

MONICA ELECTRONICS LIMITED



Annual Report 2004-05

BOARD OF DIRECTORS

S. K. Sukhla
K. Tyagi
B. P. Yadav

COMPANY SECRETARY

O. P. Agrahari

AUDITORS

Goel Garg & Co.
Chartered Accountants,
E-588, 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.

REGISTRAR & SHARE TRANSFER AGENT

Intime Spectrum Registry Ltd.
A-31, 3rd Floor, Naraina Industrial Area,
Phase-I, New Delhi-110 028.

SECURITIES LISTED AT :

Delhi
Mumbai
Calcutta
Chennai
Ahmedabad

NOTICE

NOTICE is hereby given that the 29th annual general meeting of the members of MONICA ELECTRONICS LIMITED will be held on Thursday, September 22, 2005 at 11:00 A.M. at 12, Executive Club Road, Chattarpur, New Delhi to transact the following business:

AS ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2005 and Profit & Loss Account for the period ended on that date along with the reports of Auditors and Directors thereon.
2. To appoint a director in place of Mr Kaushal Tyagi, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s Goel Garg & Co., Chartered Accountants to hold office from the conclusion of this meeting till the conclusion of the next annual general meeting and fix their remuneration.

By order of the Board

New Delhi, July 29, 2005

S. K. Shukla
Director

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 close from September 7, 2005 to September 13, 2005 (both days inclusive).
3. It will be appreciated that queries, if any, on accounts and operations of the company are sent to the company ten days in advance of the meeting so that the answer may be made readily available.
4. Members are requested to produce the enclosed attendance slip duly signed, in accordance with specimen signatures registered with the company for admission to the meeting place.

DIRECTORS' REPORT

TO THE MEMBERS

The directors submit their report and accounts for the period ended March 31, 2005.

OPERATIONS

During the period ended March 31, 2005, the sales and other income were Rs 19.27 lacs as against Rs 238.76 lacs in the previous period ended 31st December 2003. The loss for the period under review was Rs 41.81 lacs as against Rs 2549.65 lacs in the previous period.

SETTLEMENT WITH DEBENTURE HOLDERS

The company filed an application with Hon'ble High Court of Delhi under sections 391-394 of the Companies Act, 1956 for approval of the Scheme of Arrangement with debenture holders. The Hon'ble High Court vide its order dated 14.12.2004 sanctioned the Scheme of Arrangement. The company has paid off the liability of debenture holders in terms of the said scheme.

DIVIDEND

The directors do not recommend any dividend.

AUDITORS' REPORT

Auditors' observations have been given in annexure 'B' of this report.

DIRECTORS' RESPONSIBILITIES STATEMENT

As required under section 217(2AA) of the Companies Act, 1956, the directors hereby confirm the following:

- i) The financial accounts are prepared in conformity with the accounting standards issued by the Institute of Chartered Accountants of India and requirements of the Companies Act, 1956 to the extent applicable to the company except Accounting Standard - 10, regarding "Accounting of Fixed Assets",
- ii) The accounting policies used in preparation of the financial statements have been consistently applied. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis. Such financial statements reflect in a true and fair manner, the state of affairs of the company at the period ended on 31.3.2005 and loss of the company for the period ended 31.03.2005.
- iii) Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 has been taken for safeguarding the assets of the company and preventing and detecting fraud and other irregularities, to the best of our knowledge and ability.
- iv) The annual accounts have been prepared on a going concern and on accrual basis.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and article 115 of Articles of Association of the company, Mr. Kaushal Tyagi, Director retires by rotation and being eligible, offers himself for re-appointment.

AUDITORS

The auditors M/s Goel Garg & Co., Chartered Accountants retire at the conclusion of the forthcoming annual general meeting and being eligible offer themselves for re-appointment. A confirmation in terms of Section 224(1B) of the Companies Act, 1956 has been received from them.

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

The company does not have any employee whose remuneration falls under the limits prescribed under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975. The information under section 217 (1) (e) of the said Act read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 is set out in annexure 'A' and forms part of this report.

ACKNOWLEDGEMENT

Your directors wish to thank and deeply acknowledge the valuable assistance, co-operation and support extended by the Central and State government authorities and banks during the year under review and look forward to their continued support in future. The Board also gratefully acknowledges the support and goodwill extended by the shareholders of the company.

For and on behalf of the Board of Directors

Date: July 29, 2005
Place: New Delhi

S. K. Shukla
Chairman

ANNEXURE 'A' TO DIRECTORS' REPORT

1. CONSERVATION OF ENERGY

a. Energy conservation measures taken

The operations of the company remained closed during the year and no energy was consumed. Hence, no measures were taken.

b. Additional investments and proposals, if any, being implemented for reduction of energy.

Their being no energy conservation and measures taken for energy conservation in view of closed manufacturing operations, no additional measures and proposals were implemented for reduction of energy used.

c. Impact of (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production.

Not applicable.

2. RESEARCH AND DEVELOPMENT

a. Specific areas in which R&D carried out by the company.

All the operations of the company being closed, no R&D activity was carried out.

b. Benefits derived as a result of above R&D

Not Applicable

c. Future plan of action.

