M Hegde, is interested or concerned in the Resolution.

Item No. 9

Mr. Atul Galande was appointed as an Additional Director by the Board of Directors of the Company vide a Resolution passed by Circulation effected on 21st July, 2005 and as per the provisions of Section 260 of the Companies Act, 1956, holds office upto the date of the Fifteenth Annual General Meeting of the Company. The Company has received a Notice under Section 257 of the Companies Act, 1956, from a member signifying the intention to propose the name of Mr. Atul Galande as a Director of the Company, along with a deposit of Rs. 500/-.

Mr. Atul Galande is a Fellow member of Institute of Chartered Accountants of India. He is having vast experience in the field of Finance & Corporate Affairs.

The Board of Directors recommends the Resolution for approval by the members.

None of the Directors except Mr. Atul Galande, is interested or concerned in the Resolution.

Item No. 10

Mr. Lars Bertil Ohlson was working as a Director on the Board of Directors of the Company with effect from 24th December 2002. He remained as such from December 24, 2002 till August 28, 2003. During this period, he was in the position of a Whole-time Director. As per the terms of his contract, the remuneration paid to Mr. Ohlson during previous year in respect of benefits provided to him in India was borne by the Company. The remuneration of Rs. 1,527,584/- paid to Mr. Ohlson during his tenure as a Whole-time Director of the Company from December 24, 2002 till August 28, 2003 was within the ceiling stipulated under Schedule XIII to the Companies Act, 1956 and had been approved by the Remuneration Committee and the Board of Directors of the Company in their meeting held on August 28, 2003. The remuneration so paid was subject to approval of the shareholders of the Company.

The approval of shareholders is sought in respect of the remuneration paid to Mr. Lars Bertil Ohlson.

None of the Directors is interested or concerned in the Resolution

for and on behalf of the Board of Directors
of ELECTROLUX KELVINATOR LIMITED

Sd/-

ANIRUDH V DHOOT
DIRECTOR

Date : 30th August, 2005

Place : Mumbai

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their 15th Annual Report on the operations of the Company and the Audited Statement of Accounts for the year ended December 31st 2004.

FINANCIAL HIGHLIGHTS

	(Rs. in Lacs)	
	For the year ended Dec. 31, 2004	For the year ended Dec. 31, 2003
Gross Sales and Service Income	35,419.81	32,232.50
Less: Excise Duty on sales	3,695.88	3,967.76
Net Sales and Service Income	31,723.93	28,264.74
Other Income	1,810.20	975.00
Profit/(Loss) before Interest and Depreciation / amortization	(7,375.26)	(9,072.52)
Less: Interest	1,760.74	1,731.62
Profit/(Loss) after Interest but before Depreciation / amortization	(9,136.00)	(10,804.14)
Less: Depreciation / amortization	2,309.46	2,693.93
Profit/(Loss) for the year before Exceptional Items and Tax	(11,445.46)	(13,498.07)
Less: Exceptional Items (Net)	329.85	9,133.20
Profit/(Loss) for the year after Exceptional Items but before Tax	(11,775.31)	(22,631.27)
Tax Expense	—	—
Net Profit/(Loss) after Tax	(11,775.31)	(22,631.27)

OPERATIONS

The gross turnover of the Company increased during the year to Rs. 35,420 Lacs from Rs. 32,232 Lacs in the previous year. In terms of volume the Company registered a 12% decrease in sales of refrigerators and 18% increase in sales of washing machines compared to 2003. The new product categories of Airconditioners and Microwave Ovens launched during the year also contributed to 12% of the total sales volume. Overall sales volume remained more or less at 2003 levels and despite the constant price erosion in the market during the year, the net sales value showed an increase of 12% reflected in the Gross margins/(Loss) of (Rs. 7,375 Lacs)

against (Rs. 9,073 Lacs) in 2003. This was mainly due to an improved product/customer mix as well as various restructuring and cost control initiatives taken by the Company during the year. With reduced depreciation charge in 2004, the net loss before exceptional items improved by 15% over 2003 at Rs. 11,445 Lacs.

With financial support from AB Electrolux during the year by way of voluntary, discretionary revenue grants of Rs. 20 Crores provided to the Company used in meeting restructuring and related costs coupled with lower restructuring costs compared to 2003, the net profit/(loss) for the year after exceptional items improved significantly by 48% to Rs. 11,775 Lacs as against Rs. 22,631 Lacs in the previous year.

RIGHTS ISSUE OF EQUITY SHARES

During the year the Company, with the object of augmenting its net worth, came out with the Rights Issue of 199,774,709 equity shares of Rs.10/- each, for cash at par, to the existing shareholders of the Company in the ratio of 8 equity shares for every 7 equity shares held by them. The Rights Issue was opened for subscription on March 26, 2004 and closed on April 26, 2004. The Rights Issue was subscribed to 1.009 times, wherein 98.49% of the total issue was subscribed by AB Electrolux, Sweden, the foreign promoter, where after, the shareholding of AB Electrolux was increased from 75.96% to 87.97% in the expanded capital base of the Company.

