



Modi Hoover

EIGHTEENTH

ANNUAL

REPORT

2003-2004

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Modi Hoover International Limited



BOARD OF DIRECTORS

Mr. Ved Parkash Arya

Managing Director

Mr. Ashok Kumar Gupta

Mr. L.R. Shrama

Auditors

M/s. Mangia Associates

Chartered Accountants

108-109, Ansal's Satyam

Raj Nagar, Ghaziabad

Registered Office

Mezzanine Floor,

Hemkunt Tower

98, Nehru Place

New Delhi-110 019

Head Office

12th floor

Hemkunt Tower

98, Nehru Place

New Delhi-110 019

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MODI HOOVER INTERNATIONAL LIMITED
MEZZANINE FLOOR, HEMKUNT TOWER, 98, NEHRU PLACE, NEW DELHI

NOTICE is hereby given that Eighteenth Annual General Meeting of the **MODI HOOVER INTERNATIONAL LTD.** will be held on Thursday, the 30th day of December 2004 at 10.00 A.M. at the Atithi 138A/3/9 Kishan Garh, Aruna Asaf Ali Marg, New Delhi 110 070 to transact the following business:

1. To receive, consider and adopt the Audited Accounts for the financial year ended 30th June 2004 alongwith report of auditors thereon as well as the Directors' report and for that purpose to consider and, if thought fit, to pass, with or without modifications, if any, the following as **ORDINARY RESOLUTION**:

“RESOLVED THAT the Company's audited Balance Sheet as at 30th June 2004 and the audited Profit and Loss Account for the financial year ended on that date together with the Director's and Auditor's report thereon be and are hereby approved and adopted”.

2. To consider and, if thought fit, to pass, with or without modifications, if any, the following as an **ORDINARY RESOLUTION**:

“RESOLVED THAT, M/s Mangla Associates, retiring auditors of the company, be and are hereby re-appointed as the Auditors of the company to hold office from the conclusion of this until the conclusion of the next Annual General Meeting of the Company on remuneration to be decided by the Board of Directors”

3. To consider and, if thought fit, to pass with or without modifications, if any, the following as an **ORDINARY RESOLUTION**:

“RESOLVED THAT Mr. Ashok Kumar Gupta, who retires by rotation in this Annual General Meeting be and is hereby re-elected as a director of the Company whose office shall be liable to retirement by rotation.”

IMPORTANT NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT TO ATTEND AND ON POLL ONLY TO VOTE INSTEAD OF HIM. SUCH PROXY NEED NOT BE MEMBER OF THE COMPANY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.

2. Members/proxies attending the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the Meeting Hall.

3. Members are requested to notify the Company immediately about their change of address, if any.

4. The Registers of members and the share transfer of the company shall remain closed from 24th December 2004 to 30th December 2004 (both days inclusive).

5. Members attending the meeting are requested to bring copy of the Annual Report with them.

6. Shareholders may please note that NO GIFT OR COUPONS will be distributed at the meeting.

Date: 29.10.2004
Place: New Delhi

by order of the Board
for Modi Hoover International Ltd.

(Managing Director)



DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

Dear Members,

Your Directors' are pleased to present the Eighteenth Annual Report and Audited Accounts for the year ended 30th June 2004.

FINANCIAL RESULTS

(Fig. in Rs. lacs)

| Particulars | 2003-04 | 2002-03 |
|--|------------------|------------------|
| Sales & Other Income | 136.46 | 240.42 |
| Profit\ (loss) before Dep And Tax | (40.44) | (10.69) |
| Less: | | |
| i) Depreciation | 0.98 | 1.55 |
| ii) Misc. Exp. Written off | 20.04 | 20.04 |
| Profit\ (loss) Before Tax | (61.46) | (32.29) |
| Less: Provision for Tax | - | - |
| Less: Deferred Tax | - | - |
| Net Profit\ (loss) after Tax | (61.46) | (32.29) |
| Add: Balance B\F from Previous year | (1448.95) | (1413.14) |
| Profit for appropriation | (61.46) | (35.81) |
| Carried to Balance Sheet | (1510.42) | (1448.95) |

DIVIDEND:

Your Directors regret their inability to recommend any dividend for the year consideration.

