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MONICA ELECTRONICS LIMITED

BOARD OF DIRECTORS

A.C. Mehta
S.K. Khanna
G.K. Mittal
K.D. Dwivedi

Additional Director
Executive Director (upto 31-03-99)

AUDITORS

Goel Garg & Co.
Chartered Accountants,
102, Skylink,
E-688, Greater Kailash-II,
New Delhi-110 048

REGD. OFFICE

GA-2, B-1 Extn.
Mohan Co-operative Industrial Estate,
Mathura Road, Badarpur,
New Delhi-110 044.

WORKS

B-134A, Phase-II, Noida,
Distt. Gautam Budh Nagar (U.P.)

BANKERS

Syndicate Bank
Punjab National Bank
The Sarwa Bank Ltd.

SHARE TRANSFER AGENT

Ayed Computer Technics Pvt. Ltd.,
Flat No. 13, Local Shopping Centre
Block 'A', Naraina,
New Delhi-110 028.

SECURITIES LISTED AT:

Delhi
Mumbai
Calcutta
Chennai
Ahmedabad

MONICA ELECTRONICS LIMITED

NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of the members of the MONICA ELECTRONICS LIMITED will be held on Tuesday, the 14th day of September, 1999 at 9.00 A.M. at Air Force Auditorium, Subroto Park, New Delhi-110 010 to transact the following business :

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999 and Profit & Loss Account for the year ended on that date alongwith the reports of Auditor's and Director's thereon.
2. To appoint a director in place of Mr. S. K. Khanna, who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ordinary resolution**:
"RESOLVED THAT M/s. Goel Garg & Co., Chartered Accountants, be and are hereby appointed as the auditors of the company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting, at a remuneration to be decided by the Board of Directors."

AS SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ordinary resolution**:
"RESOLVED THAT Mr G.K. Mittal who was appointed as an additional director under Section 260 of the Companies Act, 1956 and Article 119 of the Articles of Association of the company and who holds office up to the date of the ensuing Annual General Meeting, be and is hereby appointed as a director of the company liable to retire by rotation."

By order of the Board

Sd/-
(A.C. MEHTA)
Director

Place: New Delhi
Date : 31st July, 1999

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT TIME OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 7th September, 1999 to 14th September, 1999 (both days inclusive).
3. Members who are holding shares in identical order of names in more than one folio, are requested to write to the company, enclosing their share certificates to enable the company to consolidate their holdings in one folio. Members are also requested to notify immediately any change in their addresses, quoting their folio number(s).
4. It will be appreciated that queries, if any, on accounts and operations of the company are sent to the company ten days in advance so that the answers may be made readily available.
5. Members are requested to produce the enclosed attendance slip duly signed in accordance with the specimen signature registered with the company for admission to the meeting hall.
6. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is appended below.

EXPLANATORY STATEMENT

(Under Section 173(2) of the Companies Act, 1956)

Item No: 4

Mr G.K. Mittal was appointed as an Additional Director of the company by the Board of directors on 06/04/1999 under Section 260 of the Companies Act, 1956 and Article 119 of the Articles of Association of the company. Accordingly he holds office upto the date of the ensuing Annual General Meeting. The company has received a notice from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Mr G.K. Mittal for the office of the Director alongwith a deposit of Rs. 500/-. The directors recommend the resolution for shareholders' approval. The Board considers it desirable that the company should avail his services.

None of the Directors except Mr G.K. Mittal is interested in the resolution.

By order of the Board

Sd/-
(A.C. MEHTA)
Director

Place: New Delhi
Date : 31st July, 1999

MONICA ELECTRONICS LIMITED

REPORT OF DIRECTORS

The directors submit their report and accounts for the financial year 1998-99.

OPERATIONS AND FUTURE OUTLOOK

During the year your company has achieved a gross turnover of Rs.101.92 Crores and a profit (after tax) of Rs. 13 lacs. During the year the company has sold 97884 Colour Television as against 90682 sold in the previous financial year. This has been made possible due to strategic pricing and introduction of new models. During the year company had introduced two new models in 20" segment with latest technology. Close on the heels of the success of these models, your company has plans to introduce two more new models with advanced features in coming months.

Your directors are pleased to inform you that company has shifted all its operations to Noida plant which is equipped with modern and latest state-of-the-art technology. This would help the company in maintaining better quality standards which is our main strength in the market. With the optimum utilisation of the facilities at Noida Factory, your company plans to produce 1.25 Lacs TV sets in the current year.

There has been a continuous decline in the margin due to stiff competition. Your company has therefore, taken on aggressive cost reduction measures at all fronts. The building at Badarpur is now identified as non-productive asset, the realisation of which will be used to repay high cost debts. The company has taken a strategic move to shift to low margin models to achieve large volumes during the current financial year. This shall result in a further improvement of financial positions. The company has addressed Y2K problem. All computer systems, hardware and software, process control systems are now Y2K compliant.

DIVIDEND

In view of low profits the directors do not recommend any dividend for the year 1998-99.

