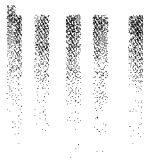


12th Annual Report 2003-2004

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HOTLINE GLASS LIMITED

HOTLINE GLASS LIMITED

12th Annual Report 2003-2004

BOARD OF DIRECTORS

Shri Anil Gupta – Chairman & Managing Director

Shri. G. L. Modi

Shri. David Chang

Shri Rajneesh Malhotra

(Alternate Director to Shri David Chang)

Shri Govind Narain

Shri Sanjiv Narayan

Shri Ram K. Gupta - IDBI – Nominee

Dr. S. Krishnamurthy

Col. B. K. Rai

Shri V. N. Masaldan

Shri D. C. Mathur

BANKERS

Punjab National Bank

Mid Corporate Branch, Barakhamba Road,

New Delhi – 110 001

Bank of Baroda

Defence Colony,

New Delhi - 110 024

STATUTORY AUDITORS

M/s. S. S. Kothari Mehta & Co., Chartered Accountants

Plot No. 146-149, Tribhuvan Complex,

Ishwar Nagar, Mathura Road

New Delhi – 110 065

REGISTERED OFFICE

CBG 07 to 51, Ghirongi Industrial Area,

Malanpur, Distt. Bhind, Madhya Pradesh

HEAD OFFICE

241, Okhla Industrial Estate,

Phase – III,

New Delhi – 110 020

Phone No. 51612311-18

Fax: 26916386, 26846364

REGISTRAR

MCS Limited

Sri Venketesh Bhavan,

W-40, Okhla Industrial Area, Phase - II

New Delhi – 110 020

Phone No. 51609386, 26384775

Fax : 26384907

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HOTLINE GLASS LIMITED**NOTICE**

NOTICE is hereby given that the Twelfth Annual General Meeting of Hotline Glass Limited will be held on Thursday, 30th September, 2004 at 12:30 P.M. at 139, Malanpur Industrial Area, Distt. Bhind (M. P.).

ORDINARY BUSINESS

1. To receive, consider and adopt the audited statement of accounts of the Company for the year ended 31st March, 2004 and Report of the Directors and Auditors thereof.
2. To appoint a Director in place of Mr. Govind Narain who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Sanjiv Narayan who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Col. B. K. Rai who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint auditors & to fix their remuneration.

SPECIAL BUSINESS

6. To consider, and if thought fit, to pass with or without modification the following resolution as special resolution:

"RESOLVED that subject to such consents, permissions or sanctions as may be required from any authority and pursuant to all other provisions of the Companies Act, 1956, guidelines, rules, etc. framed by SEBI in this regard, the security of the company be got delisted from Delhi Stock Exchange Association Ltd., Madhya Pradesh Stock Exchange and Calcutta Stock Exchange."

Certified True Copy
For **HOTLINE GLASS LIMITED**

PLACE: NEW DELHI
DATE : 31.07.2004

ANIL GUPTA
CHAIRMAN & MANAGING DIRECTOR

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 TO ITEM NO. 6

At present the shares of company are listed on Delhi Stock Exchange, Bombay Stock Exchange and Madhya Pradesh Stock Exchange. As per new SEBI Guidelines on delisting a company can delist its securities without following any stringent provision provided its securities are listed on stock Exchange having nation wide trading terminals. It has been observed that since dematerialization, trading at above said Stock Exchanges is very thin and of very low volume. Considering trading in the shares and cost of compliance worth the advantage accruing to the company and share holders, the delisting of equity shares of the company at Delhi Stock Exchange and Madhya Pradesh Stock Exchange is proposed. Your company has already completed all the formalities for getting the shares delisted from Calcutta Stock Exchange. However, in spite of completing all the formalities the approval is still awaited and hence special resolution under item no.6 of the notice of the AGM is put before you for your approval.

None of the Directors is concerned or interested in the above resolution.

