

16th

**Annual Report
2002-03**



Report  Junction.com

MEDIA VIDEO LIMITED

**MEDIA VIDEO LTD.****BOARD OF DIRECTORS****Chairman & Managing Director**

Mr. Prem Adip Rishi

Whole-time Director (Sales & Marketing)

Mr. Rakesh Gupta

Directors:

Mr. Rajesh Galhotra

Mr. Gopal K. Sood

Mr. A.N. Sachar

Ms. Rashmi Mehta

BOARD COMMITTEES**Audit Committee:**

Ms. Rashmi Mehta

Mr. Gopal K. Sood

Mr. A.N. Sachar

Mr. Rakesh Gupta

Representative of

Statutory Auditors

Ms. Mamta Mittal

Chairman

Member

Member

Permanent Invitee

Permanent Invitee

Secretary

Share Transfer cum Demat Committee

Mr. Prem Adip Rishi

Mr. Rakesh Gupta

Mr. Rajesh Galhotra

Ms. Mamta Mittal

Chairman

Member

Member

Secretary

Shareholder Grievance Redressal Committee

Ms. Rashmi Mehta

Mr. Rajesh Galhotra

Mr. Rakesh Gupta

Ms. Mamta Mittal

Chairman

Member

Member

Secretary

Company Secretary

Ms. Mamta Mittal

Auditors

M/s Arun Kishore & Co.

Chartered Accountants, New Delhi

Bankers

Allahabad Bank

Punjab National Bank

Subsidiary Companies

Media Industries Limited

Registered and Corporate Office

Media House

B-86/1, Okhla Industrial Area

Phase-II, New Delhi-110020

Works

A-785, RIICO Industrial Area,

Bhiwadi, Distt. Alwar, Rajasthan.

**MEDIA VIDEO LTD.****NOTICE**

Notice is hereby given that the 16th Annual General Meeting of the Members of Media Video Ltd., will be held on Friday, the 26th day of December, 2003 at 11 A.M. at Eden Greens Farm House, Ansal Villas, Vill. Satbari, Chhatarpur Mandir Road, New Delhi-110030, to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 30th June, 2003 and Profit & Loss Account for the year ended on that date and the Report of the Directors and Auditors, thereon.
2. To elect Director in place of Mr. Rajesh Galhotra, who retires by rotation and being eligible, offers himself for re-appointment.
3. To elect Director in place of Ms. Rashmi Mehta, who retires by rotation and being eligible, offers herself for re-appointment.
4. To re-appoint M/s Arun Kishore & Co., Chartered Accountants, present Auditors of the Company and to fix their remuneration. The present Auditors are eligible for re-appointment.

SPECIAL BUSINESS:

5. To consider and if thought fit, pass the following resolution with or without modification(s), as a special resolution: -

"RESOLVED THAT pursuant to the provisions of Section 198, 309, 310 and 311 read with Schedule XIII, Part II, Section II 1 (B), and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its consent and approval for the revision of the remuneration payable to Mr. Prem Adip Rishi, Managing Director of the company with effect from 1st November 2003 till the remaining period of his appointment i.e. 31st March, 2004 as under :

- i. Salary: Rs.1,10,000/- (Rupees one lac ten thousand only) per month (with suitable increases as may be determined from time to time within the limits prescribed in Schedule XIII).
- ii. Special Executive Allowance of Rs.25,000/- (Rupees twenty five thousand only) per month.
- iii. House Rent Allowance of Rs.55,000/- (Rupees fifty five thousand only) per month.
- iv. Provision of company's car with driver.
- v. Provision of Telephone & fax at residence.
- vi. Reimbursement of medical expenses within/outside India incurred for self and family.
- vii. Fees of clubs subject to a maximum of two clubs. This will not include admission fees and life membership fees.
- viii. Any other benefits, facilities or perquisites as may be allowed to other employees under Company's Rules.

RESOLVED FURTHER THAT in the event of any statutory amendment, notification or relaxation by the Central Government, the Board of Directors be and is hereby authorised to vary or increase the remuneration including salary, commission, perquisites, allowances etc within such prescribed limit or ceiling without any further reference to the members of the Company in General Meeting.

RESOLVED FURTHER THAT Ms. Mamta Mittal, Company Secretary of the Company, be and is hereby authorised to sign and execute the necessary papers, deeds, returns and other documents to be filed with the office of the Registrar of Companies, NCT of Delhi & Haryana and to do any act, deed, thing, matter connected with the aforesaid matter or any other matter incidental or ancillary thereto."

6. To consider and if thought fit, pass the following

resolution with or without modification(s), as an ordinary resolution:

"RESOLVED THAT pursuant to the provisions of section 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the members be and is hereby accorded for the appointment of Mr. Rakesh Gupta, S/o Mr. H.R. Gupta R/o 113, Laxmi Apartments, Sector - 9, Rohini, New Delhi - 110 085, as Whole time Director (Sales & Marketing) of the Company for a period of 3 (three) years with effect from 1st January, 2003, on the remuneration and other terms and conditions as under:

A. Term :

Three years with effect from 1st January, 2003.