Not Applicable

d. Expenditure on R&D

Charged under primary heads of accounts.

3. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION.

a. Efforts made towards technology absorption, adaptation and innovation.

Not Applicable

b. Benefits derived as a result of above efforts.

Not Applicable

c. Particulars relating to improved technology.

Not Applicable

4. FOREIGN EXCHANGE EARNINGS AND OUTGO

a. Earnings	Nil
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b. Outgo by way of import of raw material and other expenditure	Nil
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ANNEXURE 'B' TO DIRECTORS' REPORT

MANAGEMENT'S COMMENTS IN RESPECT OF REMARKS OF AUDITORS UNDER SECTION 217(3) OF THE COMPANIES ACT, 1956.

OBSERVATION

As the Company has failed to redeem its debentures on due dates and the failure continued for more than one year the directors are disqualified under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

RESPONSE

The company defaulted last on 14th April 2000 when the company failed to pay last redemption installment and interest on its debentures. All the directors who had been directors in the relevant year, from the due date to the expiry of one year after the due date have not been re-appointed in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 read with clause (b) of Companies (Disqualification of Directors under section 274(1)(g) of the Companies Act, 1956) Rules, 2003. The directors as on date on the Board of Directors have been appointed after the expiry of one year from the relevant date i.e. 14th April 2000. The management's view is that they are not disqualified under the aforesaid section and rules.

OBSERVATION

The company has not charged Rs 28.39 lacs on Plant and Machinery, Electric Hoist Lift, Dies and Moulds and Instruments as these were not put to use.

RESPONSE

The company's operations remained closed. As the manufacturing activities were not carried out, the depreciation on Plant and Machinery, Electric Hoist Lift, Dies and Moulds and Instruments has not been charged.

OBSERVATION

Advances recoverable include Rs. 307.83 lacs from corporate bodies for which no provision has been made. As per analysis of their net worth as per financial statements available the amounts are doubtful of recovery.

RESPONSE

The confirmations from the respective parties have been received. Hence, No provision has been made for these advances.

OBSERVATION

Balances grouped under Sundry Debtors, Sundry Creditors, Advances from customers and Advances recoverable are subject to confirmation from respective parties.

RESPONSE

As on date Sundry Debtors, Sundry Creditors, Advances from customers and Advances recoverable are reconciled.

OBSERVATION

Fixed Assets aggregating to Rs 89.40 lacs retired from active use have stated at book value instead of lower of net book value or net realisable value which is not in accordance with Accounting Standard - 10.

RESPONSE

The net realisable value of these fixed assets could not be ascertained. Hence these have been stated at book value.

OBSERVATION

The accounts have been made on going concern basis inspite of the fact that during the earlier year the company has closed down its manufacturing operations and its entire net worth has been eroded.

RESPONSE

The company has not given up the idea of not re-starting the operations. Hence, the accounts have been made on a going concern

DIRECTORS' REPORT ON CORPORATE GOVERNANCE**1. Board of Directors**

The Board of Directors monitors company performance, approves and reviews policies / strategies and evaluates management performance. The Board ensures legal and ethical conduct and accurate financial reporting.

i) Composition & Category

The Board of Directors of the company comprises of three members. All the three Directors are non-executive. The non-executive Directors are independent i.e. independent of management responsibilities, free from business or any other relationship, which could materially interfere with the exercise of their independent judgment. The following is the composition of the Board as on 31st March 2005:

Directors	Category
Mr S. K. Shukla	Independent & Non-Executive Director
Mr Kauhal Tyagi	Independent & Non-Executive Director
Mr B. P. Yadav	Independent & Non-Executive Director

ii) Attendance of each Director at the Board Meetings and the last Annual General Meeting:

Name of the Director	No. of Board Meetings		Attendance at last AGM (June 28, 2004)
	Held during the tenure of Director	Attended	
Mr S. K. Shukla	6	6	Yes
Mr Kauhal Tyagi	6	6	Yes
Mr B. P. Yadav	6	6	Yes

Note:

a) None of the directors is related to any other director.

iii) During the period January 2004-March 2005 the Board of Directors of Monica Electronics Limited met 6 times i.e. on February 26, 2004, March 31, 2004, April 30, 2004, July 30, 2004, October 30, 2004 and January 29, 2005. The maximum gap between any two meetings was not more than three months. A detailed agenda is sent to each Director in advance of Board and Committee meetings.

2. Other Directorship/Membership and Committees of the Board

Number of outside directorship of the members of Board of Directors:

	No. of outside directorship held	No. of membership in Committee of Directors	Chairmanship held committee of Directors
Mr S. K. Shukla	Nil	Nil	Nil
Mr Kauhal Tyagi	5	Ni	Ni
Mr B. P. Yadav	Nil	Ni	Nil

Note:

a) Private Limited Companies, Foreign Companies and Companies constituted under section 25 of the Companies Act, 1956 are excluded for the above purpose.

b) Only Audit Committee, Investors' Grievance Committee and Remuneration Committee are considered for the purpose of Committee positions as per Listing Agreement.

