



# **15<sup>th</sup>**

## ***Annual Report***

### **2003-2004**

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**Hotline Teletube & Components Ltd.**

**HOTLINE TELETUBE & COMPONENTS LIMITED***15th Annual Report 2003-2004***BOARD OF DIRECTORS**

Shri Anil Gupta – Chairman

Shri V. N. Masaldan – Managing Director

Shri Govind Narain – Director

Col. B. K. Rai – Director

Shri Amarjit Chopra – Director

Shri Sanjiv Narayan – Director

Shri M. P. Rajan – Director

Shri D. C. Mathur – Director

**BANKERS**

Punjab National Bank

Mid Corporate Branch, Barakhamba Road,

New Delhi – 110 001

**STATUTORY AUDITORS**

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

Plot No. 146-149, Tribhuvan Complex,

Ishwar Nagar, Mathura Road

New Delhi – 110 065

**REGISTERED OFFICE**

139, Malanpur Indl. Area,

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 TELETUBE & COMPONENTS LIMITED

### NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of Hotline Teletube & Components Limited will be held on Thursday, 30<sup>th</sup> September, 2004 at 11:00 A.M. at 139, Malanpur Industrial Area, Distt. Bhiad (M. P.).

#### ORDINARY BUSINESS

1. To receive, consider and adopt the audited statement of accounts of the Company for the year ended 31<sup>st</sup> March 2004 and Report of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Govind Narain 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 TELETUBE & COMPONENTS LTD.**

PLACE : NEW DELHI  
DATE : 31.07.2004

V. N. MASALDAN  
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 16<sup>th</sup> September 2004 to 30<sup>th</sup> 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.
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 TELETUBE & COMPONENTS LIMITED****DIRECTOR'S REPORT**

To,

The Members

Hotline Teletube & Components Ltd.

Your Directors are pleased to present the Fifteenth Annual Report together with the Audited Statement of Accounts of the company for the year ended 31<sup>st</sup> March 2004.

**FINANCIAL RESULTS**

(Rs. In Lacs)

Particulars	Year ended 31 <sup>st</sup> March 2004	Year ended 31 <sup>st</sup> March 2003
Sales and Other Income	6548	6534
Profit/(Loss) before Depreciation and Financial Expenses	449	391
Financial Expenses	232	239
Cash Profit/(Cash Loss)	217	152
Depreciation	118	118
Net Profit/(Loss) before tax	99	34
Income Tax:		
Current Tax:	57	34
Deferred Tax:	-18	-19
Net Profit After Tax	60	19

**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 31<sup>st</sup> 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 31<sup>st</sup> March, 2004 and your directors have selected and applied the consistent accounting policies and the judgement 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 31<sup>st</sup> 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.99 lakhs as against Rs.34 lakhs in the year 2002-2003. This has been possible due to timely decision taken by the company to start activities related to Colour TV industry.

B&W TV Industry is passing through a declining phase in India. The demand for B&W TV has gone down substantially due to high incidence of taxes like excise duty, sales tax and lack of rural electrification. Availability of low priced Colour TV has also adversely effected the demand of B&W TV. Considering the decline in B&W TV market, the company has started various activities relating to Colour Picture Tube like flaring of neck, preparation of critical metal parts for Colour Picture Tube. The company can achieve good results from these operations as the demand for these items is assured from Hotline CPT Ltd.

**DIVIDEND**

The Directors have recommended a dividend of 10% for the financial year ended 31<sup>st</sup> March, 2004, which if approved at the forthcoming Annual General Meeting, will be paid to (i) all those Equity shareholders whose names appear in the Register of Members as on 16<sup>th</sup> September, 2004 and (ii) to those whose names as beneficial owners are furnished by National Securities Depository Limited and Central Depository Services (India) Limited.

**FUTURE PROSPECTS**

As the company has already started activities related to Colour Picture Tubes, the profitability in the coming years would improve substantially. Demand for Colour T.V. is growing at an annual compound growth rate of 15%. The operations of the company related to colour picture tube business are dependant on the growth of colour TV industry. Hotline CPT Ltd. has installed largest capacities for manufacturing Colour Picture Tubes and Colour Display Tubes in India. At its full capacity utilization the profits of your company will increase significantly. Considering that there are more than 100 million non TV owning households in India, the market for Black & White Picture Tubes will continue in the foreseeable future. The company would maintain its Market Leadership position in India to ensure better profitability.