B. Duties & Obligations:

Mr. Rakesh Gupta will be responsible for the operation and management of the Sales, Marketing, Logistics, Commercial Functions, Indirect Taxation & Commercial Laws including Sales Tax, Excise Laws & all matters and issues relating to these functions. He will perform his duties under the superintendence and direction of the Board of Directors. The Board of Directors, at its discretion, may change his duties from time to time.

C. Overall Remuneration:

Subject to the provisions of Section 198, 269 and 309 of the Act read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Mr. Rakesh Gupta will be paid Basic Salary of Rs. 20, 000/- (Rupees Twenty thousand only), House Rent Allowance of Rs. 12,000/- (Rupees Twelve thousand only), Special Allowances of Rs. 15,000/- (Rupees Fifteen thousand only), and Conveyance Allowance of Rs. 800/- (Rupees Eight hundred only) per month.

During the term of employment of the Whole-time Director, if in any financial year, the company does not earn any profits or earns inadequate profit as contemplated under the provisions of Schedule XIII of the Companies Act, 1956, unless otherwise approved by the Central Government, the remuneration shall be paid as per the monetary ceiling prescribed in Schedule XIII to the Companies Act, 1956 or any re-enactment thereof.

Mr. Rakesh Gupta will not be entitled to sitting fees for attending meetings of the Board of Directors or committees thereof.

The Board of Director may review and determine from time to time any revision or modification in his Salary during the term of his appointment.

D. Perquisites and Amenities:

In addition to the Salary and Allowances mentioned above, the following perquisites and amenities would be applicable.

- i. Leave: As per the rules of the Company.
- ii. Provision of one company owned car.
- iii. Personal Insurance: As per Company's policy
- iv. Provident fund & Gratuity as per company's Rules.

E. Termination:

Either party may terminate the appointment by giving to the other two months' notice in writing.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

7. To consider and if thought fit, pass the following resolution with or without modification(s), as an ordinary resolution: -



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"RESOLVED THAT Mr. A.N. Sachar, who was appointed as an Additional Director with effect from 3rd June, 2003, by the Board of Directors in its meeting held on 3rd June, 2003, who holds office up to the date of this Annual General Meeting under the provisions of Section 260 of the Companies Act, 1956, and in respect of whom the company has received a notice from him in writing under section 257 of the Companies Act, 1956, signifying his candidature for the office of Director, be and is hereby appointed as Director of the Company, whose term of office shall be liable to determination by retirement of Directors by rotation."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to clause 5.2 of the Securities and Exchange Board of India (Delisting of Securities) Guidelines - 2003, dated February 17, 2003 and subject to the provisions of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof for the time being in force) and subject to such approvals, permissions and sanctions as may be necessary, and other approvals and procedures which may become applicable hereafter, governing the matter, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the Board), which term shall be deemed to include any committee constituted by the Board, to voluntarily de-list the Company's securities from The Delhi Stock Exchange Association Limited, The Calcutta Stock Exchange Association Limited and the Madras Stock Exchange Ltd.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable.

RESOLVED FURTHER THAT the Board of Directors be and is hereby also authorized to execute all documents and writings as may be necessary, proper, desirable or expedient as it may deem fit and to give such directions and/or instructions as it may from time to time decide in its absolute discretion in the best interest of the Company without requiring any further approval of the members."

**By Order of the Board of Directors
For MEDIA VIDEO LIMITED**

Place : New Delhi
Date : 10th November, 2003

**(MAMTA MITTAL)
Company Secretary**

NOTES:

- The information as required to be provided under the Listing Agreement(s) entered into by the Company with Stock Exchanges regarding the Directors who are proposed to be appointed/re-appointed and the Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, is annexed hereto and forms part of the Notice.
- A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself. Such proxy need not be a member of the company.
- The enclosed proxy form, if intended to be used, should be returned duly filled and authenticated at the Registered office of the Company not less than 48 hours before the scheduled time of the Meeting.
- The Register of Members and Share Transfer books of the

Company will remain closed from 20th December, 2003 to 26th December, 2003 (both days inclusive)

- Members are requested to intimate immediately any change in their registered address to the company at its registered office.
- Members who have not encashed their Dividend Warrants for the financial year 1995-96, may approach the Company at its registered office for obtaining Duplicate Dividend Warrants/Revalidation of Dividend Warrants.
- The shares of the company are being traded compulsorily in demat form only. Members who still hold the shares of the company in physical form are advised to have their holdings dematerialised in their own interest through authorised depository participant.
- Members are requested to bring their copies of Annual Report to the meeting.

Explanatory Statement on Items under Special Business:
(Pursuant to section 173 of the Companies Act, 1956)

ITEM NO. 5

Mr. Prem Adip Rishi was re-appointed as Managing Director of the Company for a period of 5 years with effect from 1st April 1999 with a basic Salary of Rs. 20, 000/- per month in the grade of Rs. 30, 000 - 3000 - 42, 000 and other perquisites as approved by the shareholders in the 12th Annual General Meeting held on 15th December 1999, with suitable increases therein from time to time.

Information as required under the provisions of Schedule XIII of the Companies Act, 1956.