NOTES

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote, on the Poll only, instead of himself and the proxy so appointed need not be a member of the Company. Proxies in order to be effective must reach at the Registered Office of the Company not less than 48 hours before the time fixed for meeting.
2. The Register of Members and the share transfer books of the Company shall remain closed from 16th September, 2004 to 30th September, 2004 (both days inclusive).
3. Shareholders / Proxy Holders are requested to produce at the entrance the admission slip forwarded to them, duly completed and signed in accordance with the specimen signature registered with the Company.
4. The Company is maintaining its office in Delhi at 241, Okhla Industrial Estate, Phase III, New Delhi - 110020, where the shareholders can lodge any papers including shares for transfer. The company would reimburse the to and fro second class rail/bus fare of Delhi - Malanpur to members who reside in Delhi and attend the meeting at Malanpur.
5. The instrument of share transfer, completed in all respect should be sent to the Company well in advance, so as to reach to the Company prior to book closure. Shares under any defective transfer (unless defect is removed prior to book closure) and/or instrument of transfer received during the period of book closure shall be considered after reopening of books.
6. Members are requested to bring their copy of Annual Report, as no copies will be distributed at the Annual General Meeting.
7. Members desirous of getting any information about the accounts under reference and operations of the Company are advised to address their queries to the Managing Director of the Company well in advance, so that the same may reach him at least seven days before the date of the meeting to enable the management to keep the required information readily available at the meeting.

HOTLINE GLASS LIMITED**DIRECTOR'S REPORT**

To,
The Members
Hotline Glass Limited
Your Directors are pleased to present the Twelfth Annual Report together with the Audited Statement of Accounts of the company for the year ended 31st March 2004

FINANCIAL RESULTS

(Rs. In Lacs)

Particulars	Year ended 31 st March 2004	Year ended 31 st March 2003
Sales and Other Income	11689	4999
Profit/(Loss) before Depreciation & Financial Expenses	2477	662
Financial Expenses	696	599
Cash Profit/(Cash Loss)	1781	63
Depreciation & Misc. Exp. w. off	1081	1043
Net Profit/(Loss) before tax	700	-980
Income Tax:		
Current Tax:	54	NIL
Deferred Tax:	277	-340
Net Profit After Tax	369	-640

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to sub section (2AA) of section 217 of the Companies Act, 1956 the Board of Directors of the company hereby state and confirm that:

- in the preparation of Annual Accounts for the year ended 31st March, 2004, the applicable accounting standards have been followed.
- the financial statements do give a true and fair view of the state of affairs of the company for the financial year ended 31st March, 2004 and your directors have selected and applied the consistent accounting policies and the judgment and estimates made therein are reasonable and prudent.
- proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities have been ensured.
- the Annual Accounts for the year ended 31st March, 2004 have been prepared on a going concern basis.

OPERATIONS

During this year, the company has achieved a net profit before tax of Rs.7Crores as against loss of Rs.9.80Crores in the year 2002-2003. Last year the company upgraded its plant to produce funnel for colour picture tube. From current year, your company has started manufacturing of funnel for Colour Picture Tubes at large scale. As one of the Group Companies namely Hotline CPT Ltd. is engaged in manufacturing of Colour Picture Tubes, the company has ready market for colour funnel. The production of Glass parts for B&W Tubes, would continue for consumption in Hotline Teletube & Components Ltd.

DIVIDEND

Your Directors are not recommending any dividend this year, as the profits have to be ploughed back.

FUTURE PROSPECTS

Considering the decline in black and white TV industry, your company started manufacturing colour funnel since last year. However the plant is capable of producing black and white glass parts, as well. The demand for Colour TV is increasing at an annual compound growth rate of 15% which augers well for your company.

You will be pleased to know that Hotline CPT Ltd., in which your company has made strategic investment, has installed largest capacities for manufacturing Colour Picture Tubes, Colour Display Tubes in India. The company has started making good profits. Your company will be substantially benefited when Hotline CPT Ltd. starts fully utilizing its installed capacities as the entire Colour Funnel production of your company can be consumed by Hotline CPT Ltd.

CORPORATE GOVERNANCE

A separate section on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, form part of the Annual Report.

FIXED DEPOSIT

The company has not accepted any fixed deposit from the public during the year.

DELISTING

The company has paid listing fees of Delhi Stock Exchange, Madhya Pradesh Stock Exchange & Mumbai Stock Exchange for the year 2004 - 2005.

At present the shares of company are listed on Delhi Stock Exchange, Bombay Stock Exchange and Madhya Pradesh Stock Exchange. As per new SEBI Guidelines on delisting a company can delist its securities without following any stringent provision provided its securities are listed on stock Exchange having nation wide trading terminals. Considering the amount of trading in the shares and cost of compliance worth the advantage accruing to the company and share holders, the delisting of equity shares of the company at Delhi Stock Exchange and Madhya Pradesh Stock Exchange is proposed.

The company has already completed all formalities for getting the shares delisted from Calcutta Stock Exchange. However, inspite of this the approval is still awaited.

