

MEDIA[®]

—The Perfect Experience—

TOUCHING LIVES...

**18th
Annual
Report
2004-2005**

MEDIA VIDEO LTD.

report  junction.com

MEDIA VIDEO LIMITED

Board of Directors	7
Directors' Report	8
Report on Corporate Governance	11
Auditor's Report	14
Balance Sheet	16
Profit & Loss Account	17
Schedules	18

MEDIA INDUSTRIES LIMITED

(Subsidiary Company)

Directors' Report	29
Auditor's Report	29
Balance Sheet	31
Profit & Loss Account	32
Schedules	33

CONSOLIDATED ACCOUNTS

Balance Sheet	40
Profit & Loss Account	41
Schedules	42



From CMD's Desk

Mr. Prem Adip Rishi
Chairman & Managing Director

Today the consumer electronics industry is making state of the art products and is on up move. With the increasing growth rate of GDP, increase in disposable income, improved lifestyle and increasing purchasing power of people with higher propensity to consume, it would continue to grow further. Riding this current economic boom your Company is also growing by approximately 30% per annum and all efforts will be made to sustain or even better this growth rate.

Yet again, MEDIA VIDEO LIMITED is taking a big leap to diversify its present activities into the business of Real Estate Development. The Company has identified Real Estate as one of the fastest growing areas, which will take the Company to new heights. Driven by the positive growth in the industry, real estate in India is booming. India is poised for rapid urbanisation, which will lead to major developments in the real estate sector. The increasing affluence of IT workers and more liberal bank lending has helped sustain the building boom in houses and apartments. Growth in retail, entertainment and IT enabled service sectors have increased the demand for shopping malls, multiplexes, food outlets, office spaces, convention and business centres.

Keeping its pace in tandem with the industry dynamics, MEDIA VIDEO LIMITED seeks to make considerable inroads in the real estate development. Our U.S.P. would be the use of high quality construction materials, best architecture designs, timely completion of projects, clear titles and transparent documentation.

Our MISSION

MEDIA strives to achieve excellence in delivering highest consumer value through the widest spectrum of quality products and services, thus helping in bringing a positive sea change in the lifestyle of the Indian masses.

Upgrading :: Experiences

MEDIA products are

designed to take

home entertainment

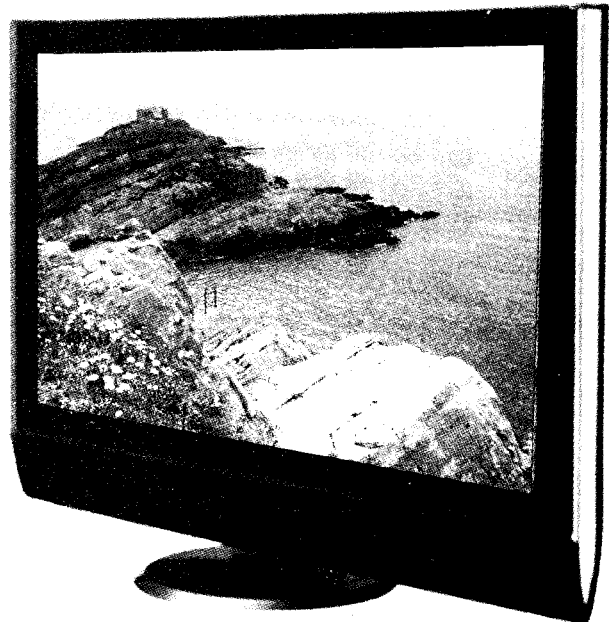
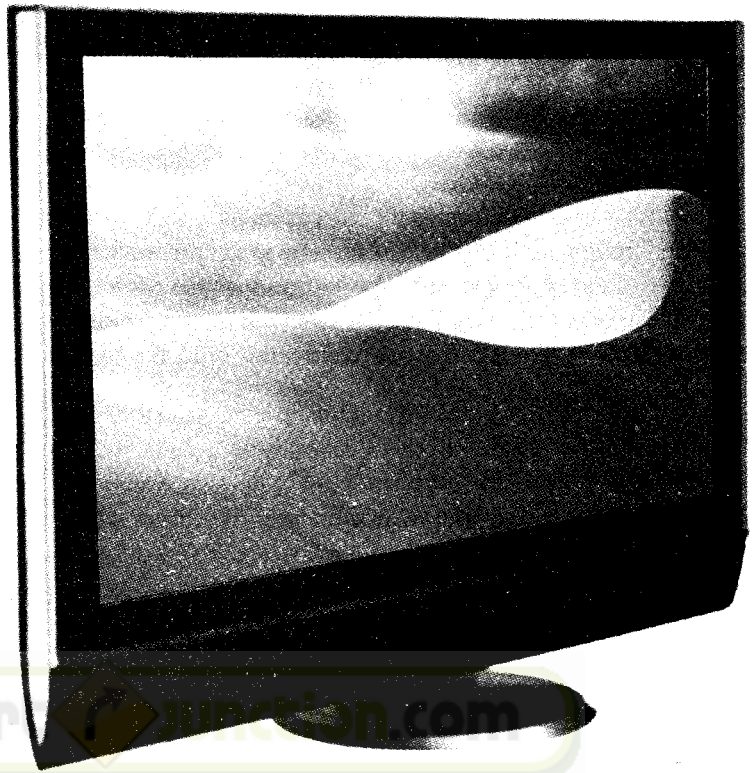
to the next level.