- c) None of the Director is a member of more than ten Board level committees or a chairman of five such committees as required under clause 49 of the listing agreement.

2. COMMITTEES OF THE BAORD

Currently there are two committees of the Board, the Audit Committee and the Investors' Grievance Committee. The composition and the number of meetings held during the financial year and the related attendance are provided below:

i) Audit Committee

The Audit Committee cover the areas mentioned under clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

The audit committee has met four times during the period ended March 31, 2005. The minutes of the Audit Committee were placed before the Board. The names of the members of the Audit Committee and the attendance of them are as under:

Members	Held during the tenure of Director	Meetings Attended
Mr. S. K. Shukla	4	4
Mr. Kauhal Tyagi	4	4
Mr. B. P. Yadav	4	4

ii) Remuneration of Directors

Non-Executive independent directors are paid sitting fees for attending the Board / Committee meetings within the limits prescribed under the Companies Act, 1956.

Directors	Position	Sitting fees	Salary & Perquisites	Commission	Total
Mr. S. K. Shukla	Director	-	-	-	-
Mr. Kauhal Tyagi	Director	-	-	-	-
Mr. B. P. Yadav	Director	12,500	-	-	12,500

iii) Shareholders'/Investors' Grievances and Share Transfer Committee.

The Investors' Grievance Committee of the company oversees redressal of shareholders' and investors' grievances. The Committee also oversees the performance of the Registrar and Transfer Agent, and recommends measures for overall improvement in the quality of investor services. As on March 31, 2005 the shareholders'/Investors' Grievances Committee consists of Mr S. K. Shukla, Mr Kaushal Tyagi and Mr B.P. Yadav. The Share Transfer Committee also consists of Mr S. K. Shukla, Mr Kaushal Tyagi and Mr B.P. Yadav. All the members of the both committees are Independent & Non-Executive Directors of the company. During the period ended 31st March 2005 five meetings of the Investors' Grievance Committee were held.

During the fifteen months ended on March 31, 2005, the company had received 106 complaints from shareholders & investors, stock exchanges and SEBI. Out of complaints 102 complaints had been solved. On March 31, 2005 17 complaints were pending.

Procedures at Committee Meetings

Company's guidelines relating to Board Meetings are applicable to Committee Meetings as far as may be practicable. The Board takes note of the proceedings of each of the Committee meeting.

3. Annual General Meetings

Location and time for the last three Annual General Meetings were as follows:

ii) Annual General Meeting

Date and Time : September 22, 2005 at 11:00 A.M.
 Venue : 12, Executive Club Road,
 Chattarpur, New Delhi

iii) Financial Calendar

Results for the quarter ending June 30, 2005 : Last week of July, 2005
 Results for the quarter ending September 30, 2005 : Last week of Oct., 2005
 Results for the quarter ending December 31, 2005 : Last week of Jan., 2006
 Results for the quarter ending March 31, 2006 : Last week of June, 2006
 Annual General Meeting : September, 2006

iv) Book Closure Date

: 7th September 2005 to 13th
 September 2005 (both days inclusive)

v) Listing of Equity shares on Stock Exchange at :

Mumbai, Calcutta, Ahmedabad, Delhi, Chennai

vi) Stock Code

: 523544 (BSE)

vii) Registrar and Share Transfer Agents

: Intime Spectrum Registry Ltd
 A-31, III Floor
 Naraina Industrial Area-I,
 New Delhi - 110028

viii) Investors' queries / request for transfer, transmission, issue of duplicate share certificates etc., to be sent to Intime Spectrum Registry.

ix) Share Transfer System

Requests for Share Transfer in physical form can be lodged with the Registrar and Transfer Agents, Intime Spectrum Registry Limited at their address given above. To expedite the share transfer in physical segment the Share Transfer Committee of the Board of Directors meets at an interval of 15 days to approve the share transfer. The share transfers which are received in physical form are registered. The share certificates are returned in physical form with 30 days of lodgment. Shares under objection are in general returned within 7 days.

x) Stock Market Price Data

During the period ended March 31, 2005, there were no trading of shares of the company on Delhi- regional stock exchange and BSE. The company's shares were suspended from trading on BSE for which an application for revocation is pending before the stock exchange. Therefore, high and low prices for the period cannot be given.

xi) Distribution of shareholding as on 31st March, 2005

No of Equity Slab	No. of Shareholders		No. of Shares				
	Number	%	Physical	Nsdl demat	Cdsl demat	Total	%
Upto 5000	12940	98.68	9611210	2820350	343940	12775500	29.71
5001-10000	97	0.74	326640	394500	62000	783140	1.82
10001-20000	40	0.30	121500	409000	54000	584500	1.36
20001-30000	14	0.11	117330	247500	-	364830	0.85
30001-40000	3	0.02	67500	33000	-	100500	0.23
40001-50000	4	0.03	45480	135000	-	180480	0.42
50001-100000	2	0.02	145290	-	-	145290	0.34
100001 & above	13	0.10	25385260	2676500	-	28061760	65.27
Total	13113	100.00	35820210	6715850	459940	42996000	100.00