I. General Information :

- Nature of Industry:**
Media Video Ltd. is in the business of imports, distribution & trading of consumer electronic items like TV Games, VCD/CD/DVD/MP3 Players, Hi-Fi Systems, Home Theatres, Rechargeable Emergency Lights, Toys etc., and various accessories thereof.
- Date or expected date of commencement of commercial production:**
The Company is already into assembling and trading of various consumer electronic items like TV Games, VCD/CD/ DVD/MP3 Players, Hi-Fi Systems, Home Theatres Rechargeable Emergency Lights, etc. and various accessories thereof.
- Financial performance based on the given indicators:**

(Rs. in lacs)

Particulars	Year ended 30.06.2003
Sales, Service & Other Income	5849.54
Profit before Tax	262.93
Provision for Tax	
- Current Tax	21.00
- Deferred Tax	71.74
Profit/(Loss) after tax	170.19
Add: Surplus brought forward	595.45
Profit available for appropriation	765.64
Appropriation: -	
Transfer to General Reserve	100.00
Balance Carried Forward	665.64

- Export performance:**
The Company does not have any export business/earning.
- Foreign investments or collaborations:**
So far the Company has not entered into any foreign collaboration.

II. Information about the appointee:

- Background details:** Mr. Prem Adip Rishi, aged 50 years, is a science graduate having an experience of over two



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decades in the business of electronic consumer products and has been managing the Company's affairs efficiently and along profitable lines.

Mr. Rishi has been on the Board of Directors of the Company since its incorporation in 1986. Before that, Mr. Rishi had rich exposure to international work culture by way of a brief stint in Ford Motors UK and EMI, two multinationals producing durable consumer products of world renown. The experience has been instrumental in developing a work culture in Media oriented to producing international quality consumer utility products.

- (2) **Past remuneration:** During the year ended 30th June, 2003, Mr. Prem Adip Rishi was paid a gross remuneration of Rs. 8,79,920.00/- (Rupees eight lacs seventy nine thousand nine hundred twenty only).
- (3) **Job profile and his suitability:** Mr. Prem Adip Rishi is the Chairman and the Managing Director of the Company, managing the overall affairs of the Company. He has put in a lot of efforts and hard work for the growth and improvement in operational efficiencies and profitability of the company. Under his Chairmanship, the Company has made enormous strides in research and development for the purpose of introducing new products, as well as for the improvement of products under the existing manufacturing line of the Company. It is under his able guidance only that the Company has successfully ventured into diversified portfolios like retailing etc and continues to be in the process of further diversification.
- (4) **Remuneration proposed:** In order to keep Mr. Prem Adip Rishi's remuneration in line with the prevailing practices in the corporate sector for a similar position and for his contribution, it is considered desirable to revise his remuneration as given hereunder. His revised remuneration is within the limits prescribed under Schedule XIII of the Companies Act, 1956.
 - i) Salary: Rs.1,10,000/- (Rupees one lac ten thousand only) per month (with suitable increases as may be determined from time to time within the limits prescribed in Schedule XIII).
 - ii) Special Executive Allowance of Rs.25,000/- (Rupees twenty five thousand only) per month.
 - iii) House Rent Allowance of Rs.55,000/- (Rupees fifty five thousand only) per month.
 - iv) Provision of company's car with driver.
 - v) Provision of Telephone & fax at residence.
 - vi) Reimbursement of medical expenses within/outside India incurred for self and family.
 - vii) Fees of clubs subject to a maximum of two clubs. This will not include admission fees and life membership fees.
 - viii) Any other benefits, facilities or perquisites as may be allowed to other employees under Company's Rules.

The aforesaid appointment and remuneration payable to Managing Director may be regarded as abstract of the terms and conditions of appointment and Memorandum of Interest of Directors under the provisions of Section 302 of the Companies Act, 1956.

- (5) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin):**

The data available on the remuneration profile in the industry for the similar position and the size of the Company is inadequate for comparison.

- (6) **Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.**

Apart from receiving remuneration as Chairman & Managing Director, Mr. Prem Adip Rishi has no pecuniary relationship with the Company. He has no relationship with any managerial personnel.

III. Other information:

- (1) **Reasons of loss or inadequate profits.**
Financial year 2002-03 began with the global economy still reeling in the aftermath of the 9/11 terrorist attacks, the cascading effect of which was felt by the Indian economy too, and consequently by the consumer electronics industry too. Moreover, for the last two-three years, the consumer electronics industry is witnessing severe competition with the removal of import restrictions and availability of cheaper imported products in the gray market.
- (2) **Steps taken or proposed to be taken for improvement.**
The company has successfully expanded its existing product line and ventured into other consumer durables, bringing in a complete range of world class VCDs/CDs/MP3 Players, DVDs and Home Theatres, etc. to the Indian market. Plans are underway for introducing many other high-end premium products in the same line.
The diversification plans, which started in the year 2000-01 with the Company venturing into retailing of premium toys, are still continuing. The management proposes to further diversify into manufacturing and trading of GSM, PDA and CDMA mobile handsets under the brand name of the Company-"MEDIA", which would be a first for any Indian company. The Company is exploring the possibility of a JV with a foreign company for the purpose of providing us technical know-how.
- (3) **Expected increase in productivity and profits in measurable terms.**
The Company's sales volumes are projected to grow @35% during the forthcoming Financial Year and its profitability is also expected to improve with the induction of a new range of products.
Your directors recommend passing of the resolution at Item No. 5 of the Notice, as a special resolution.
Except for Mr. Prem Adip Rishi, as the resolution is concerning revision of his remuneration and Mr. Rajesh Galhotra being his relative, none of the other directors are interested or concerned in the resolution.