DELISTING OF SHARES AND FINAL EXIT OFFER BY AB ELECTROLUX, SWEDEN

Pursuant to the option made available under the SEBI letter dated December 24, 2002, AB Electrolux made an Open Offer in accordance with Clause 17 of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, to acquire the equity shares of the Company 'not already held' by AB Electrolux at the Rights Issue price i.e. Rs.10/- per share, by way of an "Offer Letter" dated July 9th 2004. The Open Offer opened on July 19th 2004 and closed on August 9th 2004 (extended from earlier closing date i.e. August 2nd 2004). Subsequent to the closure of the Open Offer, the shareholding of AB Electrolux in the Company increased to 90.21%.

The Shares of Electrolux Kelvinator Limited were listed on six stock exchanges in India at Delhi, Mumbai, Jaipur, Bangalore, Ahmedabad and Kolkata. Subsequent to the closure of the First Open Offer, since the

equity shareholding of AB Electrolux in the Company had increased to 90.21%, on the application made by the Company in this regard, the Shares of the Company have been delisted from the records of all the stock exchanges.

AB Electrolux has now provided a Final Exit opportunity for a period of twelve months (beginning February 11, 2005 to February 10, 2006) to all those shareholders who could not participate in the First Offer after the Delisting of the shares of the Company from all the Stock Exchanges. A Public Announcement was also made by AB Electrolux in this regard on February 4th 2005 in the leading Newspapers (The Economic Times and The Hindustan Times and their affiliates) for the benefit of shareholders, advising them to avail the Final Exit opportunity. The 'Offer Letter' along with the 'Form of Acceptance' and other related documents including a postage prepaid self addressed envelope, have been sent to all residual shareholders by Registered Post, detailing the procedure to be followed. The payment to shareholders accepting the Offer will be made on a monthly basis, subject to necessary regulatory approvals.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report as required under the Listing Agreements with Stock Exchanges is enclosed as Annexure A.

FINANCE AND CAPITAL STRUCTURE

Although the proceeds of the Rights Issue aggregating to approx. Rs. 200 Crores have recouped the net worth to that extent, the inordinate delay in the Rights Issue has, however, led the Company to a situation where its accumulated losses as at December 31, 2003 have exceeded the net worth and accordingly, during the year the necessary filings/reportings were made with the relevant regulatory authorities in accordance with law.

In order to enable the Company to make its net worth positive, the Company during the year under review, issued Rs. 100 Crores 6% Cumulative Redeemable Non-Convertible Preference Shares to AB Electrolux, Sweden. In addition to the subscription of Rs. 100 Crores preference capital, AB Electrolux, also made a voluntary discretionary revenue grant of Rs. 20 Crores to the Company. As a result as at December 31, 2004, the net worth of the Company has turned positive.

TRANSFER TO RESERVES

During the year no amount has been transferred to reserves.

DIVIDEND

In view of the unavailability of distributable profits, your Directors express their inability to declare any dividend for the year.

FIXED DEPOSITS

The Company has not accepted any Fixed Deposits from the Public or Shareholders or Employees during the year.

DIRECTORS

The Board of Directors of your Company has been reconstituted with the cessation of nomination of Mr. Fr  drik Rystedt and appointment of Mr. Peter Birch and Mr. Paul N Gelardi as Directors on the Board of Directors. Mr. Dinkar Goswami and Mr. G S Davar resigned from the Board of Directors. The Board of Directors express their gratitude and appreciation for the valuable contribution extended by the outgoing Directors.

AUDIT COMMITTEE

The Audit Committee of your Company convened three meetings during the year. The Audit Committee has also been reconstituted. Presently, the constitution of the Audit Committee comprises of-

1. Mr. Johan Gunnar Michael Fant (Alternate - Mr. G S Davar)
2. Mr. Rajeev Karwal
3. Mr. Paul N Gelardi

The Company Secretary is the Secretary of the Audit Committee.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm:

- (i) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for that year;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the Annual Accounts on a going concern basis.

The financial statements for the year ended 31st December, 2004 are in full conformity with the requirements of the Generally Accepted Accounting Principles (GAAP) and the Accounting Standards issued by the Institute of Chartered Accountants of India till date and have been prepared on a going concern basis.

The Directors of Electrolux Kelvinator Limited accept responsibility for the integrity and objectivity of these financial statements as reflected through the consistent application of the Accounting Policies as well as for the estimates made and the judgments exercised relating to matters not concluded by year-end. The Directors believe that the financial statements reflect fairly the form and substance of the transactions concluded and reasonably present:

- the Company's financial condition,
- a true and fair view of the results of the operations for the year and
- the state of affairs of the business as at 31st December, 2004.

The financial statements have been audited by Price Waterhouse, Chartered Accountants. The Audit Committee of the Company has reviewed these financial statements.

AUDITORS AND AUDITORS' REPORT

M/s Price Waterhouse, Chartered Accountants, the Auditors retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. A Certificate in terms of Section 224(1B) of the Companies Act, 1956 has been received from them.

The qualifications in the Auditors' Report are self-explanatory and Notes to Accounts appropriately explain and deal with the management perception thereon.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS/OUTGO

The information required under 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 is given in Annexure - B, forming part of this report.