HOTLINE GLASS LIMITED**DIRECTORS**

Mr. Govind Narain, Mr. Sanjiv Narayan and Col. B. K. Rai, retire by rotation and being eligible, offer themselves for reappointment at the ensuing Annual General Meeting. Brief resume of the above Directors, nature of their expertise in specific functional areas and names of companies in which they hold the directorship and the membership/chairmanship of committee of the Board, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are given in the Section on Corporate Governance elsewhere in the Annual Report.

AUDITORS

M/s. S. S. Kothari Mehta & Co., Chartered Accountants, Delhi, Statutory Auditors of the Company shall be retiring at the ensuing Annual General Meeting, and they being eligible offer themselves for reappointment. The Audit Committee of directors at its meeting held has recommended to continue the appointment of M/s. S. S. Kothari Mehta & Co. as statutory auditors of the Company.

OBSERVATION OF AUDITORS

The observation of Auditors has been suitably explained in the notes to the Accounts.

PARTICULAR OF EMPLOYEES

None of the employees are covered under section 217 (2A) of the Companies Act, 1956 and rules framed there under.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.

As given below.

ACKNOWLEDGEMENT

Your directors wish to place on record their sincere appreciation for continuous co-operation, support and assistance provided by shareholders, banks, government bodies, customers, dealers and suppliers of the company. Your directors also wish to place on record their appreciation for the dedicated services rendered by the employees of the Company.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

ANIL GUPTA

CHAIRMAN & MANAGING DIRECTOR

PLACE: NEW DELHI

DATE : 31.07.2004

**INFORMATION ON ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND
FOREIGN EXCHANGE EARNINGS & OUTFLOW**

A. ENERGY CONSERVATION (FROM 01.04.2003 TO 31.03.2004)

	<u>THIS YEAR</u>	<u>PREV. YEAR</u>
POWER & FUEL CONSUMPTION		
1. ELECTRICITY		
a. Purchased		
Units (KWH)	7104742	7218622
Total Amount (Rs. in lacs)	338.55	320.43
Rate / Unit (Rs.)	4.77	4.44
b. Own Generation		
(Through Diesel Generator)		
Units (KWH)	5744960	6196564
Units per Ltr. of Diesel Oil	3.78	3.72
Cost \ Unit (Rs.)	5.16	4.97
2. H.S.D. FOR FURNACE		
Quantity (K.L.)	412.905	4.958
Total Cost (Rs. in lacs)	72.78	0.79
Rate / Unit (Rs. per K.L.)	17626.75	16019.45
3. L.D.O. FOR FURNACE		
Quantity (K.L.)	5320.954	5350.148
Total Cost (Rs. in lacs)	911.42	704.59
Rate / Unit (Rs. per K.L.)	17128.83	13169.53
4. PROPANE		
Quantity (M.T.)	1321.12	1303.83
Total Cost (Rs. in lacs)	240.17	217.96
Rate / Unit (Rs. per M.T.)	18178.95	16717.21

CONSUMPTION PER UNIT OF PRODUCTION

PRODUCT - GLASS PARTS PANEL/FUNNEL	STANDARDS (IF ANY)	THIS YEAR	PREVIOUS YEAR
- ELECTRICITY	N.A.	3.05 KWH	2.78 KWH
- H.S.D. & L.D.O.	N.A.	1.73 LTR	1.45 LTR
- PROPANE	N.A.	0.31 KG	0.27 KG

B. RESEARCH & DEVELOPMENT

The company has strong Research & Development base. It could start the production of colour funnel without any technological support due to its innovative techniques in Research and Development. The company has been successful in reducing the raw material consumption and has achieved very high productivity which is comparable to any world class plant in a short span of one year.

C. FOREIGN EXCHANGE EARNING / OUTFLOW

Total foreign exchange used by Company during the period is Rs.1637/- lacs for imports, foreign technicians fee, travel & others.

HOTLINE GLASS LIMITED**COMPLIANCE REPORT ON CORPORATE GOVERNANCE***(Clause 49 of the Listing Agreement)*

Corporate Governance is about commitment to values and about ethical business conduct. It is about how an organization is managed. This includes its corporate and other structures, its culture, its policies and manner in which it deals with various stakeholders. Accordingly, timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the company, is an important part of corporate governance.

Hotline Glass Limited ("the company") believes in conducting its affairs in a fair transparent and professional manner and maintaining the good ethical standards in its dealings with all its constituents.

Our corporate governance philosophy is based on the following principles.