**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 and 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 recommended.

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.

**DIRECTORS**

Mr. Govind Narain 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.

**HOTLINE TELETUBE & COMPONENTS LIMITED****AUDITORS**

M/s. S. S. Kothari Mehta and 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 and 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.**

- a. The particulars regarding conservation of energy are not applicable during the year.
- b. As a result of continuous research and development efforts, company has been able to produce sheet metal parts for colour picture tubes, without any technological support from outside. It has also reduced raw material consumption cost by improving the productivity in the activity of flaring of necks of colour funnels.
- c. Total foreign exchange incurred during the period is Rs.183 Lacs.
- d. Total foreign exchange earned during the period is Rs.566 Lacs.

**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

PLACE : NEW DELHI  
DATE : 31.07.2004

V. N. MASALDAN  
(MANAGING DIRECTOR)

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# HOTLINE TELETUBE & COMPONENTS 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 Teletube & Components 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.

### I BOARD OF DIRECTORS

#### A. Composition of Board

The Board of Directors consists of eight directors, out of which 6 are non-executive directors. Mr. Anil Gupta, Promoter Director and Mr. V. N. Masaldan, Managing Director are the only Executive Directors.

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 Hotline CPT Ltd. and Hotline Glass Ltd. and also Director of 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.

Mr. V. N. Masaldan is a Law Graduate. He possesses good knowledge and has rich experience in marketing, legal and finance and has been associated with the company since inception. He is Managing Director of your company and also holding directorship of Hotline Glass Ltd., Fusebase Eltoro Pvt. Ltd., Fusebase India Pvt. Ltd., Hotline CPT Ltd. and Hotline Wittis Display Devices Ltd. He is member of Audit Committee of Hotline CPT Ltd. and also member of Shareholder Grievance Committee of your company and Hotline Glass Ltd. He is also member of Share Transfer Committee of your company.

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	11	NIL	NIL
Mr. V. N. Masaldan	Executive Director	Managing 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
Mr. M. P. Rajan	Independent Non Executive Director	Director	1	NIL	NIL
Mr. Amarjit Chopra	Independent Non Executive Director	Director	2	1	NIL
Col. B. K. Rai	Independent Non Executive Director	Director	7	2	1

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:-

- (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. He is holding directorship of Hotline Glass Ltd. and Uniproduct India Ltd. He is also chairman of Audit Committee and Remuneration Committee of Uniproduct India Ltd.



## HOTLINE TELETUBE & COMPONENTS LIMITED

- (b) 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 presently holding directorship of Hotline Glass Ltd., 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 your company. 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 5 meetings held on 26.4.2003, 30.7.2003, 30.9.2003, 31.10.2003 and 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	5	5	Yes
Mr. V. N. Masaldan	5	5	Yes
Mr. D. C. Mathur	5	5	Yes
Mr. Govind Narain	5	4	No
Mr. Sanjiv Narayan	5	4	Yes
Mr. M.P. Rajan	5	2	Yes
Mr. Amarjit Chopra	5	1	No
Col. B.K. Rai	5	5	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, Col. B. K. Rai and Mr. D. C. Mathur, all being Non-Executive and Independent Directors.

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.

Col. B. K. Rai has over 42 years of experience in Electronics Industry and he has been chairman of Uptron. He is presently holding Directorship of 5 other companies including of Hotline Glass Ltd. He is also an Audit Committee member of your company and Chairman of Audit Committee of Punsumi India 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.

**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 4 meetings held on 26.4.2003, 30.7.2003, 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	4	3
Col. B. K. Rai	4	4
Mr. D.C. Mathur	4	4

The Finance Head and Internal Auditors were present in the Audit Committee meetings as stipulated in the code. The representative of external auditors also participated 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.

## HOTLINE TELETUBE & COMPONENTS LIMITED

- (d) Reviewing with the management, external and internal auditors, the adequacy and compliance of internal control systems.
- (e) Reviewing the adequacy of internal audit functions.
- (f) Discussion with internal auditors any significant findings and follow up there on.
- (g) 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.
- (h) 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.
- (i) Reviewing the company's financial and risk management policies.
- (j) 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

Remuneration to Mr. V. N. Masaldan, Managing Director is payable within the limit of Schedule XIII of the Companies Act, 1956. Disclosure of remuneration payable to Mr. V. N. Masaldan is given below –

- Basic Salary	Rs.3,76,080/-
- Allowances, perquisites and other benefits	Rs.2,40,648/-
- Provident Fund	Rs.45,132/-

He was reappointed as Managing Director on 30<sup>th</sup> May, 2003 for a term of 5 years.