INFORMATION UNDER THE LISTING AGREEMENT WITH THE STOCK EXCHANGE(S)

Pursuant to Clause 38 of the Listing Agreement with the Stock Exchange(s), it is confirmed that the Annual Listing Fee for the financial year 2004 has been paid to all the Stock Exchange(s) on which the shares of the Company were listed.

PERSONNEL

The Statement under Section 217(2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules, 1975 is given in Annexure - C, forming part of this report.

ACKNOWLEDGEMENT

Your Directors wish to place on record their gratitude to various Union and State Government authorities, banks, financial institutions, shareholders and other business associates for their valuable co-operation and assistance. The Directors also wish to place on record, their sincere appreciation for the contribution made by the employees at all levels.

For and on behalf of the Board of Directors

Sd/-

Johan Fant
Chairman

Date : 17th February, 2005
Place : Gurgaon

ADDENDUM TO THE DIRECTORS' REPORT

TO THE MEMBERS

Your Directors are pleased to provide herein the material changes, which have occurred subsequent to the close of the financial year ended December 31st 2004 and Director's Report dated 17th February, 2005.

CHANGE IN MANAGEMENT AND BOARD OF DIRECTORS

The management of the Company has changed with effect from July 2005. The present Board of Directors of the Company comprises of the following Directors :

Mr. Venugopal N Dhoot
Mr. Pradeepkumar N Dhoot
Mr. Sanjeev K Shelgikar
Mr. Anirudh V Dhoot
Mr. Saurabh P Dhoot
Mr. Suresh M Hegde
Mr. Atul Galande

Consequent to the change in management, the various sub-committees of the Board, i.e. Audit Committee, Shareholders' / Investors' Grievance Committee and Remuneration Committee of the Company have been reconstituted as under :

Mr. Anirudh V Dhoot and Mr. Saurabh P Dhoot have been appointed as the members of the Audit Committee under the chairmanship of Mr. Suresh M Hegde. The Company Secretary is the Secretary of the meeting.

The Shareholders'/Investors' Grievance Committee is headed by Mr. Suresh M Hedge with Mr. Anirudh V Dhoot and Mr. Saurabh P Dhoot as the members. The Company Secretary is the Secretary of the meeting.

The Remuneration Committee is headed by Mr. Suresh M Hegde with

Mr. Anirudh V Dhoot and Mr. Saurabh P Dhoot as the members. The Company Secretary is the Secretary of the meeting.

FINANCE AND CAPITAL STRUCTURE

The Capital Structure of the Company has undergone the following changes subsequent to the date of Directors' Report.

The Authorised Share Capital of the Company has been altered on 19th August, 2005 by cancellation of 15,00,00,000 Equity Shares of Rs. 10/- each which have not been issued/or agreed to be taken by any person and further creation of 1,50,00,000 Non-Cumulative Redeemable Non-Convertible Preference Shares of Rs. 100/- each.

The Board of Directors made an allotment of 7,50,00,000 Equity Shares of Rs. 10/- each to AB Electrolux on 23rd June, 2005 on a preferential basis, subsequent to obtaining the shareholders' approval on 16th June, 2005 for issue of up to 32,54,22,421 Equity Shares of Rs. 10/- each.

AUDITORS

M/s Price Waterhouse, Chartered Accountants, the statutory auditors, retire at the conclusion of the forthcoming Annual General Meeting. M/s Price Waterhouse, Chartered Accountants, the retiring auditors have, vide their letter dated 14th July, 2005, requested for not being considered for re-appointment as the auditors of the Company.

The Board of Directors has received a certificate in terms of Section 224 (1B) of the Companies Act, 1956 from M/s Kadam & Co., Chartered Accountants. The Board of Directors recommends their appointment as auditors of the Company.

for and on behalf of the Board of Directors

	Sd/-	Sd/-
Date : 30 th August, 2005	Anirudh V Dhoot	Suresh M Hegde
Place : Mumbai	Director	Director

ANNEXURE 'A'

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure & Developments

The year 2004 has seen Indianization of global consumer durables brands in India. Several multinationals tried to re-enter as well in an already overcrowded Indian market. The year was marked by the smaller brands being hit hard as a result of the larger players' multi-pricing strategy. Price-erosion continued along with more feature-packed better quality products entering the Indian market. Outlook for the household segment looks positive for 2005. The "feel-good" factor is feeding into more purchases in the high-end segment.

The refrigerator industry grew by 6.4% in volume terms for the period Jan-Dec 2004 over 2003. It continues to be dominated by Direct cool (80.5%) as compared to Frost-Free (19.5%), however, future growth is clearly expected from Frost-Free. Your Company has a significant share of the total refrigerator market (10.6%), is a trusted brand in the direct cool segment (11.7%) and is the fastest growing brand in the frost-free segment with a share of 6.1% and growth rate of 25.6 % over 2003. Also, within the frost-free segment the leading capacity is that of 351 litres and above with a market share of 10.3%, and your Company's offering in this segment introduced in 2003, the state-of-the-art "Ozone" range of refrigerators is also the fastest growing across the country for the year 2004. In 2004, Electrolux augmented its both refrigerator and washing machine range, introducing many innovative products. Evidence of its marketing ingenious, its Ozone brand of refrigerator is today ranked as the fastest growing refrigerator brand in the country in the no-frost category. Recently the company launched world's first battery-run refrigerator, "Bijlee", which works without electricity for up to 12 hours. An innovation in the refrigerator sector was seen with the launch of "Tamanna", world's first refrigerator with FM radio and message recorder. (Source: ORG-gfk).