1. Satisfy the spirit of the law and not just the letter of the law. Corporate Governance standards should go beyond the law.
2. Management is the trustee of the shareholder's capital and not the owner.
3. Make a clear distinction between personal conveniences and corporate resources.
4. Have a simple and transparent corporate structure driven solely by the business needs.
5. Communicate externally in a truthful manner, about how we run our company internally.
6. Be transparent and maintain high degree of disclosure levels, when in doubt, disclose.

Our company is committed to follow good corporate governance practices, which include having professional directors on the Board, adopting pragmatic policies and effective systems and procedures and subjecting business processes to audits and checks measuring up to required standards. The driving force behind the company's management is "Tomorrow's progress Today". The company's policies of implementing the broad principles of corporate governance viz., transparency, integrity, openness, fairness and accountability are imperative in the management of the company and the increasing focus on investor protection. The company has taken proactive measures to periodically review and revise the corporate governance practices incorporating appropriate checks and balances at various levels of management.

The policies and actions of the company are in terms of applicable guidelines on corporate governance with endeavour to enhance shareholder's value. Pursuant to clause 49 of the Listing Agreement of Stock Exchange, the following details are presented.

1 BOARD OF DIRECTORS**A. Composition of Board**

The Board of Directors consists of ten directors, out of which nine are non-executive directors including nominee director. Mr. Anil Gupta, Promoter Director is Executive Director.

Mr. Anil Gupta is visionary, an aggressive businessman and compassionate leader who has developed a close knit organization of professionals to carry the Hotline Flag. He has been on the Board of company since inception. He has rich knowledge and vast experience in the field of electronics and appliances industries. He is Managing Director of your company and Hotline CPT Ltd. and also Director of Hotline Teletube & Components Ltd., Hotline Wittis Electronics Ltd., Hotline Wittis Display Devices Ltd., Fusebase India Pvt. Ltd., Fusebase Eltoro Pvt. Ltd., Protek Components (India) Ltd., Hotline Holdings Pvt. Ltd., Shankar Kapra Niryat Pvt. Ltd., Netilennium Technologies Pvt. Ltd. and Usha Computel Pvt. Ltd. He is also chairman of Share Transfer Committee of your company and Hotline Teletube & Components Ltd.

The details of the Directors on the Board of your company for the year 2003-2004 are given below.

Name	Category	Designation	Number of other Directorship held in public/pvt. Companies	Number of Board level committees where member	Number of Board level committees where chair person
Mr. Anil Gupta	Promoter Director	Chairman cum Managing Director	11	NIL	NIL
Mr. V. N. Masaldan	Independent NonExecutive Director	Director	5	4	NIL
Mr. D. C. Mathur	Independent Non Executive Director	Director	3	4	2
Mr. Govind Narain	Independent Non Executive Director	Director	2	NIL	2
Mr. Sanjiv Narayan	Independent Non Executive Director	Director	7	2	3
Col. B. K. Rai	Independent Non Executive Director	Director	7	2	1
Mr. G. L. Modi	Independent Non Executive Director	Director	5	1	NIL
Mr. Rajneesh Malhotra (Alternate Director to Foreign Director)*	Independent Non Executive Director	Alternate Director	2	NIL	NIL
Dr.S.Krishnamurthy	Independent Non Executive Director	Director	3	3	1
Mr. Ram K. Gupta	Independent Director	Nominee Director	7	2	1

* Mr. H. B. Huang, nominee Director of Pievue Electronics Ltd. resigned from Directorship w.e.f 28.11.2003 and Mr. David Chang was appointed in his place w.e.f. 1.12.2003.

* Mr. Rajneesh Malhotra, Alternate Director to Mr. H. B. Huang vacated his office w.e.f. 28.11.2003. Subsequently, on 31.1.2004 he was appointed as Alternate Director to Mr. David Chang.

The Chairman is an Executive Director and the number of Independent Non-Executive Directors on the Board is more than 50% of the Board strength at any point of time. Brief resume of the Directors being re-appointed, nature of their expertise in specific functional areas and names of companies in which they hold Directorship and the membership of the committees of the Board are furnished hereunder:-