No Remuneration is paid to Mr. Anil Gupta, Chairman, Company is not paying any remuneration to the Non-Executive Directors.

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 31<sup>st</sup> March 2004 to the Directors are as follows:

Name of the Director	Sitting Fees (Rs.)
Mr. Anil Gupta	10,000/-
Col. B. K. Rai	18,000/-
Mr. Amarjit Chopra	2,000/-
Mr. Govind Narain	8,000/-
Mr. Sanjiv Narayan	14,000/-
Mr. D. C. Mathur	18,000/-
Mr. M. P. Rajan	4,000/-
<b>Total</b>	<b>74,000/-</b>

### IV MANAGEMENT

#### A. Management discussion and Analysis Report

- **Industry Structure and Development** – B&W TV Industry is passing through a declining phase in India and the demand for B&W TV is going down despite the fact that the penetration level of TV in India is very low as compared with the penetration level in other countries. The demand for B&W TV has gone down substantially due to high incidence of taxes like excise duty, sales tax and lack of rural electrification. Availability of low priced Colour TV have also severely effected the demand of B&W TV.

Your company is the market leader in B&W Picture Tubes. The company manufactures 14", 17" and 14" Flat B&W Picture Tubes. The company has the capacity to manufacture 1.6 million tubes per annum and has a 50% market share in India. Today, the company not only makes picture tubes, but also Electron Guns, Stems and Glass Bulbs. Approximately 10% of the company's products are currently being exported.

The company has set up a metal part division, which has started manufacturing various metal parts used in Colour Picture Tubes. In addition it has taken up a project for manufacturing flared necks for Colour Funnel produced by Hotline Glass Ltd.. It is expected that the company can achieve good results from these operations as the demand for these items is assured.

- **Opportunities and Threats** –The company produces B&W Picture Tubes, Glass Shells for Picture Tubes, Electron Gun and Glass Stems. Glass Shells are used by company for production of Cathode Ray Tube. Company also sells Glass Stem to Electron Gun manufacturers, besides using the same for production of Electron Gun. The demand for B&W TV Tubes is less than the capacities built in the industry. This has resulted in stiff competition in the picture tube industry. The demand for B&W TV is on decline due to high incidence of taxes like excise duty, sales tax etc. and lack of rural electrification. However the company is confident of maintaining the position of leadership of B&W Picture Tube Industry. Since last year the company had started manufacturing flared necks for Hotline Glass Ltd. from this year the company has already started production of sheet metal components for Colour Picture Tubes.

- **Segment wise or Product wise performance** – The company has been engaged in the business of picture tubes and components and no separate segment has been identified.

- **Outlook** – Your company has started diversification in manufacturing components for color picture tube thereby enhancing the present profitability significantly. The company has a strong in-house R&D set up which is engaged in continuous updating of processes and development of machines to manufacture new products for use in the Electronic Industry.

With diversion in other activities relating to Colour TV business, the company can make good profits especially because Colour TV industry is growing at 15% per annum.

- **Risks and Concerns** – As the B&W TV industry is passing through a declining phase in India, there is always a risk of decline in demand. However the same will be neutralized through increase in activity of sheet metal components and flaring of glass necks, for Colour Picture Tube.

- **Internal Control Systems and their adequacy** – The company has established adequate internal control system (ICS) in respect of major areas of operations. The ICS are aimed at promoting operational efficiencies and achieving saving in cost and overheads at all ends of the business operations.

The Internal Audit Reports of the Internal Auditors are discussed at the Audit Committee Meetings and appropriate corrective steps have been taken.

- **Discussions on financial performance with respect to operational performance** – During this year, the company has achieved a net profit before tax of Rs.99 lakhs as against Rs.34 lakhs in the year 2002-2003. This has been possible due to timely decision taken by the company to start activities related to Colour TV industry

- **Material developments in Human Resources/Industrial Relations front, including number of people employed** - The company promotes open and transparent working environment to enhance team work and build business focus. The company equally gives importance to the development of Human Resource (HR). It updates its HR policy in line with the changing HR culture in the industry as a whole. The company also takes adequate steps for in-house training of employees and maintaining safety and healthy environment for workers working within the factory premises.