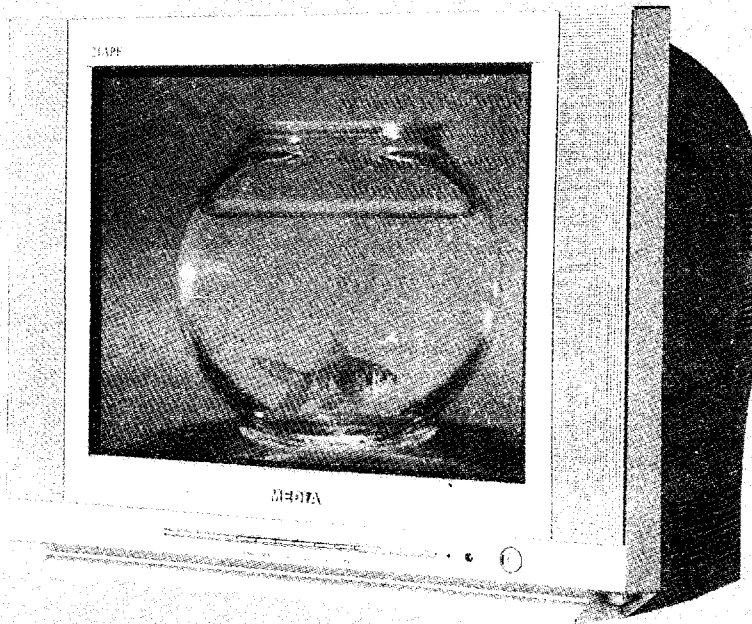
Thus enlivening

consumer's

experience as never

before.

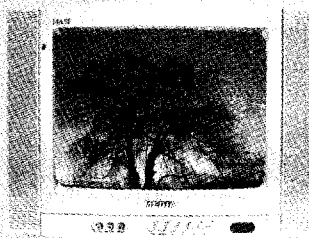
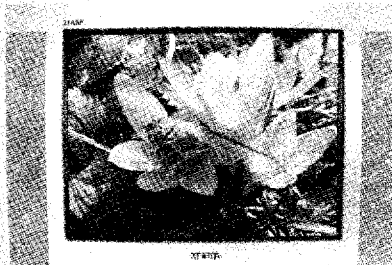


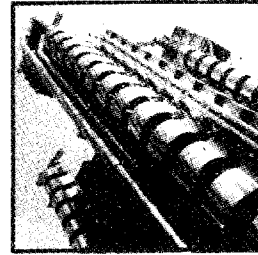
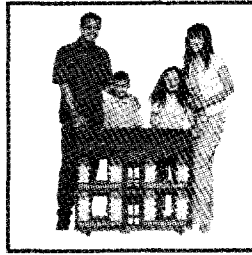