ITEM NO. 6

The Board of Directors of the Company in its meeting held on 1st January, 2003, decided to appoint Mr. Rakesh Gupta as Wholtime Director for a period of 3 (three) years with effect from 1st January, 2003, subject to the approval of the members.

Mr. Rakesh Gupta, B. Com., F.C.A., aged about 39 years, joined the Company on 1st March, 1992, as AGM (Finance). Keeping in view his contribution and long association with the Company, he was appointed as a Whole Time Director (Finance) by the shareholders in the 10th Annual General Meeting held on 22nd December, 1997, for a period of 5 years.

As the Company is in the process of further expansion and diversification, the sales and marketing division of the Company has assumed great importance and the Board of Directors of the



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Company deems it prudent to entrust the responsibilities of this core department to a competent and experienced person. It is, therefore, proposed to appoint Mr. Rakesh Gupta as Whole time Director (Sales & Marketing), to take advantage of his multifarious experience. He is having over 16 years of rich and varied experience in finance, accounting, sales, marketing and general administration and management. Considering his association with Company and his experience and expertise in these fields, your directors consider his appointment as whole time director as expedient and prudent.

The appointment of Mr. Rakesh Gupta as Wholetime Director and the remuneration payable to him is required to be approved by the shareholders at this Annual General Meeting. The resolution at Item No. 6 of Special Business is intended for this purpose. The Board recommends the above resolution.

Agreement between the Company and Mr. Rakesh Gupta shall be available for inspection between 11.00 AM to 1.00 PM on any working day.

Except for Mr. Rakesh Gupta, as the resolution is concerning his appointment, none of the other directors are interested or concerned in the resolution.

This Notice and Explanatory Statement may be treated as the Abstract of the terms of appointment and remuneration payable to Mr. Rakesh Gupta, which are required to be circulated to the members under section 302 of the Companies Act, 1952.

ITEM NO. 7

Mr. A.N. Sachar was appointed as an Additional Director with effect from 3rd June, 2003, by the Board of Directors in its meeting held on 3rd June, 2003. Mr. Sachar was appointed in the capacity of a non-executive and independent director on the Board of the Company. In terms of section 260 of the Companies Act, he holds office only up to the date of this Annual General Meeting. Notice under section 257 of the Companies Act, 1956, has been received by the Company from him in writing, signifying his candidature for the office of Director.

Mr. A.N. Sachar is a Law Graduate besides holding a Masters degree in History. Mr. Sachar is a retired diplomat who has held various senior diplomatic positions in India and abroad. He has rich and varied experience in the fields of administration and management and has also been awarded the prestigious Indian Police Medal for his meritorious services.

The Board of Directors feel that the continued presence of Mr. A. N. Sachar on the Board is desirable and would be beneficial to the Company and hence recommend passing of the resolution at Item No. 7, as an ordinary resolution.

None of the Directors other than Mr. A.N. Sachar is interested in the resolution.

ITEM NO. 8

The equity shares of the Company are currently listed on the National Stock Exchange of India Ltd. (NSE), The Stock Exchange, Mumbai (BSE), The Delhi Stock Exchange Association Limited (DSE), The Calcutta Stock Exchange Association Limited (CSE) and the Madras Stock Exchange Ltd. (MSE), with the intention to provide wider trading facility to the shareholders. It has, however, been observed that the bulk of trading in the Company's shares takes place in NSE and BSE and the trading volume of the Company's shares on other Stock Exchanges is negligible. Accordingly the listing fees being paid to DSE, MSE and CSE and other related administrative expenses being incurred by the Company for continued listing are disproportionately high as compared to the benefits of listing at these Stock Exchanges.

SEBI has recently announced SEBI (Delisting of Securities) Guidelines, 2003, which vide its Clause 5.2, allow the companies to opt for voluntary delisting from one or more stock exchanges. Keeping in view these Guidelines and negligible trading of the Company's shares at DSE, MSE and CSE, it is proposed to get the shares of the Company delisted from these Stock Exchanges.

The listing of equity shares shall continue at NSE and BSE, which have got Nation Wide Trading Terminals and, therefore no hardship shall be caused to the shareholders/investors of the Company by the proposed voluntary delisting of equity shares.

With the advantage of online trading and investors' preference for trading on NSE and BSE, the Company does not find any significant tangible advantage to remain listed on DSE, MSE and CSE.

The Board, therefore, recommends passing of the resolution at Item No. 8, as a special resolution.

None of the Directors of the Company is interested in the Resolution.

**By Order of the Board of Directors
For MEDIA VIDEO LIMITED**

Place : New Delhi
Date : 10th November, 2003

**(MAMTA MITTAL)
Company Secretary**

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT(S)

As required under the Listing Agreement(s), the particulars of Directors proposed to be appointed/re-appointed are as given below:

MR. RAKESH GUPTA

Mr. Rakesh Gupta, B.Com., F.C.A., aged about 39 years, is having over 16 years of rich and varied experience in finance, accounting, sales, marketing and general administration and management. He is a member of Shareholder Grievance Redressal Committee of the Company.

