
MONICA ELECTRONICS LIMITED



**Annual Report
2005-06**

BOARD OF DIRECTORS

S. K. Shukla
K. Tyagi
B.P. Yadav

COMPANY SECRETARY

Anubha Sital

AUDITORS

Goel Garg & Co.
Chartered Accountants,
102, Skylink,
E-588, Greater Kailash-II,
New Delhi-110 048

REGD. OFFICE

A-19, B-1,
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.

MONICA ELECTRONICS LIMITED

NOTICE is hereby given that the 30th annual general meeting of the members of the MONICA ELECTRONICS LIMITED will be held on Tuesday, the 26th day of September, 2006 at 10:30 A.M. at 12, Varun Farms, Gaushala Road, Satbari, Chattarpur, Mehrauli, New Delhi to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2006 and Profit & Loss Account for the year ended on that date along with the reports of Auditors and Directors thereon.
2. To appoint a director in place of Mr B. P. Yadav, 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

Anubha Sital
Company Secretary

New Delhi, June 29, 2006

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 September 22, 2006 to September 26, 2006 (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.

MONICA ELECTRONICS LIMITED**DIRECTORS' REPORT****TO THE MEMBERS**

The directors submit their report and accounts for the year ended March 31, 2006.

OPERATIONS

During the year ended March 31, 2006, the sales and other income were Rs. 18.34 lacs as against Rs. 19.27 lacs in the previous period ended March 31, 2005. The loss for the period under review was Rs. 198.03 lacs as against Rs. 41.81 lacs in the previous period.

DIVIDEND

The directors do not recommend any dividend.

AUDITORS' REPORT

Auditors' observations have been explained in annexure 'B' which forms part 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" and Accounting Standard – 15 regarding "Accounting for Retirement Benefits".
- ii) The accounting policies used in preparation of 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 year ended on 31.3.2006 and loss of the company for the year ended 31.3.2006
- 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 B.P. Yadav, 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

(S. K. Shukla)
Director

(Kaushal Tyagi)
Director

Date: June 29, 2006
Place: New Delhi

MONICA ELECTRONICS LIMITED**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 and 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

Not Applicable

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 |
| b. Outgo by way of import of raw material and other expenditure | Nil |

MONICA ELECTRONICS LIMITED

ANNEXURE 'B' TO DIRECTORS' REPORT**MANAGEMENT'S COMMENTS IN RESPECT OF REMARKS OF AUDITORS UNDER SECTION 217(3) OF THE COMPANIES ACT, 1956.**● **OBSERVATION**

The company has not charged depreciation amounting to Rs. 31.39 lacs on fixed assets 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 fixed assets has not been charged.

● **OBSERVATION**

Advances recoverable include Rs. 239.27 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 confirmation from the respective parties has 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. 169.89 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 company has not followed Accounting Standard AS-15 regarding "Accounting for Retirement Benefits".

RESPONSE

The company's operations remained closed. As there is only one employee looking after the affairs of the company the gratuity amount has been provided on actual basis instead of Actuarial basis.

MONICA ELECTRONICS LIMITED**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 following is the composition of the Board as on 31st March 2006:

| Directors | Category |
|-------------------------------|--------------------------------------|
| Mr S. K. Shukla (Chairman) | Non-Executive Director |
| Mr Kaushal Tyagi | 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 |
|----------------------|------------------------------------|----------|------------------------|
| | Held during the tenure of director | Attended | |
| Mr S. K. Shukla | 5 | 5 | Yes |
| Mr Kaushal Tyagi | 5 | 5 | Yes |
| M. B. P. Yadav | 5 | 5 | Yes |

Note:

- None of the directors is related to any other director.
- During the year the Board of Directors of Monica Electronics Limited met 5 times i.e. on April 5, 2005, June 28, 2005, July 29 2005, October 29, 2005, January 30, 2006. The maximum gap between any two meetings was less than four months. A detailed agenda is sent to each director in advance of Board and committee meetings.

iii) Other Directorship/Membership and Committees of the Board

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

| Name | No. of outside directorship held | No of membership in Committee of Directors | Chairmanship held in committee of Directors |
|------------------|----------------------------------|--|---|
| Mr S.K. Shukla | Nil | Nil | Nil |
| Mr Kaushal Tyagi | 5 | Nil | Nil |
| Mr B. P. Yadav | 1 | 3 | 3 |

Note:

- Private Limited Companies, Foreign Companies and Companies constituted under section 25 of the Companies Act, 1956 are excluded for the above purpose.
- Only Audit Committee, Investors Grievance Committee and Remuneration Committee are considered for the purpose of Committee positions as per Listing Agreement.
- 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 three committees of the Board – the Audit Committee, Investors' Grievance Committee and Share Transfer 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 covers the areas mentioned under clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The Committee consists of following members :

| | | |
|------------------|---|----------|
| Mr S. K. Shukla | - | Chairman |
| Mr Kaushal Tyagi | - | Member |
| Mr B. P. Yadav | - | Member |