Increasing Value::

report  junction.com

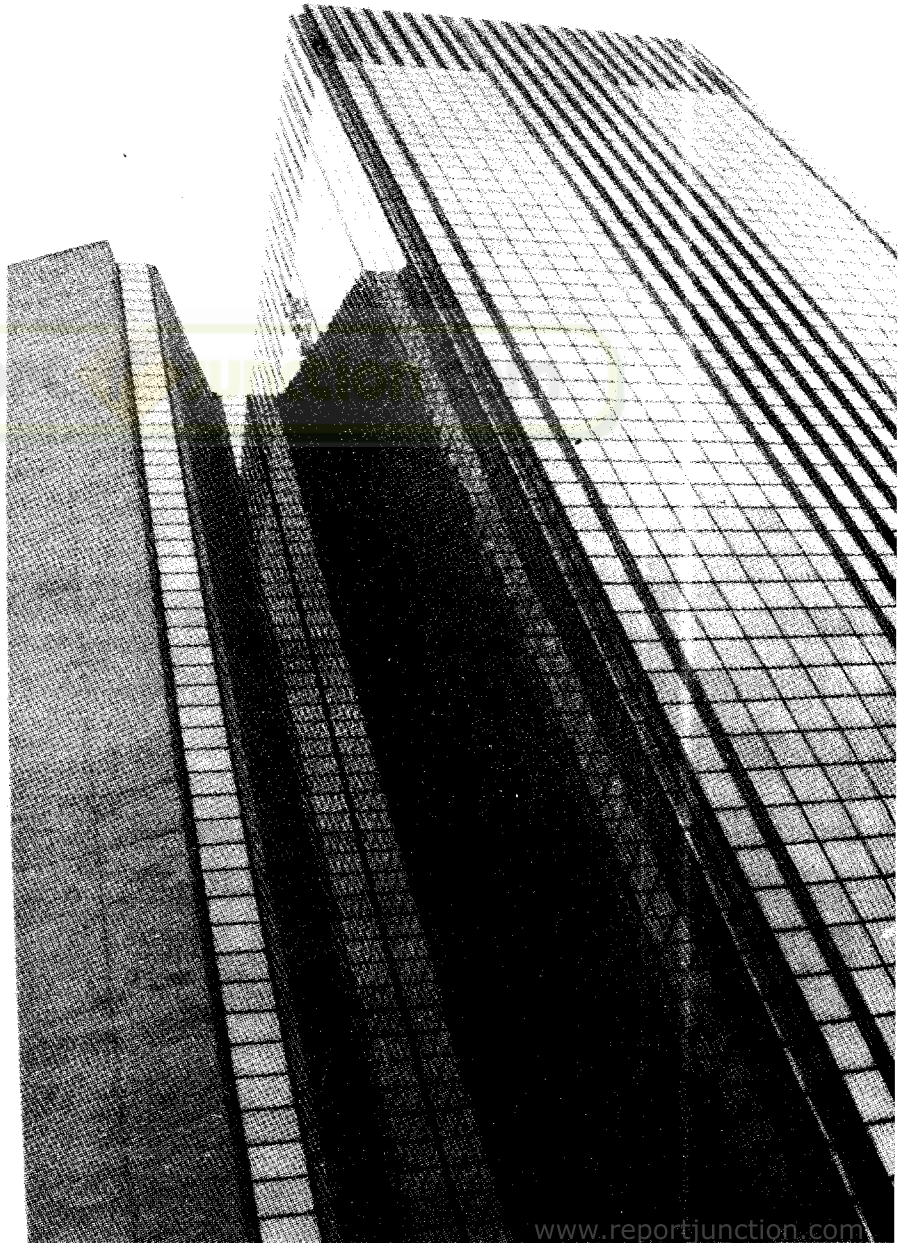
We at **MEDIA** are
guided by our goal
of designing,
developing and
delivering latest
technology, best
quality and
dependable services
at most affordable
prices.





Building Lives ::

MEDIA's commitment to sustained growth, development and wealth creation for its shareholders, ushers in new phase of infrastructure development, consequently also fulfilling its pledge to raising standard of living all around.