MR. RAJESH GALHOTRA

Mr. Rajesh Galhotra, ISC, aged about 45 years, is having over 15 years of practical experience in accounts, internal audit and general administration. He is also a director in Media Industries Ltd., Media Toys Ltd. and Media Satellite & Telecom Ltd. He is a member of Shareholder Grievance Redressal Committee of the Company.

MS. RASHMI MEHTA

Ms. Rashmi Mehta, B.Sc. (Chemistry), P.G. Dip. in Education & Dip. in Computer Management, aged about 36 years, is having over 14 years experience in Corporate Communications, Marketing, Public Relations, Brand/Product Management, Vendor Development, Commercial Negotiations, etc. She is the Chairman of Audit Committee and also the Chairman of Shareholder Grievance Redressal Committee of the Company.

MR. A. N. SACHAR

Mr. A.N. Sachar, M.A., LL.B., is a retired diplomat who has held various senior diplomatic positions in India and abroad. He has rich and varied experience in the fields of administration and management and has also been awarded the prestigious Indian Police Medal for his meritorious services. He is a member of Audit Committee of the Company.

Note: The Committees considered for the purpose are those prescribed under clause 49(IV) of the Listing Agreement(s)



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DIRECTORS' REPORT

TO THE MEMBERS :

Your Directors have pleasure in presenting the 16th Annual Report and Audited Statement of Accounts for the year ended 30th June, 2003.

1. FINANCIAL HIGHLIGHTS

Particulars	Year ended 30.06.2003	(Rs. In lacs) Year ended 30.06.2002
Sales, Service & Other Income	5849.54	5531.44
Profit before Tax	262.93	226.82
Provision for Tax		
- Current Tax	21.00	10.00
- Deferred Tax	71.74	(9.36)
Profit/(Loss) after tax	170.19	226.18
Add: Surplus brought forward	595.45	379.27
Profit available for appropriation	765.64	605.45
Appropriation: -		
Transfer to General Reserve	100.00	10.00
Balance Carried Forward	665.64	595.45

2. MANAGEMENT DISCUSSION & ANALYSIS:

Management Discussion and Analysis detailing the Company's objectives and expectations may have "forward looking statement" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied depending upon global and Indian demand-supply conditions, changes in Government regulations, tax regimes, economic developments within India and overseas.

I. Financial/Operational Performance Review:

The Financial Statements have been prepared in compliance with the requirements of the provisions of the Companies Act, 1956 and applicable Accounting Standards issued by the Institute of Chartered Accountants of India. The Board of directors accepts the integrity and objective of these Financial Statements as well as various judgements & estimates used therein.

During the year under review, total sales were Rs. 5841.44 lacs as compared to Rs. 5525.22 lacs during the previous year, thus showing a growth of 5.72% over that of last year. The growth in value terms is quite satisfactory considering the nature of Industry which for the last two three years is witnessing severe competition. Despite this your Company has been able to earn a Profit Before Tax of Rs. 262.93 lacs as against Rs. 226.82 lacs last year, thus showing a growth of 16% over last year. This has been possible because of diversification of the Company's business into Audio-Video products. The Profit After Tax has however declined from Rs. 226.18 lacs last year to Rs. 170.19 lacs during the current year because of increase in deferred tax liability provision during the year. However, the during the current year, cash generation from operations, has shown marked improvement which is Rs. 229.64 lacs as against Rs. (82.01) lacs during the previous year. This is the result of better control over current assets holding periods and increase in segment profits owing to Audio-Video business.

II Industry Structure & Product-Wise Performance:

Media Video Ltd. is in the business of imports, distribution & trading of consumer electronic items like TV Games, VCD/CD/DVD/MP3 Players, Hi-Fi Systems, Home Theatres, Rechargeable Emergency Lights, Toys etc., and various accessories thereof. In TV Games, it enjoys market leadership in the organised sector. However, the growth rate of video games in the market is gradually going down because of

availability of cheaper products in the gray market.

The size of Consumer Electronic Industry in India has grown to Rs. 20,000 crores and it has a vast potential to grow further. The Audio-Video segment is showing accelerated growth especially for VCD/MP3 Players. The optical storage media market (both CDs and DVDs) is estimated to grow to Rs. 1500 crores from Rs. 400 crores in just three years' time.

During the last year, the Company diversified into the trading of VCD Players, in which the Company witnessed a growth of 130% in the sales volumes, in the current year, which is expected to grow further in the coming years. However, during the current year, the growth of TV Games/ Emergency Lights segment has been negative because of severe competition from the gray market and recessive economic conditions.

Due to this reason, the Company diversified into Audio-Video products and expanded its existing line of products with the introduction of various other consumer electronic items like VCD/CD/DVD/MP3 Players, Hi-Fi Systems, Home Theatres, etc. Moreover, with its nation wide network of distributors & dealers & all other required infrastructure & resources, your company is confident of achieving reasonable market share in the coming years & thus improve its turnover & profitability.