The Washing Machine category has seen a rebound in the year 2004. Front-load machines were introduced giving competition to established players. Penetration levels for washing machines however are still amongst the lowest when compared to other household appliances. Higher capacity (6.0 kg plus) segment is witnessing maximum growth. The industry grew by 11%, and relies heavily on the semi-automatic segment that contributes 73.6% to the entire market, however fully automatic with a share of 24.7% is leading growth at the rate of 48.4%. Your company holds a share of 2.9% in the entire washing machine market, within the semi-automatic segment it's share is 3% however, in the growing fully-automatic segment your company's share continues to increase with a share of 2.8% in the year 2004. (Source: ORG-gfk)

Electrolux has entered the microwave category with the launch of Nutrition range of microwave ovens, strengthening the company's overall positioning of 'Nurturing Hopes. Nourishing Life'. Truly living to its definition, the advanced technology behind the Electrolux's 'Nutrition' range of microwaves, offers '100% uniform cooking' to retain the nutrition content of food. The Electrolux Nutrition range of microwaves would redefine the category as 'Maxiwave' as it comes with '360 degree Maxiwave' technology, which cooks food evenly. Most recently, the Company also introduced 'Oxygen' range of air conditioners in various capacities across the four categories- Window, Split, Floor Standing and Cassette Type. Featuring innovative technology, the new 'Oxygen' range is equipped with the 'Oxygenator'

and 'Oxiguard' that effectively removes odors, dust particles, smoke and inhibits virus and bacterial growth.

In 2005, you can look forward to more innovative, consumer-foresight driven products in the existing product categories, refrigerators, washing machines, microwaves and air conditioners, along with a foray into two new high growth product categories that of built-in kitchen appliances and floor care.

SWOT Analysis and Future Outlook

The Company is a subsidiary of AB Electrolux, Sweden (ABE), which is one of the largest producers of household appliances and products for professional use. Ongoing technical collaboration agreement with ABE will ensure that your Company has access to latest technology and management expertise. The products of the Company that are available across various price segments are now being marketed under international brand, i.e. 'Electrolux'. Over the years, your Company has been able to develop a strong manufacturing and distribution infrastructure across the country. Restructuring initiatives taken by your Company during 2002 and 2003 have made the Company leaner and more efficient enabling it to effectively face competition.

Strong parental support from AB Electrolux, which was evident from the India visit of Hans Stråberg, CEO, AB Electrolux in June 2004, both financial and technical, international brand, innovative and environment friendly products continue to remain the main strengths of the Company.

Low penetration levels in the industry-both refrigerators and washing machines, growing middle class with high disposable income, the entry into product categories of Microwave and Air-conditioners, aggressive foray into No-frost segment in refrigerators, launch of new and innovative products in refrigerators and washing machines and the new women oriented advertisement campaign focusing on 'Life Nourishing System' are expected to enable the Company to effectively meet the competition and to increase its share in the Indian market. However, intense competition from existing as well as new players with consistent pressure on realizations, need for continued investment in product up gradations and new product introductions are the main areas of concern for the management.

Segment wise Performance

The Company operates in a single business segment 'White Goods'. Within this segment the Refrigerators category declined by about 17.1% and Washing Machines grew by about 51.2 % in terms of volume over previous year. The main reasons for decline vis-à-vis previous year are gradual discontinuation of non-profitable exports and OEMs business and also discontinuation of usage of 'Kelvinator' brand due to Single brand strategy of your Company. The Company also launched two new categories in year 2004 - microwaves and air conditioners. Both the categories have performed well and the Company has been able to set a foothold in these product categories in the industry with reasonable market share in the first year of launch itself.

Internal Control Systems and Adequacy

The company has an ERP based accounting system and appropriate software applications in functional areas to aid operational transactions. The Company has an effective internal control system in place and the Management Assurance & Special Assignments (MASA) conducts routine internal audits and special operational reviews on a periodic and consistent basis throughout the year covering all major business locations, processes and controls. During the year, no internal audit was carried out for Plant locations but follow-up of the issues arising from the audit done in previous year was carried out by MASA. In addition, the Company has also employed external auditors to undertake Controllers' review of the operations in its sales offices across the country. The observations of the MASA and Internal Auditors are reviewed by the Audit Council periodically and the key findings are discussed for implementation and/or correction, as the case may be. This, subject to the inherent limitations in any system and procedure and coverage thereof, provides management with reasonable assurance that the established policies and the procedures of the Company have been followed, its assets safeguarded and any form of fraud and other irregularities prevented from occurring.