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

Mr. Prem Adip Rishi

Whole Time Director

Mr. Rakesh Gupta

Directors

Mr. Rajesh Galhotra

Mr. A. N. Sachar

Mr. Suresh Kumar Varma

Mr. Krishna Kumar

BOARD COMMITTEES**Audit Committee**

Mr. Suresh Kumar Varma

Mr. Krishna Kumar

Mr. A. N. Sachar

Mr. Rakesh Gupta

Representative of

Statutory Auditors

Chairman

Member

Member

Permanent Invitee

Permanent Invitee

Remuneration Committee

Mr. Suresh Kumar Varma

Mr. A. N. Sachar

Mr. Krishna Kumar

Chairman

Member

Member

Share Transfer cum Demat Committee

Mr. Prem Adip Rishi

Mr. Rakesh Gupta

Mr. Rajesh Galhotra

Chairman

Member

Member

Shareholders' Grievance Redressal Committee

Mr. Suresh Kumar Varma

Mr. Rajesh Galhotra

Mr. Rakesh Gupta

Chairman

Member

Member

Auditors

M/s Arun Kishore & Co.

Chartered Accountants, New Delhi

Bankers

Allahabad Bank

Punjab National Bank

Yes Bank Ltd.

Syndicate Bank

Subsidiary

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.****DIRECTORS' REPORT****TO THE MEMBERS**

Your Directors have pleasure in presenting the 18th Annual Report and Audited Statement of Accounts for the year ended 30th June, 2005.

1. FINANCIAL HIGHLIGHTS

Particulars	(Rs. in lacs)	
	Year ended 30.06.2005	Year ended 30.06.2004
Sales & Other Income	10745.25	7927.47
Profit Before Tax	629.81	346.71
Provision for Tax		
- Current Tax	82.00	60.00
- Deferred Tax	(24.81)	21.32
- Fringe Benefit Tax	2.00	-
Profit After Tax	570.62	265.39
Add: Surplus brought forward	831.03	665.64
Profit available for appropriation	1401.65	931.03
Appropriation		
Transfer to General Reserve	100.00	100.00
Balance Carried Forward	1301.65	831.03

2. FINANCIAL / OPERATION PERFORMANCE REVIEW

During the year under review, the Company recorded a turnover of Rs. 10745.25 lacs as compared to Rs. 7927.47 lacs during the previous year, thus recording a growth of around 36% over that of last year. The growth in value terms is quite satisfactory considering the Industry which is witnessing severe competition since the last few years. Despite this, the Company has been able to earn a Profit before Tax of Rs. 629.81 lacs as against Rs. 346.71 lacs last year, thus logging a growth of around 82% over last year. The Profit after Tax has increased to Rs. 570.62 lacs from Rs. 265.39 lacs last year, recording a growth of 115%.

3. SUBSIDIARY COMPANY AND CONSOLIDATED FINANCIAL STATEMENT

The results of Media Industries Limited, the subsidiary of the Company are attached to this Report along with the Statement specified in Section 212 of the Companies Act, 1956. The Company is also presenting its Audited Consolidated financial statements which form part of the Annual Report as required by the Listing Agreement with the stock exchange.

4. DIVERSIFICATION AND FUTURE PROSPECTS

Year on year, the Company is diversifying its product base, weighing its product matrix for better realization. The Company has launched many products during these diversifications and is planning to add new every year to give wide choice to our customers as per their needs and preferences.

During the year under review, the Company launched a range of Colour Televisions (CTVs) under its own brand "MEDIA" in the 14 inch, 20 inch, 21 inch (including flat model) and 29 inch (with woofers) categories. The CTVs were launched in March'05 and the Company has received good response from the market because CTVs are at par with the international brands. Besides the launch of Colour Televisions, during the year under review, the Company has been able to garner an increase in its market share of Audio Video products including DVDs, Home Theatres, Mini

Compo systems, VCDs etc., which in itself is commendable compared to the overall industry growth. During the year, your Company also executed a prestigious order from "Haier Appliances India Private Limited".

The Company is also expanding its distributor-dealer network in rural and semi urban areas where MEDIA was not present earlier. The Company is also building up high visibility by extensive displays of point of purchase material to facilitate fast movement of stocks from the retail counters.

The Company is planning to launch an exclusive range of LCD TV models, the technology of the future, ranging from 20 inches - 42 inches models, during the current financial year.

Embarking on its thrust to diversify further, the Company plans to foray into a high potential growth area and has identified Real Estate as the most appropriate business enterprise which is growing at a rate of 45% per annum. Since the Real Estate Business will require huge investments, the Company has decided to fund the project through equity route and debts as per the project requirement.