III. SWOT Analysis

Strengths:

- Over fifteen year old, professionally Managed Company
- Experienced, committed and forward looking Management Team
- Profit Making Company with strong Net Worth
- Dedicated Distributor-Dealers Network spread all over the country
- Good Quality product portfolio with strong brand value & consumer confidence
- Reputed "MEDIA" Brand in general masses.
- In-depth understanding of the market and consumer needs
- High quality manpower resources

Weaknesses:

- Dependence on Imports
- Mainly trading activities
- Exchange Rate Fluctuations and changes in import tariff may adversely affect the profitability of the company.

Opportunities:

- Large market for the company's products viz. VCD/CD/DVD/MP3 Players, Hi-Fi Systems, Home Theatres, etc., due to large middle and upper class.
- Backward integration into manufacturing of components and assembly of VCD/DVD/Hi Fi Systems.
- Easy to launch new high-end models due to long standing relations with suppliers abroad.

Threats:

- Risk of technical obsolescence
- Competition from unorganised/gray market
- High rates of custom duties on imports
- Government policy on Customs and Excise has significant impact on the price and thus demand for the company's products.

iv. Adequacy of Internal Control Systems

The Company has proper and adequate systems of internal controls commensurate with the nature of its business and size of its operations, in order to ensure that all assets are safeguarded against loss from unauthorized use or disposition and that all transactions are authorized, recorded



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and reported correctly. Qualified and experienced personnel have been positioned appropriately in the organization. The internal control systems are reviewed in detail on continuous basis by company's internal audit function and the audit committee of the Board of Directors. The audit findings are reported on a quarterly basis to the Audit Committee of the Board headed by a non-executive independent Director. Your company's Statutory Auditors have, in their report, confirmed the adequacy of the internal control procedures.

v. Risks & Concerns & Their Management

The current competitive trend among manufacturers and ever changing demand of consumers place any business in a vulnerable position of risk and concern. The performance of the industry depends upon various economic factors and its critical nature. Any economic slowdown can adversely affect demand supply dynamics and profitability of the Company.

The Company has its strategies well thought out in terms of meeting market needs and managing its operations on an optimal cost basis. Risk mitigation strategies have been laid out for various scenarios. The Company's ongoing diversification and expansion plans, as detailed elsewhere in our Report, are a part of a well thought out strategy in order to provide cushion to the Company to mitigate any risk due to any sudden change in the economic scenario.

However, the consumer entertainment electronics market is expected to continue its growth.

All statutory and legal systems are being complied with. Apart from normal risks as are applicable to an industrial undertaking, the Company does not foresee any other serious area of concern. The Company is obtaining normal applicable insurance coverage on a market value basis for its assets.

Compliance of safety requirements and norms placed by different Govt. agencies are given top priority.

vi. Human Resources Development

The Company maintained a cordial relationship with its personnel during the year under review. The workers are motivated with better service conditions, which is at par with the best in the industry. During the year under review, the Company had undertaken extensive steps for optimising the use of its manpower through automation, productivity improvement, and role enrichment. There is a continuous focus on enhancing productivity in all facets of our operations. Industrial relations were cordial throughout the year.

3. DIVIDEND

Keeping in view the increased working capital requirements for the diversification and expansion plans of the Company, your directors are constrained not to recommend any dividend for the year under report.

4. DELISTING OF EQUITY SHARES

The equity shares of the Company are currently listed on the National Stock Exchange of India Ltd. (NSE), The Stock Exchange, Mumbai (BSE), The Delhi Stock Exchange Association Limited (DSE), The Calcutta Stock Exchange Association Limited (CSE) and the Madras Stock Exchange Ltd. (MSE). The Company has paid listing fees to all the stock exchanges for the year 2003-04.

It is proposed to voluntarily de-list the shares of the Company from DSE, CSE and MSE, subject to the approval of shareholders in General Meeting.

However, listing of equity shares at NSE and BSE shall continue.

5. DIVERSIFICATION & FUTURE PROSPECTS

To meet the challenges on account of fast changing business environment, last year the company successfully diversified into trading of Audio Video Products and launched four models of VCD Players that were well received in the market. During the year under review, the Company launched a wide and new range of Audio-Video products, which include Hi-Fi Systems, Home Theatres, VCD/CD/DVD/MP3 Players etc., with a proposal to introduce other high end premium models in the same line of products. The Company has received widespread recognition for its products despite highly competitive market. It has widened its distributor/dealer network across the country and is planning to enter into TFT TVs and LCD Monitors in near future.

The management proposes to further diversify into manufacturing and trading of GSM, PDA and CDMA mobile handsets under the brand name of the Company-"MEDIA", which would be a first for any Indian company. The Company is exploring the possibility of a JV with a foreign company for the purpose of providing us technical know-how.

The diversification will surely add to the total sales and profitability of the company.

6. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Rajesh Galhotra, and Ms. Rashmi Mehta, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. Guru Dutt Shukla, Director of the Company has resigned from the directorship of the Company w.e.f 3rd June, 2003.

Mr. A.N. Sachar was appointed as an Additional Director with effect from 3rd June, 2003, by the Board of Directors in its meeting held on 3rd June, 2003. In terms of section 260 of the Companies Act, he holds office only upto the date of the ensuing Annual General Meeting. Notice under section 257 of the Companies Act, 1956, has been received by the Company from him in writing, signifying his candidature for the office of Director.

7. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors state and confirm as under :

- that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- that the directors had 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 at the end of the Financial year and the Profit of the company for that period.
- that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities and
- that the directors had prepared the annual accounts on going concern basis.



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8. CORPORATE GOVERNANCE & COMPLIANCE CERTIFICATE

Annexure-I to this report summarises the state of compliance by the company of the norms of Corporate Governance as provided in Clause 49 of the Listing Agreement. A certificate from the Auditors of the company regarding compliance of the norms of Corporate Governance is attached to this report.

9. SUBSIDIARY COMPANY & CONSOLIDATED GROUP RESULTS

The statement & particulars relating to the company's subsidiary, Media Industries Ltd., pursuant to section 212 of the Companies Act, 1956, are attached to this Report at Annexure -II.

As required under the current listing norms, Consolidated Financial Statements are being published in the current year's Annual Report.

10. FIXED DEPOSITS

Your company has neither invited nor accepted any deposits from public within the meaning of the Companies (Acceptance of Deposits) Rule, 1975, during the last financial year.

11. AUDITORS

M/s Arun Kishore & Company, Chartered Accountants, New Delhi, the Statutory Auditors, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office if reappointed. They have furnished a certificate stating that their re-appointment would be with in the limits specified under section 224(1B) of the Companies Act, 1956.

The Audit Committee and the Board recommends the re-appointment of M/s Arun Kishore & Company, Chartered Accountants as Auditors for a further period of one year.

12. AUDITORS' REPORT

The Auditors' Report to the members together with Account for the year ended 30th June 2003 and notes thereon are attached, which are self explanatory except

- (i) Unconfirmed balances of some of Sundry Debtors, Creditors, Loans, Advances & Deposits: your Company has its own internal Audit system to monitor the reconciliation periodically, hence, confirmation of all outstanding balances at the year end are not taken;
- (ii) Non-provision of doubtful debts and advances: your company is hopeful for their recovery during the ensuing year, so no provision has been created.
- (iii) Non-provision for gratuity: this is commensurate with past practice of your company to provide for Gratuity in the year of its payment only.

13. PARTICULARS OF EMPLOYEES

Information as per section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 does not form part of this Report, as no employee of your company is covered as per provisions contained therein.

14. FOREIGN EXCHANGE EARNING AND OUTGO.

	(Rs. in lacs)
<u>Current Year</u>	<u>Previous Year</u>
Foreign Exchange Earning	NIL
Foreign Exchange Outgo	219.41
	277.80

15. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.

Disclosures of particulars with respect to conservation of energy are not applicable to the Company.

16. RESEARCH AND DEVELOPMENT

The Company's research and development activities continue to be towards up-gradation and improvement in product quality and sales realisation through better product mix, which helps the Company to develop new models and also to control costs.

17. ACKNOWLEDGEMENTS

Your Directors place on record their grateful thanks & appreciation to the Bankers, Government Departments, investors, suppliers, distributors and other business associates for their continued support & co-operation. They also wish to convey their gratitude and appreciation to the employees of the company for their sincerity, dedication and valuable contribution during the year.

For & on behalf of the Board of Directors

(PREM ADIP RISHI)
CHAIRMAN &
MANAGING DIRECTOR

Place : New Delhi
Date : 24th September, 2003

ANNEXURE - I

Report on Corporate Governance

The Directors present the Company's Report on Corporate Governance.

1. The Company's philosophy on code of Governance

Corporate Governance has been a high priority at MEDIA both in letter and in spirit.

The Company believes in and has consistently followed good corporate governance. A sound governance process consists of various business practices, which not only result in enhanced shareholders value in the long run but also enable the Company to fulfill its obligations towards its customers, employees, lenders and to the society in general. The Company firmly believes that good governance is founded upon the principles of transparency, accountability, independent monitoring and environmental consciousness.

2. Board of Directors

The present strength of the Board of Directors of the Company is six, comprising of four non-executive directors (viz. Mr. Rajesh Galhotra, Mr. Gopal K. Sood, Mr. A. N. Sachar & Ms. Rashmi Mehta). Chairman & Managing Director, viz. Mr. Prem Adip Rishi and Wholtime Director (Sales & Marketing), viz. Mr. Rakesh Gupta, are two Executive Directors.

Composition of the Board of Directors

Category	No. of Directors	%age of total number of Directors
Executive Directors	Two	33.33%
Non-Executive	Three	50.00%
Independent Directors		
Other Non-Executive Directors	One	16.67%

The details of composition and directorship held in other companies/Board Committees by each member of the



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Board of Directors of the Company as on June 30, 2003 is as under:

Name of the Director	Category (Independent/ Non-executive / executive)	*Number of Directorships held in other Companies	#Number of Board Committee memberships / chairmanship held in other companies
1. Mr. Prem Adip Rishi	Chairman & Mg. Director	2	0
2. Mr. Rakesh Gupta	Whole-time Director (Sales & Marketing)	0	1 (member)
3. Mr. Guru Datt Shukla	Director (ceased w.e.f. 3.6.2003)	1	0
4. Mr. Rajesh Galhotra	Director	3	1 (member)
5. Mr. Gopal K. Sood	Director	1	1 (member)
6. Ms. Rashmi Mehta	Director	0	2 (chairman)
7. Mr. A. N. Sachar	Director (appointed w.e.f. 3.6.2003)	0	1 (member)

* Number of directorships in other companies excludes alternate directorships, directorships held in private limited companies, foreign companies and in companies under section 25 of the Companies Act, 1956.