OPERATIONS:

The Company is in the field of marketing of Vacuum Cleaners and Water Purifiers. During the year Water purifier sales decreased from 3615 units to 2013 units. However, the Vacuum Cleaner sales increased from 1240 units to 1430 units mainly because of poor supplies from the suppliers resulting in an overall lower turnover compared to previous year.

OPPURTUNITY, THREATS, RISKS AND CONCERNS

Modi Hoover's growth objectives are based on offering top class products to the fastest growing segment of Indian population ie. Indian middle class. The present market of water purifiers is estimated at 5,45,000 units valued at

Rs.355 crores and the market of Vacuum Cleaners is estimated at 2,30,000 units valued to be Rs.150 crores. The company has the largest range of Water purifiers and Vacuum Cleaners for all segments, backed by super Brand 'Hoover'. The company is putting all its efforts to achieve atleast 25% of market share at the earliest.

DEPOSITS

The Company has not invited nor accepted any deposits from the public.

DIRECTORS

Mr.Ved Prakash Arya, Mr.Ashok Gupta and Mr.L.R.Sharma are the Directors of the Company. Mr.Gupta who retires by rotation in this Annual General Meeting and being eligible, offers himself for re-appointment.

DIRECTORS RESONSIBILITY STATEMENT PURSUANT TO SECTION 217(2AA) OF THE COMPANIES ACT, 1956.

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

- That in preparation of annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departure.
- That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 30th June 2004 and of the profit and loss for the year ended 30th June 2004.
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- That the directors have prepared the annual accounts on a going concern basis.



AUDITORS

M/s Mangla Associates, Chartered Accountants, Auditors of the company retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

The Auditors' Report as well as notes to accounts are appended to this report and are self-explanatory and in the opinion of the Board of Directors, do not require any further comments.

CORPORATE GOVERNANCE

The company has implemented the norms of Corporate Governance in accordance with clause 49 of the Listing Agreement with the Stock Exchanges. The report on Corporate Governance and Auditors' certificate thereof on compliance of clause 49 is given along with this report.

EXPORT

There were no exports during the year.

PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956.

There is no employee in the company receiving remuneration as set out in Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

INFORMATION UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956.

Your company has no activity relating to conservation of energy and technology absorption.

ACKNOWLEDGEMENT

Your Directors acknowledge the support received from all its Business Partners, its valued customers and also wish to place on record their appreciation of the efforts at all levels. The Directors also acknowledge the support and co-operation received from Banks and Government Authorities.

For & on behalf of the Board of Directors of
Modi Hoover International Limited

Ved Prakash Arya
Managing Director

Ashok Kumar Gupta
Director

Place: New Delhi

Dated: 29th October 2004

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Consequent to passing of resolution by its shareholders in its meeting held on 31st December, 1999 the company has applied for delisting of its equity with Ahmedabad and Kolkatta Stock Exchanges.

SHAREHOLDER INFORMATION

1. Members/proxies attending the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the Meeting Hall.
2. Members are requested to notify the Company immediately about their change of address, if any.
3. The Register of Members and the Share transfer books of the company shall remain closed from 24th December 2004 to 30th December 2004 (both days inclusive).

Registered Office:

Mezzanine Floor, Hemkunt Tower,
98, Nehru Place, New Delhi 110 019.

Share Transfer Agent and Registrar:

M/s Intime Spectrum Registry Limited
A-31, 3rd Floor (Near PVR Cinema),
Nariana Industrial Area, Phase-I,
New Delhi 110 028.

Stock Exchanges (where company's shares are listed)

1. The Delhi Stock Exchange Association Ltd.
DSE House, 3/1 Asaf Ali Road, New Delhi 110 002.
2. The Stock Exchange, Ahmedabad
Kamdhenu Complex, Opp. Shajanand College, Pinjara Pole, Ahmedabad 380 015.
3. The Calcutta Stock Exchange Asso. Ltd.
7, Lyons Range, Kolkatta 700 001.
4. The Stock Exchange, Mumbai
Phiroze Jeejabhoy Towers, Dalal Street, Mumbai 400 001.