5. DIVIDEND

Keeping in view the increased working capital requirements for the diversification and expansion plans of the Company, the Directors of your Company do not recommend any dividend for the year under review.

6. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. A. N. Sachar, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

7. DELISTING OF EQUITY SHARES

The equity shares of the Company have been delisted from Delhi Stock Exchange and Madras Stock Exchange. The Company has submitted all the requisite documents / information for getting the shares of the Company delisted from Calcutta Stock Exchange. Vide its letter no. CSEA / LD / 83 / 2005 dated 9th August, 2005, the Calcutta Stock Exchange has informed the Company that our application for delisting has been approved and notice for delisting of equity shares of the Company is being issued in due course.

8. 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 have been followed along with proper explanation relating to material departures;
- that appropriate accounting policies have been selected and applied 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 as on 30th June, 2005 and the Profit of the Company for that period;



MEDIA VIDEO LTD.

- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the annual accounts have been prepared on a going concern basis.

9. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report as required under the Listing Agreement is annexed hereto and forms part of Directors' Report as Annexure - I.

10. CORPORATE GOVERNANCE & COMPLIANCE CERTIFICATE

Annexure - II 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.

11. FIXED DEPOSITS

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

12. 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 within the limits specified under section 224(1B) of the Companies Act, 1956.

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

13. AUDITORS' REPORT

The Auditors' Report to the members together with Account for the year ended 30th June 2005 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.

14. PARTICULARS OF EMPLOYEES

Information as per section 217(2A) of the Companies Act,

1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended is as follows:

Name of the Employee	Designation	Remuneration (Rs.)	Qualification	Experience	Date of Commencement of Employment	Age	Particulars of last employment
Sh. Prem Adip Rishi	Chairman & Managing Director	29,40,000	B. Sc.	29 years	01.04.1993	52	Own business

*Remuneration includes basic salary and allowances.

15. CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

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

16. FOREIGN EXCHANGE EARNING AND OUTGO

a) Foreign Exchange Earnings	Rs. Nil
b) Foreign Exchange Outgo	
- CIF value of imports of raw material and other goods	Rs. 540.26 lacs
- on account of foreign travel	Rs. 13.92 lacs

17. RESEARCH AND DEVELOPMENT

With the rapidly changing market scenario and technology, your Company realizes that Research and Development (R&D) is the major key to better results. The Company continued with the practice and during the year expanded its product range with inclusion of CTVs with constant emphasis placed on better quality, minimization of cost and use of latest available technology. The Company will continue to focus on R&D as a vehicle for retaining its competitive edge, creating more IPRs, and growth in the future.

18. 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 and trust reposed in the Company. They also wish to convey their gratitude and appreciation to the employees of the Company for their sincerity, dedication and valuable contribution made throughout.

By Order of the Board of Directors
For Media Video Limited

(PREM ADIP RISHI)
CHAIRMAN &
MANAGING DIRECTOR

Place : New Delhi
Date : 22nd August, 2005



MEDIA VIDEO LTD.

ANNEXURE - I

MANAGEMENT DISCUSSION AND ANALYSIS

The foregoing Management Discussion and Analysis may be "forward looking statements" within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed / implied depending upon demand-supply conditions, Governmental Policies / Regulations, Tax Regimes and Economic Developments within India and Globally.

1. Industry Structure & Product-Wise Performance:

India is the fifth largest economy in the world and has the second largest GDP among emerging economies. Its middle class is 300 million strong and growing. With the development of domestic markets and increased share in the export markets India has the potential to move into the top five leading manufacturers of Consumer Electronics products in the coming years.

The Indian VCD player market has witnessed a major boom in sales in the last couple of years. The year 2004-05 was no exception, however sales of VCD players have been affected due to a shift in the consumers' preference towards DVD players largely because of sharp fall in the prices of DVD players. As against the VCD market, the DVD market is dominated by branded players.

DVD players are fast gaining momentum, latest technology, high resolution picture quality and superb sound quality are some of the factors boosting the demand for DVD players. The global DVD player market is expected to show sustained growth over the next few years and by 2010 nearly half the global TV households are expected to own a DVD player.