The Committees considered for the purpose are those prescribed under Clause 49(IV) of the Listing Agreement(s).

Meetings and Attendance

Attendance of Directors at Board Meetings and at the Annual General Meeting (AGM)

Name of the Director	No. of Board meetings held	No. of Board meetings attended	Whether attended the 15 th AGM held on December 26, 2002
1. Mr. Prem Adip Rishi	13	13	Yes
2. Mr. Rakesh Gupta	13	13	Yes
3. Mr. Guru Datt Shukla	13	12	Yes
4. Mr. Rajesh Galhotra	13	3	No
5. Mr. Gopal K. Sood	13	0	No
6. Ms. Rashmi Mehta	13	13	No
7. Mr. A. N. Sachar	13	1	No

3. Audit Committee:

Your company has an Audit Committee comprising three non-executive and independent directors viz. Mr. Gopal K. Sood, Mr. A.N. Sachar, and Ms. Rashmi Mehta. Mr. Guru Datt Shukla was the Chairman of the Audit Committee till 1st May, 2003 and Ms. Rashmi Mehta was appointed the Chairman w.e.f. that date. Mr. A.N. Sachar was appointed the member of the Audit Committee w.e.f. 3rd June, 2003. The constitution of the Audit Committee meets with the requirements under Section 292A of the Companies Act, 1956.

The terms of reference of the Audit Committee cover the matters specified under Clause 49 of the Listing Agreement as well as in section 292A of the Companies Act, 1956.

During the year, the Committee has met four times. The attendance at the Audit Committee meetings is given below:

Name of the Member	No. of meetings held	No. of meetings attended
1. Ms Rashmi Mehta	4	4
2. Mr. Guru Datt Shukla	4	3
3. Mr Gopal K. Sood	4	0
4. Mr. A. N. Sachar	4	1

4. Remuneration of Directors:

The remuneration of the Chairman & Managing Director and of Whole time Director (Sales & Marketing) is determined by the Board of Directors subject to the approval of the shareholders. Non-executive Independent Directors are paid only sitting fees and non-executive non-independent Director is not paid any remuneration.

The details of remuneration of directors during the year ended 30th June, 2003, are as follows:

Name of Director	Gross Remuneration (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Mr. Prem Adip Rishi	879920.00/-	—	879920.00/-
Mr. Rakesh Gupta	328189.35/-	—	328189.35/-
Mr. Guru Datt Shukla	—	27000.00/-	27000.00/-
Mr. Rajesh Galhotra	—	—	—
Mr. Gopal K. Sood	—	—	—
Ms. Rashmi Mehta	—	27000.00/-	27000.00/-

Presently Your Company has not constituted a Remuneration Committee of the Board.

Information pursuant to Schedule XIII, Part II, Section II 1 (B):

The detailed remuneration package of both the executive directors viz. Mr. Prem Adip Rishi, Chairman & Managing Director and Mr. Rakesh Gupta, Whole time Director (Sales & Marketing) are as under:

MR. PREM ADIP RISHI, CHAIRMAN & MANAGING DIRECTOR

- Salary: Rs.1,10,000/- (Rupees one lac ten thousand only) per month (with suitable increases as may be determined from time to time within the limits prescribed in Schedule XIII).
- Special Executive Allowance of Rs.25,000/- (Rupees twenty five thousand only) per month.
- House Rent Allowance of Rs.55,000/- (Rupees fifty five thousand only) per month.
- Provision of company's car with driver.
- Provision of Telephone & fax at residence.
- Reimbursement of medical expenses within/outside India incurred for self and family.
- Fees of clubs subject to a maximum of two clubs. This will not include admission fees and life membership fees.
- Any other benefits, facilities or perquisites as may be allowed to other employees under Company's Rules.

MR. RAKESH GUPTA, WHOLE TIME DIRECTOR (SALES & MARKETING):

- Basic Salary: Rs. 20,000/- (Rupees Twenty thousand only) per month (with suitable increases as may be determined from time to time within the limits prescribed in Schedule XIII).
- House Rent Allowance: Rs. 12,000/- (Rupees Twelve thousand only) per month.
- Special Allowances: Rs. 15,000/- (Rupees Fifteen thousand only) per month.
- Conveyance Allowance: Rs. 800/- (Rupees Eight hundred only) per month.

In addition to the Salary and Allowances mentioned above, the following perquisites and amenities would be applicable.

- Leave: As per the rules of the Company.
- Provision of one company owned car.
- Personal Insurance: As per Company's policy.
- Provident fund & Gratuity as per company's Rules.

5. Share Transfer & Demat Committee:

Your Company has a Share Transfer cum Demat Committee comprising Mr. Prem Adip Rishi (who chairs the committee),