CORPORATE REPORT

GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is the system by which companies are directed and controlled. Board of directors is responsible for the governance of their companies. The shareholders role in governance is to appoint the Directors and Auditors and to satisfy themselves that an appropriate governance structure is in place. Your company has always been in the forefront whenever new corporate practices are implemented in the country.

The company's philosophy on Corporate Governance shows total transparency, integrity and accountability of the Management and is aimed towards protecting and enhancing the trust of its shareholders.

BOARD OF DIRECTORS

The Board of Directors of the company consists of three Directors, Mr.Ved Prakash Arya, Mr.Ashok Kumar Gupta and Mr. L.R.Sharma, as on 30.12.2004. Out of the three Directors, two, Mr.Gupta and Mr.Sharma are Non-Executive and Independent.

The attendance of Directors at the Board Meetings held during the Accounting Year 2003-04 and at the last Annual General Meeting held on 27.02.2004. Number of other Directorships and number of memberships\chairmanships held by Directors in the committee of various companies are given below:

| Name of Directors | Whether attended last AGM | No. of BM Attended | Other Directorship | Committee Member (Chairman) |
|-------------------------|---------------------------|--------------------|--------------------|-----------------------------|
| 1. Mr.Ved Prakash Arya | Yes | 4 | 3 | 2 (1) |
| 2. Mr.Ashok Kumar Gupta | Yes | 5 | 3 | 2 (-) |
| 3. Mr.L.R.Sharma | Yes | 3 | 1 | 2 (1) |

Total five Board meetings were held during the Accounting Year 2003-04, on the following dates:

31.07.2003
31.10.2003
02.12.2003
31.01.2004
30.04.2004

Brief Resume of the Directors seeking re-appointment in the 18th Annual General meeting to be held on 30.12.2004.

- 1) Mr.Ashok Kumar Gupta, 48, has been associated with the Modi Group for last 20 years and has worked mainly in the Personnel & Human Resource field in Modi Carpets Limited and Modi Export Processors Limited.



AUDIT COMMITTEE

The Board of Directors of the company, in terms of Section 292A of the Companies Act, 1956, as amended by Companies Amendment Act, 2000 and also as per clause 49 of the Listing Agreement with the Stock Exchanges, constituted the Audit Committee on 31.01.2001.

The Audit Committee was re-constituted on 01.12.2003.

Composition:

The Audit Committee comprises of all three Directors.

Mr.L.R.Sharma is the Chairman of the Committee and Mr.Arya and Mr.Gupta are its members.

Functions:

1. Overview of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending the appointment and removal of external auditor, fixation of the Audit fee and other services.
3. Reviewing with the management the quarterly, half-yearly, annual financial statements before submission to the Board, focusing primarily on
 - Any changes in the accounting policies and practices.
 - Qualification in Draft Audit Report.
 - Compliance with the Stock Exchange and legal requirements concerning financial statements.
4. Reviewing the adequacy of internal control systems.

5. Reviewing the company's financial and risk management policies.
6. All other functions as instructed by Board.
7. Reviewing and recommending to the Board the adoption of quarterly, unaudited\audited financial results and limited review as per the Listing Agreement with the Stock Exchanges.

Meeting and attendance of the Audit Committee

| Meeting Date | Attended by |
|--------------|-------------------------------|
| 30.07.2003 | Mr.Sharma, Mr.Arya & Mr.Gupta |
| 28.10.2003 | Mr.Sharma, Mr.Arya |
| 28.01.2004 | Mr.Sharma, Mr.Arya & Mr.Gupta |
| 27.04.2004 | Mr.Sharma, Mr.Arya & Mr.Gupta |

REMUNERATION COMMITTEE

As per the company policy, no remuneration is paid to any Director. Thus, the company does not feel the need for Remuneration Committee. However, nominal sitting fee is being paid to Directors for attending Board & Committee meetings.

SHAREHOLDERS COMMITTEE

Composition: The Shareholders Committee was constituted on 31.01.2001, which has been re-constituted on 27.01.2003

Chairperson: Mr.Ved Prakash Arya, Managing Director is the Chairman, Mr.Ashok Kumar Gupta and Mr.L.R.Sharma are the other members of the Committee.

There were neither any pending shareholder's complaint or any pending share transfer requests.

Compliance Officer:

Mr.Ved Prakash Arya is the Compliance Officer of the company.