Financial Performance

The operational and financial performance of the Company has been explained separately in the Directors' Report.

Material Developments in Human Resources / Industrial Relations front, including number of people employed

The industrial relations continued to remain cordial and satisfactory through out the

organisation during the year 2004. As a part of restructuring of operations to improve the financial performance of the Company in the long run, Voluntary Retirement Scheme (VRS) was introduced at Warora and Shahjahanpur plant and the response was encouraging. The restructuring resulted in bringing down the total manpower by more than 378 numbers during 2004. Long Term Wage settlement for Refrigerator Plant, Warora Plant, which resulted in a tremendous improvement in productivity, MOST (Maynard Operations Sequence Technique) was implemented at Refrigerator plant at Warora. Productivity improvement at plants has yielded improved efficiency levels at its manufacturing facilities.

Cautionary Statement

Statements in this report on Management's Discussion and Analysis describing the Company's objectives, future outlook, estimates, expectations, projections or predictions may be 'forward looking statements' within the meaning of applicable laws and regulations. These statements are based on certain assumptions and expectations of future events. Actual results could differ materially from those express or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting global and domestic demand-supply, finished goods prices in the domestic and overseas markets in which the Company operates, raw-material costs and availability, changes in Government regulations, tax regimes, economic developments and other factors such as litigation and industrial relations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

ANNEXURE 'B'

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2004

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTIONS AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

In accordance with the requirements of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, statement showing particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo is as under:

A. CONSERVATION OF ENERGY

a) Energy conservation measures taken:

- ☐ To improve Power Factor from 0.95 to 0.99 - The Capacitor banks are added.
- ☐ HSD Flow meters installed on thermo Pac & DG Sets to monitor HSD Consumption.
- ☐ Intermediate Air control System is installed to bring in substantial savings in Air System.
- ☐ Strict control on air leakages/running of compressors is in practice.
- ☐ Air compressors - Rationalized usage, running on only as required basis.
- ☐ Provided shut off bypass lines to maximum effect.
- ☐ Radical reduction in comfort cooling loads
- ☐ Modification in Cooling Towers pipe line has been done, saving 32kw/shift
- ☐ Maximum Utilization of Paint shop has saved 0.3 - 0.5kw / cabinet at Butibori.

b) Additional investment and proposals if any, being implemented for reduction of consumption of energy:

- ☐ For minimizing the energy losses heated type Air drier is being replaced with Refrigerated type Air drier.
- ☐ Installing VFD in paint shop that will bring in saving of nearly Rs 2 Lac, annually.
- ☐ Using energy efficient CFL lamps which will results in saving of 52 Kwh / Day.
- ☐ Solar Water Heating for Preheat Hot Water at Warora.
- ☐ Usage of Kerosene in place of LDO, which has resulted in saving of Rs.2/- Ltr at Butibori.

c) Impact of measures at a) & b)

- ☐ Rebate of Rs 4.71 Lacs has been achieved by maintaining Power Factor with RSEB.
- ☐ Rebate of nearly Rs. 50,000/- has been availed from Electricity Boards on account of Power factor improvement at Butibori.

B. TECHNOLOGY ABSORPTION

1. RESEARCH & DEVELOPMENT (R & D)

a) Specified areas in which R&D carried out by the Company:

- ☐ Design and Development of new 180L DC (Oxy polo series) entry-level refrigerator with four variants.
- ☐ Introduction of a new variants refrigerators with silver finish exteriors.
- ☐ Design and Development of new inverter compatible 190L DC refrigerator to ensure uninterrupted operation of refrigerator during power failure.
- ☐ Development of new Window Air-conditioners with 1.0T / 1.5T capacity.
- ☐ Re-launch of Front Loading washing machine in 6.0kg capacity in Premium / Luxury segments with white / silver finish exteriors
- ☐ Design and development of new variants in semi-automatic washing machine with 6.5kg and 6.8kg capacity.

- ☐ Development of new fully featured, customer friendly PCB control for fully automatic washing machines.

b) Benefits derived as a result of the above R&D:

- ☐ Up-gradation and improved quality of the products.
- ☐ New models with improved and innovative features are well accepted by customers.
- ☐ Product up gradation, improvement & optimization of process for increasing productivity.
- ☐ Indigenization of items leading to import substitution.

c) Future Plan of Action:

- ☐ Development of new No-frost Models from 350L - 450L, including Premium and Luxury variants with innovative features.
- ☐ Upgrading all the present models aesthetics in line with Electrolux Global design guidelines.
- ☐ Focus on new ranges of refrigerators and washing machines with modern electronics.
- ☐ New refrigerators to fulfill upcoming energy efficiency rating directive.
- ☐ Upgrading Front loading and Top loading washing machines.
- ☐ Design and development support to Asia-Pacific regional projects.

d) Expenditure on R&D:

Capital	- Nil
Recurring	- Rs. 29,860,809/-
Total	- Rs. 29,860,809/-

2. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION:

a) Efforts in brief, made towards technology absorption, adaptation and Innovation

- ☐ Development and introduction of new aesthetic and customer friendly value added and innovative features in the products.

b) Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.