During the year the committee met 4 times on June 28, 2005, July 29 2005, October 29, 2005, and January 30, 2006. The minutes of the Audit Committee were placed before the Board. The overall attendance of the directors was as under:

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

ii) Shareholders' / Investors' Grievances Committee

The Board of Directors of the company has constituted Shareholders' / Investors' Grievances Committee. As on 31.03.2006 it is being headed by Mr S. K. Shukla. Mr Kaushal Tyagi and Mr B. P. Yadav are its members. The committee looks into redressal of shareholders' complaints like transfer of shares, non-receipt of balance sheet, etc. The committee also oversees the performance of the Registrar and Transfer Agents, and recommends measures for overall improvement in the quality of investor services.

During the financial year ended March 31, 2006 the company had received 90 new complaints from shareholders, investors, stock exchanges and SEBI. The company resolved 100 complaints. As on 31.3.2006 10 complaints were pending.

The Ms Anubha Sital, Company Secretary acts as the Compliance Officer

iii) Share Transfer Committee

Share Transfer Committee approves the transfer/transmission/split of shares and consists of Mr. B.P. Yadav, Mr. Kaushal Tyagi and Mr. S. K. Shukla. During the period March 31, 2006 eight meetings of the committee were held.

iv) Remuneration of Directors

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

| Directors | Position | Sitting fees | Salary & Perquisites | Commission | Total |
|------------------|----------|--------------|----------------------|------------|--------|
| Mr S. K. Shukla | Director | - | - | - | - |
| Mr Kaushal Tyagi | Director | - | - | - | - |
| Mr B. P. Yadav | Director | 10,000 | - | - | 10,000 |

v) 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.

vi) Shareholding of Directors as on 31.03.2006

| Name | No. of Shares Held |
|-------------------|--------------------|
| Mr. S. K. Shukla | - |
| Mr. Kaushal Tyagi | 75 |
| Mr. B.P. Yadav | 75 |

MONICA ELECTRONICS LIMITED**3. Annual General Meetings**

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

| Year | Location | Date | Time |
|---------|---|--------------------|------------|
| 2002-03 | E-22, Ansal Satbari Chattarpur, New Delhi | September 26, 2003 | 11:00 A.M |
| 2003-04 | E-22, Ansal Satbari, Chattarpur, New Delhi | September 1, 2004 | 9:00 A.M. |
| 2004-05 | 12, Executive Club Road, Ansal Satbari, Chattarpur New Delhi | September 22, 2005 | 11:00 A.M. |

During the year ended March 31, 2006 no resolution was put to vote through postal ballot. However, during the current financial year i.e. 2006-07 a resolution regarding the sale of company's property at GA-2, B-1, Extension, Mohan Co-operative Industrial Estate, Badarpur, New Delhi -110044 was put to vote through Postal Ballot and carried with requisite majority.

4. Disclosures

- a) Disclosures on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, directors, relatives, management or subsidiaries, etc. that may have potential conflict with the interests of the company at large.

None of the transactions of material nature with any of the related parties was in conflict with the interest of the company at large.

- b) Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchanges or Securities and Exchange Board of India, or any statutory authority, on any matter related to capital markets, during the last three years.

The company has complied with all the requirements of regulatory authorities except non-payment of stock exchange fee for Delhi, Chennai, Ahmedabad and Calcutta stock exchanges. SEBI's Securities Appellate Tribunal in its order dated March 8, 2006 has upheld the order of Adjudicating Officer imposing a penalty of Rs 15,000/- for failure to redress the grievances of members.

- c) Accounting Standards

The company has followed all the applicable accounting standards except for Accounting Standards, AS-10 regarding "Accounting for Fixed Assets" and AS-15 regarding "Accounting for Retirement Benefits". The former was not followed as the realizable value of unused assets was not available. As there is only one employee left in the company to look after the affairs the company provided gratuity on actual basis which was at variance with Accounting Standard -15.

5. Means Of Communication

| | |
|--|------------------------------|
| Half yearly report sent to each Shareholder | No |
| Quarterly Results which newspaper normally published in | Business Standard/Veer Arjun |
| Any Website, where displayed | No |
| Whether it also displays official news releases and presentations made to institutional investors/Analysts | No |
| Whether MD & A is a part of Annual Report | Yes |
| Whether shareholder information section forms part of the Annual Report | Yes |

6. Code of Conduct

The company has adopted "Code of Conduct" for the directors and senior executives of the company. The declaration given by chairman of the Board of Directors of the company with respect to affirmation of compliance of code by the Board members and senior executives of the company is enclosed as annexure "A"