HOTLINE GLASS LIMITED

- (a) Mr. Govind Narain is an Eminent personality. He is M.Sc. Physics (First Class First) and Law Graduate from Allahabad University. Being a distinguished member of Indian Civil Service(1939-1975), Mr. Govind Narain held important posts like Chief Secretary of U.P.(1958-1961), Home Secretary (1971-1973) and Defence Secretary(1973-1975) in Govt. of India. He is ex-Governor of Karnataka(1977-1983). He possesses expertise in Business and Industrial area as he was Chairman of STC – MMTC (1961-1966) and Secretary Defence Production (1968-1971). He has written numerous articles and chapters in various books and continues to be active in several cultural, spiritual and social organizations.
- Mr. Govind Narain is holding directorship of Hotline Teletube & Components Ltd. and Uniproduct India Ltd. He is also chairman of Audit Committee and Remuneration Committee of Uniproduct India Ltd.
- (b) Mr. Sanjiv Narayan is a Non-Executive and Independent Director of your company. He is an IIT Graduate and MBA and has vast experience in Electronic Industry. He has held the position of President of ELCINA twice. He is Managing Director of SGS Teknics Pvt. Ltd.. He is holding Directorship of Hotline Teletube & Components Ltd., Hotline CPT Limited, SGS Infotech Pvt. Ltd., Hotline Holding Pvt. Ltd. and SGS Holdings and Leasing Pvt. Ltd. He is Chairman of Audit Committee of your company, Hotline CPT Ltd. and Hotline Teletube & Components Ltd. and also member of Shareholder Grievance Committee of your company and Hotline Teletube & Components Ltd.
- (c) Col B.K.Rai is a post-graduate in Electronics Engineering with 42 years of experience in Electronics Industry. He is a distinguished Fellow and Past President of the Institution of Electronics and Telecom Engineering and Fellow of the National Academy of Engineering. He has held several senior positions in the industry including the chairmanship of UPTRON Group of Companies, HCL Ltd. He is also holding directorship of Hotline Teletube & Components Limited, Punsumi India Ltd., Estel Telecom Pvt. Ltd., SOFTEK Pvt. Ltd., S.P.Wahi Management & Technology Consultants Pvt. Ltd. and Chairman of Audit Committee of Punsumi India Ltd and member of Audit Committee of Hotline Teletube & Components Ltd. He is also member of Remuneration Committee of Punsumi India Ltd.

B. All pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis, the company should be disclosed in the Annual Report

None of the non-executive directors has any pecuniary relationship with the company.

C. The Board of Directors of a company shall meet at least four times a year, with a maximum time gap of four months between any two meetings

During the last financial year the Board of Directors of your company met at 6 meetings held on 26.4.2003, 30.7.2003, 27.8.2003, 30.9.2003, 31.10.2003, 31.1.2004 and the gap requirement between two meetings has been complied.

All relevant information, as per clause 49 of the listing Agreement was placed before the Board from time to time.

Name of Directors	Number of Board Meetings held during the year	Number of Board Meetings attended	Last AGM Attendance (Yes/No)
Mr. Anil Gupta	6	6	Yes
Mr. V. N. Masaldan	6	6	Yes
Mr. D. C. Mathur	6	6	Yes
Mr. Govind Narain	6	5	No
Mr. Sanjiv Narayan	6	5	Yes
Col. B. K. Rai	6	6	Yes
Mr. G. L. Modi	6	1	Yes
Mr. Rajneesh Malhotra (Alternate Director to Foreign Director)	6	6	Yes
Dr.S.Krishnamurthy	6	6	Yes
Mr. Ram K. Gupta	6	3	Yes

D. Director shall not be a member in more than 10 committees or act as chairman of more than 5 committees across all companies in which he is a Director

None of the Directors of our company were members in more than 10 committees or acted as chairman of more than 5 committees across all companies in which they were Directors. Details of Board Membership positions occupied by the Directors, across all companies, are given at the beginning of the section.

II AUDIT COMMITTEE

The company has constituted an Audit Committee of Directors in accordance with the requirements of Sec 292A of the Companies Act, 1956 read with Clause 49 of the Listing Agreement.

A. Composition, name of members and chairperson

The Audit Committee of the company comprises of Mr. Sanjiv Narayan, Dr. S. Krishnamurthy and Mr. D. C. Mathur, all being Non-Executive and Independent Directors.

Dr. S. Krishnamurthy is an eminent economist and has been associated with the company since inception. He is Chairman of Charminar Nonwovens Ltd. He is holding Directorship of your company, Ramavision Ltd. and Punjab Woolcombres Ltd. He is also Chairman of Audit Committee of Charminar Nonwovens Ltd. and member of Audit Committee of Ramavision Ltd. and Punjab Woolcombres Ltd. He is also member of Handicrafts Board - Ministry of Textiles.

Mr. D. C. Mathur is a well qualified professional, fellow-member of Institute of Chartered Accountants of India, Institute of Company Secretaries of India and Institute of Cost and Works Accountants of India. He possesses good knowledge and has rich experience in the field of finance, accountancy and corporate laws. He is Joint Managing Director of Hotline CPT Ltd.