- ☐ Process and quality improvement resulting in product up gradation.
- ☐ Cost optimization through process improvement, design changes and improvement.
- ☐ Reduction in foreign exchange outflow by suitable import substitution.

c) In case of Imported technology (Imported during last 5 years reckoned from the beginning of the financial year, following importation may be furnished:

- ☐ None

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) Activities relating to exports: Initiatives taken to increase exports; development of new export markets for products and services; and export plans

The company had during the year 2004, started export operations in the SAARC countries (excluding Sri Lanka) with a Distribution setup in Nepal and is in the process of setting up distribution in Bangladesh. Group exports to countries like UAE, Sri Lanka, Sierra Leone & Liberia also took place during the year. The exports included India manufactured refrigerators and Washing Machines.

(b) Total foreign exchange earned and used

(i) Foreign Exchange Earnings	- Rs. 6,004,244/-
(ii) Foreign Exchange Expenditure	
- CIF Value of Imports	- Rs. 717,819,061/-
(including Capital expenditure of Rs. 6,557,511/-)	
Others	- Rs. 123,257,858/-

ANNEXURE 'C' TO THE DIRECTORS' REPORT

Statement of Particulars under Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975, forming part of the Report of the Directors for the Financial Year ended 31st December, 2004.

(A) Employed throughout the Financial Year under review and were in receipt of remuneration for the period in aggregate of not less than Rs. 24,00,000/-.

Name	Designation & Nature of Duties	Remuneration Received (Rs.)	Qualification	Experience (Yrs.)	Date of Commence-ment	Date of Leaving, if any	Age (Yrs.)	Particulars of Last Employment
Vilas Diwadkar	Executive Vice President-Industrial Head	37,34,045	B.E. (Mech),DBM	29	05.02.2004	—	52	Managing Director - Johnson Controls India
Koustuv Mitra	Vice President-Human Resource & Corporate Services	34,06,487	B.Sc, Diploma in Social Work, Certificate in Labour Welfare	15	15.10.2003	—	42	General Manager - HR - Coca Cola India
Paul Gelardi	Chief Financial Officer	1,69,85,297	B.Sc. Hons. ACA (England & Wales), IMD-Lausanne – Managing after Acquisition, Financial Management & Control	29	01.07.2003	31.12.2004	53	Chief Financial Officer - Hibernia Foods

(B) Employed for Part of the Financial Year under review and were in receipt of remuneration for any part of the Financial year at rate which in aggregate was not less than Rs. 2,00,000/- P.M.

Name	Designation & Nature of Duties	Remuneration Received (Rs.)	Qualification	Experience (Yrs.)	Date of Commence-ment	Date of Leaving, if any	Age (Yrs.)	Particulars of Last Employment
Romesh Kaul	Vice President-Quality	32,87,867	B.E., M. Tech.	27	01.08.2002	13.09.2004	47	Director - Sourced Products Operations - Whirlpool of India Ltd
Rajesh Puri	Vice President - Sales & Marketing	2,87,647	Degree in Mech. Master in Management Studies (Mktg)	20	11.08.2003	16.01.2004	73	Vice President - OM Kotak Mahindra LIC Ltd.
R Ravi	General Manager - Sales	13,47,282	B.A.	24	01.11.2003	31.05.2004	47	Vice President - Godrej & Boyce Appliance division
Ashok Tiwari	General Manager - Sales	10,22,965	B.E Mech., International Marketing MBA	17	01.12.2003	29.05.2004	39	Regional Head - Sony India Pvt. Ltd
Christophe Lepeltier	Supply Chain Manager	2,00,65,127	M.A-English, M.A-Spanish, MBA (Major in Operation), MS in Supply Chain	16	01.05.2003	17.12.2004	40	Supply Chain Manager - Electrolux Floor Care, Stockholm, Sweden
Mikael Klein	GM (R & D, Cold Products)	32,59,847	Bachelor's Degree in Mech. Engg.	13	01.09.2002	31.05.2004	39	Sr. Project Manager - Electrolux Zhongyi Refrigerators Co. Ltd.
Sudhir Kohli	Asstt. Vice President - Service	20,08,710	B. Sc. (Electronic Engg.)	26	26.04.2004	—	49	National Service Manager – PCS - Motorola India Pvt. Ltd
Ajay Kapila	Vice President - Sales & Marketing	20,83,122	B. Sc. (Honours), AISSCE	18	12.07.2004	—	41	Marketing Director - J K Industries Ltd.

NOTES:

Remuneration includes Basic Salary, Allowances, Medical and other reimbursements, Leave Encashment, Incentive, Rent paid for providing residential accommodation, Company's contribution to Provident Fund and Superannuation Funds and monetary value of the perquisites provided to the employees. However, where it is not possible to ascertain the actual amount expended by the Company providing a perquisite, the monetary value of such perquisite calculated in accordance with the Income Tax Act, 1961 and rules framed thereunder have to be taken into account.