Consumer Electronics and TV Manufacturers Association (CETMA) has projected a sale of approx 5.50 Millions DVDs player in 2005-06 and 7.70 Million in 2006-07. Over the period the general awareness for DVD has increased and retail outlets are receiving customers' inquiries for DVD players. With DVD prices falling and the expected fall in the prices of software, higher growth should be witnessed in the coming years.

Year on year, the Company is coming out with good results & increased sales and this year also the audio-video segment has shown a marked improvement with the sales growing over 35%. In its continuous endeavor to enhance contributions by the products, the Company re-evaluates its product mix on a regular basis and introduces new products to its product basket. In the organized sector, the Company enjoys leadership in TV Games.

2. SWOT Analysis

Strengths:

- Around two decades old, professionally managed Company.
- In-house R&D center for the audio-visual quality enhancement of the products.
- Experienced, committed and forward looking Management Team.
- Profit Making Company with strong Net Worth.
- Dedicated Distributor-Dealers Network spread all over the country enabling the Company to have faster and wide access to the market.
- 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.
- Low margins on products because of severe competition.
- Urban/Metropolitan Population is more inclined towards branded products. However the weakness is somewhat marginalized wherein the Company has identified the Semi Urban/ Rural market as their potential market.

Opportunities:

- Continued growth in the consumer electronics market in general and CTV industry in particular.
- Large existing manufacturing base for consumer electronics products in the country and the promise of low labour rates has lured scores of Original Equipment Manufacturers and Electronic Manufacturing Service Providers in India and the

Company intends to tap this market through its new OEM unit.

- Large and fast growing market for the Company's products viz. consumer electronics items and home appliances, due to large middle and upper class.
- The economic boom in India is yet to percolate down in the rural areas and once that happens there will be huge demand from rural areas for consumer electronic goods as even today certain consumer electronic items are considered a luxury in rural areas
- With its already established marketing network, the Company can market its newer products at faster pace.
- Rising disposable income
- Export opportunities

Threats:

- Risk of technical obsolescence
- Competition in general in consumer electronic industry and also from unorganised/gray market.
- Government policy on Customs and Excise has significant impact on the price and thus demand for the Company's products.

3. Adequacy of Internal Control Systems

The Company remains committed to maintaining internal controls designed to safeguard the efficiency of operations and security of our assets. Accounting records are adequate for preparation of financial statements and other financial information. The adequacy and effectiveness of internal controls across the various functional levels, as well as compliance with laid down systems and policies are monitored both by Company's internal control systems and Audit Committee on a regular basis. Your Company's Statutory Auditors have, in their report, confirmed the adequacy of the internal control procedures.

4. Risks & Concerns & Their Management

The Company is continuously introducing new world class products into the Indian market. Diversification, expansion and commencement of new ventures is also a continuous process. Due to a diversified portfolio, the Company's overall risk exposure to various factors like Government Policies, competition etc. has also scattered and has been mitigated to a large extent.

The Company is exposed to normal industry risks. However, with prudent management decisions supported by a team of experienced professionals, your Company hopes to ward off any threat posed before it. Compliance of safety requirements and norms placed by different Government agencies are given top priority.

5. Human Resources Development

Employee relations were cordial during the year. The Directors acknowledge and thank employees for their continued contribution and involvement. Employees being the most valued asset of the organisation, their training and development needs are identified and addressed continuously. People development approaches include on-the-job training, HR programmes such as Development Centre & Management Aptitude Centre and technical training. In the training arena, to provide a dynamic learning environment, your Company launched a drive for Role-Based Training and also added many employees to an already healthy pool of internal trainers.

In today's competitive environment the 'War for Talent' is intense. One of the biggest challenges before organisations is to retain and attract the best talent at all levels. We realise that the best way to attract and retain talent is to ensure a conducive atmosphere for our associates to experience a Sense of Identity, a Sense of Importance and a Sense of Development. The Company's retention strategies such as the Internal Job Posting Plan have been very effective in retaining high levels of talent within the Company. Adequate steps have been taken to create a sense of belongingness in the minds of the employees, which in turn gives maximum contribution per employee while gearing them to face the challenges in the competitive business environment and achieve the desired goals.