DIRECTORS

The tenure of Mr K. D. Dwivedi as an Executive Director has been expired on 31st March 1999. Your Directors wish to place on record the appreciation for the services rendered by Mr K.D. Dwivedi. Mr G.K. Mittal was appointed as an additional director w.e.f. 06/04/1999 in accordance with the provisions of Companies Act, 1956 Mr S. K. Khanna retires by rotation and being eligible, offers himself for re-appointment.

AUDITORS

The auditors Goel Garg & Co. retire and offer themselves for re-appointment.

PARTICULARS OF EMPLOYEES, CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EARNINGS AND OUTGO.

Information as per 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 and under section 217(2A) of the said Act read with the Companies (Particulars of Employment) Rules 1975 are set out in annexure 'A' and 'B' respectively to the directors' report.

PERSONNEL

The directors wish to place on record their appreciation for the services rendered by all the employees of the company. It is gratifying to note that the industrial relations remained cordial and peaceful.

APPRECIATION

Your directors also wish to thank and deeply acknowledge the continued valuable assistance, co-operation and support extended by the Central and State government authorities, financial institutions and banks. The Board also gratefully acknowledges the support and the goodwill extended by the dealers, customers, suppliers and shareholders of the company.

for and on behalf of the Board

Sd/-
(A.C. MEHTA)
Director

Sd/-
(S.K. KHANNA)
Director

Place: New Delhi
Date : 31st July, 1999

ANNEXURE "A" TO DIRECTORS' REPORT**A CONSERVATION OF ENERGY****(1) Energy conservation measures taken.**

The manufacturing activities of the company involve low consumption of energy. There has been continuous efforts towards conservation of energy at all levels in the company. Your company has taken various measures for restrictive and optimum use of electricity for conservation of energy.

(2) Additional investments and proposals, if any, being implemented for reduction of consumption of energy.

Energy conservation is a continuous and ongoing process and the company consistently identify the areas where energy conservation measures may be taken through improved optimisation methods.

(3) Impact of the measures of (1) and (2) above for reduction of energy consumption and consequent impact on the cost of production.

The energy conservation measures will result in low cost of production and lower cost of energy.

(4) Information as required to be furnished in form A is not furnished, as the Company is not engaged in any of the industries as listed in the schedule annexed to the rules.

MONICA ELECTRONICS LIMITED

B TECHNOLOGY ABSORPTION**I. RESEARCH & DEVELOPMENT (R & D)****(1) Specific areas in which R & D carried out by the Company:**

The focus of R&D activities of the company was towards development of new products with latest features at optimum cost, quality improvement and introduction of new designs of television with better productivity.

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

Improved quality levels with better productivity has led to launch of new designs of Colour Televisions by the company.

(3) Further plan of action :

The company plans to further strengthen the R & D activities to achieve savings in cost of production by indigenisation and to develop the state of art product.

(4) Expenditure on R & D :

Expenditure charged under respective primary heads of account.

(3) Further plan of action :**II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION****(1) Efforts made towards technology absorption, adaptation and innovation :**

Usage of latest computer aided design systems for design of new products and introduction of latest technology and integration of latest features at optimised cost based on the contemporary line up of integrated circuits. Continuous efforts are being made to do improvements in the field of reliability and quality.

(2) Benefits derived as a result of above efforts :

Improved productivity and consistent quality has led to better yield in productivity and better reliability of the products at optimal cost.

(3) Particulars relating to imported technology :

Except usage of certain imported components, no imported technology is being used by the company.

C. FOREIGN EXCHANGE EARNING AND OUTGO :

(1) Earning	NIL
(2) Outgo by way of import of raw material and other expenditure	Rs. 1487.59 lacs

ANNEXURE "B" TO DIRECTORS' REPORT

Particulars of Employees pursuant to provisions of Section 217(2A) of the Companies Act, 1956 and forming part of the Directors' Report for the year ended 31st March, 1999.

Name of Employee	Age (Yrs)	Designation/ Nature of Duties	Remuneration (Rs.)	Qualifications	Experience (Yrs)	Date of Joining	Last Employment/ Position Held/Years/ Organisation
EMPLOYED THROUGHOUT THE YEAR							
Dwivedi K. D.	62	Executive Director	11,43,600	M.A., LL.B.	43	01.01.97	Vice President (Finance) Onida Savak Ltd. (4½)
Gandhi Sunil	39	Dy. General Manager (Production)	7,06,077	B.E. (Electronics)	15	06.03.85	Not Applicable
Gupta V. K.	42	Chief Executive	11,23,640	Diploma in Mech. AMIE	24	12.07.94	General Manager (Imports) (7) Onida Saka Ltd.
Joshi Vijay	41	Vice President (Finance)	17,70,595	B.Sc., FCA	16	17.03.97	Vice President (CF&P) (2) Dunlop India Ltd.
EMPLOYED FOR THE PART OF THE YEAR							
Sachdev S. K.	63	General Manager (Taxation)	1,90,969	B.A.	31	07.02.95	Dy. Commissioner of Income Tax (27)

NOTES :

1. Remuneration includes Basic salary, allowances, leave encashment, Company's contribution to Provident Fund and other schemes and perquisites.
2. None of the employees is a relative of any Director of the company.

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