REPORT ON CORPORATE GOVERNANCE
(Pursuant to Clause 49 of the Listing Agreement)

Corporate Governance Philosophy

Electrolux is committed to implementing the highest standards and most effective processes to ensure that its operations create long-term value for its shareholders and other stakeholders. This philosophy is manifested in its operations which include an efficient organizational structure, operating systems for internal control and risk management and ensuring transparency in internal and external financial reporting.

Board of Directors**Composition and size of the Board of Directors**

The Board of Directors of your Company is well structured with an adequate blend of Executive and Non-Executive Directors. As on 31st December, 2004, the Board comprised of a total of eight Directors of which seven were Non-Executive Directors and one Managing Director. The Chairman of the Board is a Non-Executive Director and out of total seven Non-Executive Directors, three are Independent. The compliance of Clause 49 of the Listing Agreement regarding the composition of the Board of Directors stand complied with throughout the financial year ended 31st December, 2004.

S. No.	Name of Director(s)	Category of Directorship	No. of other Companies in which Director/ Chairperson #	No. of Committees of other Companies in which Member/ Chairperson
1.	Mr. Johan Gunnar Michael Fant	Non-Executive Chairman	2	None
2.	Mr. Rajeev Karwal	Managing Director	None	None
3.	Mr. Peter William Fredrick Birch	Non-Executive	12	None
	Mr. Robert Pavrey	Alternate Director	9	None
4.	Mr. Carl Fredrik Stenson Rystedt	Non-Executive	10	None
	Mr. Hans Mikael Ostman	Alternate Director	None	None
5.	Mr. Harish Kumar	Non-Executive	12	None
6.	Mr. Inder K Khosla	Non-Executive (Independent)	2	None
7.	Mr. Dinkar Goswami [^]	Non-Executive (Independent)	2	None
	Mr. Ravi Bishnoi*	Alternate Director	None	None
8.	Mr. G S Davar ^{^^}	Non-Executive (Independent)	3	None
	Ms. Rani Nalwa**	Alternate Director	None	None

Including Directorships of Private Limited Companies

[^] Resigned on January 28th 2005

* Vacated office as an Alternate Director to Mr. Dinkar Goswami on January 28th 2005

^{^^} Resigned on February 8th 2005

** Vacated office as an Alternate Director to Mr. G S Davar on February 8th 2005

Meetings and Attendance

During the Financial Year 2004, Five Board Meetings were held on 30th March, 29th April, 11th May, 31st August and 9th December.

The Annual General Meeting was held on 22nd June, 2004 at Shah Auditorium, 2, Raj Niwas Marg, Civil Lines, Delhi - 110 054. No Extra-ordinary General Meeting was held during the year.

The attendance of the Directors in the Meetings was as under:

S. No.	Name of the Director	Category of Directorship	No. of Board meetings attended*	Attendance at last Annual General Meeting
1.	Mr. Johan Gunnar Michael Fant	Non-Executive Chairman	5 of 5	Yes
2.	Mr. Rajeev Karwal	Managing Director	5 of 5	Yes
3.	Mr. Harish Kumar	Non-Executive	5 of 5	Yes
4.	Mr. Inder K Khosla	Non-Executive (Independent)	5 of 5	Yes
5.	Mr. Dinkar Goswami *	Non-Executive (Independent)	5 of 5	Yes
6.	Mr. G.S. Davar [^]	Non-Executive (Independent)	3 of 5	Yes
7.	Mr. Carl Fredrik Stenson Rystedt*	Non-Executive	4 of 5	Yes
8.	Mr. Peter Magnus Silfwerbrand ^{^^}	Non-Executive	4 of 4	Yes
9.	Mr. Peter William Fredrik Birch	Non-Executive	1 of 1	N.A.

* include meetings attended by Alternate Directors

[^] ceased to be director on 09.12.2004

The information as specified in the existing Clause 49 of the Listing Agreement entered into with the Stock Exchanges is regularly made available to the Board of Directors whenever applicable.

Brief resumes of the Directors being appointed/re-appointed are given in the Notice of 15th Annual General Meeting, forming part of the Annual Report.

Committees of the Board**Audit Committee**

As on December 31st 2004, the Audit Committee comprised of Five Non-Executive Directors, out of which three were Independent Directors. The Chairman of the Audit Committee is elected amongst the Independent Directors present at the meeting(s). The Terms of reference of the Audit Committee are as per the guidelines given in the Code of Corporate Governance, which inter-alia include the over view of Company's Financial Reporting Process, review of Quarterly and Annual Financial Statements, adequacy of Internal Control System etc. The Statutory Auditors, Managing Director, Chief Financial Officer and Financial Controller are regularly invited to attend the meetings of the Audit Committee. Mrs. Geeta Puri Seth, Company Secretary, acts as the Secretary of the Audit Committee.

During the Financial Year ended 31st December, 2004 – Three Meetings of the Audit Committee were held on 30th March, 29th April and 31st August.