Mr. Sanjiv Narayan is the Chairman of the committee and is a Non-Executive and Independent Director. He is an IIT Graduate and MBA and has vast experience in Electronic Industry. He has held the position of President of ELCINA twice.

The Company Secretary acts as the Secretary of the committee.

HOTLINE GLASS LIMITED**B. The Audit Committee shall meet at least thrice a year. One meeting shall be held before finalization of annual accounts and one every six months**

During the last financial year, the Audit Committee members of your company met at 5 meetings held on 26.4.2003, 30.7.2003, 27.8.2003, 31.10.2003 and 31.1.2004.

Name	Number of meetings held during the year	Number of meetings attended during the year
Mr. Sanjiv Narayan	5	4
Dr. S. Krishnamurthy	5	5
Mr. D.C. Mathur	5	5

The Finance Head and Internal Auditor were present in the Audit Committee meetings as stipulated in the code. The representative of External Auditor also participates in Audit Committee Meeting held for review of Annual Accounts. Further the Chairman of the committee was also present in the Annual General Meeting.

C. Terms of Reference

The terms of reference stipulated by the Board of Directors to the Audit Committee as contained in Clause 49 of the Listing Agreement and section 292A of the Companies Act, 1956 are as follows.

- Oversight of the Company's financial reporting process and the disclosure of its financial information.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the half yearly and annual financial statements before submission to the Board, focusing primarily on (i) any changes in accounting policies and practices, (ii) major accounting entries based on exercise of judgment by management (iii) qualifications in draft audit report (iv) significant adjustments arising out of audit (v) the going concern assumption (vi) compliance with accounting standards (vii) compliance with stock exchange and legal requirements concerning financial statements and (viii) any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.
- Reviewing with the management, external and internal auditors, the adequacy and compliance of internal control systems.
- Reviewing the adequacy of internal audit functions.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of material nature and reporting the matter to the Board.
- Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- Reviewing the company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture-holders, shareholders (in case of non payment of declared dividends) and creditors.

III REMUNERATION OF DIRECTORS

The company is not paying any remuneration to Executive or Non-Executive Directors. Mr. Anil Gupta, the Managing Director of the company was appointed w.e.f. Jan 30th, 2003 for the period of 5 years.

However, the Company pays sitting fees to all Directors except to Managing Director at the rate of Rs.2000/- for attending meeting of the Board and Audit Committee. The sitting fees paid for the year ended 31st March 2004 to the Directors are as follows:

Name of the Director	Sitting Fees(Rs.)
Mr. V. N. Masaldan	12000/-
Mr. D. C. Mathur	22000/-
Mr. G. L. Modi	2000/-
Mr. Govind Narain	10000/-
Mr. Sanjiv Narayan	18000/-
Mr. Rajneesh Malhotra (Alternate Director to Foreign Director)	12000/-
Col. B. K. Rai	12000/-
Dr. S. Krishnamurthy	22000/-
Mr. Ram K. Gupta	6000/-
Total	116000/-

IV MANAGEMENT**A. Management discussion and Analysis Report**

- Industry Structure and Development** – Considering the decline in black and white T V industry, your company started manufacturing colour funnel since last year. However the plant is capable of producing black and white glass parts, as well. The company has ready market for its products as Hotline CPT Limited is using colour funnels and Hotline Teletube & Components Ltd. is using black and white Panels and Funnels.
- Opportunities and Threats** – As Hotline CPT Limited is expanding its capacities there is a great opportunity for your company to fully utilise the plant for colour funnels. This would increase the profitability of your company substantially. The threat is reduction in custom duties on glass parts. However the company would increase its productivity to offset any financial loss on this account.
- Segment wise or Product wise performance** – The company has been engaged in the production of Glass Parts for Television Picture Tube and in trading in Picture Tube Parts.
- Outlook** – The demand for Colour TV is increasing at an annual compound growth rate of 15%. This augurs well for your company. The company has a strong in-house R&D set up which is engaged in continuous updating of processes and development of machines to improve productivity.
- Risks and Concerns** – At present the only risk perceived by the company is reduction in import duties, as India has signed Free Trade Agreement with Thailand under which the color tubes can be imported at substantially lower rates of duties. However the company has prepared itself for this eventuality by constantly improving its production and productivity.
- Internal Control Systems and their adequacy** – The company has established adequate internal control system (ICS) in respect of major areas of