S. No.	Name of the Director	Category of Directorship	Number of Meeting(s) attended*
1.	Mr. Johan Gunnar Michael Fant*	Non-Executive	3 of 3
2.	Mr. Harish Kumar	Non-Executive	3 of 3
3.	Mr. Inder K Khosla	Non-Executive (Independent)	3 of 3
4.	Mr. G.S. Davar*	Non-Executive (Independent)	1 of 3
5.	Mr. Dinkar Goswami*	Non-Executive (Independent)	3 of 3

* include meetings attended by Alternate Directors

Remuneration Committee

As a part of good Corporate Governance, the Company had constituted a Remuneration Committee which is a non-mandatory requirement of Clause 49 of the Listing Agreement. The Remuneration Committee of the Board of Directors as on December 31st 2004 comprised of three Non-Executive Directors i.e. Mr. Johan Gunnar Michael Fant, Mr. Dinkar Goswami and Mr. G S Davar, of which two directors viz. Mr. Dinkar Goswami and Mr. G S Davar are Independent Directors. Mr. Rajeev Karwal, Managing Director, is permanent invitee to the Remuneration Committee Meetings. The Chairman is elected amongst the members of the Committee. Mrs. Geeta Puri Seth, Company Secretary, acts as the Secretary of the Remuneration Committee. The Remuneration Committee determines the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment and such other terms of reference as may be assigned to it by the Board of Directors from time to time. During the year, there was no meeting of the Remuneration Committee, as there was no specific occasion warranting the meeting. The details of the remuneration paid to Directors during the year ended December 31st 2004 are given in Note No.16 on Schedule 19 to the Accounts in the Annual Report.

Shareholders'/ Investors' Grievance Committee

The Company has a Shareholders'/ Investors' Grievance Committee constituted in compliance with the Corporate Governance Code. The Company attends to the Investors' Grievances expeditiously. The terms of reference of the Shareholders'/Investors' Grievance Committee are as per the guidelines given in the Listing Agreement with the Stock Exchanges and includes looking into Investors' Complaints/ Grievances, approval and registration of transfers and/or transmission of Securities and allotment of further Securities and all incidental head thereto. Mrs. Geeta Puri Seth, Company Secretary, acts as the Secretary of the Committee.

During the year ended 31st December, 2004, 24 Meetings of the Committee were held. As on 31st December 2004, the composition of the Shareholders'/Investors' Grievance Committee was as under:

Sr. No.	Name of the Member	Category of Directorship	No. of Meetings attended*
1.	Mr. Johan Gunnar Michael Fant*	Non-Executive	7
2.	Mr. Harish Kumar	Non-Executive	11
3.	Mr. Rajeev Karwal	Non-Executive	24
4.	Mr. G.S. Davar*	Non-Executive (Independent)	19

* include meetings attended by Alternate Directors

Mrs. Geeta Puri Seth, Company Secretary, is the Compliance Officer of the Company.

During the Financial Year 2004, the Company had received 571 grievances from the shareholders, either directly or through SEBI/Stock Exchanges. Out of total grievances received and those to be resolved at the beginning of the year, 10 grievances were pending to be resolved as at December 31st 2004 due to non-receipt of information/documents from the shareholders. The average time taken to resolve the complaints was 4-5 days. None of the transfers were pending at the close of the financial year ended on December 31st 2004.

Particulars of the past three AGMs

AGM	Year	Venue	Date	Time	Whether Special Resolution(s) passed
14 th	2003	Shah Auditorium, 2, Raj Niwas Marg, Civil Lines, Delhi – 110 054	22.06.2004	9.30 A.M.	Yes
13 th	2002	Shah Auditorium, 2, Raj Niwas Marg, Civil Lines, Delhi – 110 054	25.06.2003	9.30 A.M.	Yes
12 th	2001	Shah Auditorium, 2, Raj Niwas Marg, Civil Lines, Delhi – 110054	25.06.2002	9.30 A.M.	Yes

All resolutions including the special resolutions set out in the respective notices were passed by the Shareholders. No Extra-ordinary General Meeting was held during the year.

Postal Ballot

The Board of Directors of your Company, as a part of restructuring exercise, has been actively examining a range of options for improving its performance and enhancing shareholder value. The Company had issued a Postal Ballot Notice dated 26th December, 2003 seeking the shareholders' approval under Section 293(1) (a) to the disposal of all of the fixed assets of its Gurgaon Plant including the rights and interests in the land and building and the infrastructure, facilities, auxiliaries and utilities attached thereto, situated thereat, in whole or in part, but specifically excluding plant and machinery that may be necessary for manufacture of Front Loading Washing Machines, by way of sale and/or lease and/or transfer and/or license to one or more parties and/or to its/their nominees, as may be deemed appropriate and more specifically detailed in the Explanatory Statement to the said Postal Ballot. The last date of receipt of duly completed Postal Ballot Forms was 3rd February 2004. The Scrutinizer appointed by the Board of Directors, Shri Sooraj Kapoor, submitted a Report dated 7th February 2004, according to which the Ordinary Resolution for which the poll conducted by the Company, stood passed by a margin of 11,59,00,763 votes out of total of 15,05,03,071 Valid Votes cast. The Result of the aforesaid Postal Ballot was read out at the Registered Office on February 10th 2004 at 10.00 A.M. before the shareholders of the Company.