

ANNUAL REPORT



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ONIDA SAVAK LIMITED

BOARD OF DIRECTORS

Sonu L. Mirchandani
Ramesh Chandra Misra
Arun Kumar Banerjee
Akhil Swami
D.P. Maheshwari

Managing Director

Nominee (PICUP)

AUDITORS

M/s Goel Garg & Co.
Chartered Accountants,
E-588, Greater Kailash-II,
New Delhi-110 048

REGD. OFFICE & WORKS

B-205 & 204 Phase-II,
Noida - 201 305
District Gautam Budh Nagar
Uttar Pradesh

CORPORATE OFFICE

A-19, B-1 Extn.,
Mohan Co-operative Industrial Estate,
Mathura Road, Badarpur,
New Delhi-110044.

BANKERS

State Bank of India
Dena Bank
State Bank of Hyderabad
The Sanwa Bank Ltd.
ANZ Grindlays Bank

SHARE & TRANSFER AGENTS

Allied Computer Technics Pvt. Ltd.,
Flat No. 18, Local Shopping Centre
Block 'A', Naraina,
New Delhi-110 028.

ONIDA SAVAK LIMITED**NOTICE**

NOTICE is hereby given that the twelfth annual general meeting of the members of the **ONIDA SAVAK LIMITED** will be held on Saturday, the 7th day of August, 1999 at 9.00 A.M. at Plot No. A-1, Phase-II, Noida, Distt. Gautam Budh Nagar-201 305 (U.P.) to transact the following business:

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999 and Profit & Loss Account for the year ended on that date along with the reports of Auditor's and Director's thereon and to consider the erosion of Networth of the company as at 31.3.1999.
2. To appoint a Director in place of Mr R.C. Misra, who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ordinary resolution**:
"RESOLVED THAT M/s. Goel Garg & Co., Chartered Accountants, be and are hereby appointed as the auditors of the company to hold office from the conclusion of twelfth annual general meeting until the conclusion of the next annual general meeting, at a remuneration to be decided by the Board of Directors."

AS SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s), the following as an **ordinary resolution**:
"RESOLVED THAT pursuant to the sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956 (including any statutory modification or enactment thereof for the time being in force), the consent of the company be and is hereby accorded to the re-appointment of Mr Sonu L. Mirchandani as the Managing Director of the company for a period of 5 (five) years with effect from 19th September, 1999 on the following remuneration, terms and conditions agreed to between the Board of Directors and Mr Sonu L. Mirchandani and with the liberty to Board of Directors to alter, vary the terms and conditions of the said appointment and/or remuneration so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or enactment thereof, for the time being in force of the said re-appointment in such manner as may be agreed to between the Board of Directors of the company and acceptable to Mr Sonu L. Mirchandani.
 1. Salary: Rs. 50,000/- per month including dearness and all other allowances.
 2. Commission on net profits based on the net profits of the Company in a particular year, subject to the overall ceilings laid down in Section 198 and 309 of the Companies Act, 1956.
 3. Perquisites : The following perquisites, the aggregate value of which shall be restricted to an amount of Rs. 4,50,000/- per annum, such perquisites being classified into the following categories:-

CATEGORY A

- i) The expenditure by the Company on hiring furnished accommodation for the Managing Director will be subject to the following ceilings :-
 - (a) If the accommodation is provided in Bombay, Calcutta, Delhi or Madras 60% of the salary, over and above 10% payable by the Managing Director.
 - (b) Other places 50% of the salary, over and above 10% payable by the Managing Director.
 - (c) In case accommodation is owned by the Company and provided to the Managing Director 10% of the salary of the Managing Director shall be deducted by the Company.
 - (d) In case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance subject to the ceiling laid down in (a) or (b) above, as the case may be.

Explanations: Expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be valued as per Income-Tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of the salary of the Managing Director.
- ii) Medical reimbursement - Expenses incurred for the Managing Director and his family, subject to the ceiling of one month's salary in a year or three months salary over a period of three years.
- iii) Leave Travel Concession - For the Managing Director and his family once in a year incurred in accordance with any rules specified by the Company.
- iv) Club Fees - Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- v) Personal Accident Insurance - premium not to exceed Rs. 4,000/- per annum. For the purpose of this part family means Spouse, the dependent children and dependent parents of the Managing Director.

CATEGORY B

- i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceilings on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act. Gratuity in respect of the period of appointment half months salary for each completed year of service.
- ii) Encashment of leave at the end of the tenure will not be included in the computation of ceiling of perquisites.

ONIDA SAVAK LIMITED**CATEGORY C**

Provisions of car for use on Company business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of cars for private purposes shall however be billed by the Company to the Managing Director.

4. OTHER TERMS

- i) The Managing Director shall be entitled to reimbursement of all actual expenses, including on entertainment and traveling incurred in connection with the Company business.
- ii) The Managing Director shall be entitled to fully paid leave of six weeks for every eleven months of completed service.
- iii) Other benefits : The Managing Director shall also be entitled to the benefits, privileges and amenities under other schemes of the company, as are normally granted to the Senior Executives of the company.

FURTHER THAT where in any financial year the company has no profits or its profits are inadequate, the remuneration payable to Mr Sonu L. Mirchandani as salary, perquisites and other allowance shall be governed by and subject to the ceilings provided under section II of part II of Schedule XIII to the Companies Act, 1956.

By order of the Board

Noida,
5th July, 1999

SONU L. MIRCHANDANI
Managing 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 closed from 3rd August, 1999 to 7th August, 1999 (both days inclusive).
3. It will be appreciated that queries, if any, on accounts and operation 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. Pursuant to Section 205 of the Companies Act, 1956, the unclaimed dividend upto the financial year 1993-94 and interim dividend for the financial year 1994-95 has been deposited in the General Revenue Account of the Central Government. Members who have so far not claimed or collected their dividend of the aforesaid financial year may claim their dividend from the Registrar of Companies, Uttar Pradesh.
5. 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.
6. Explanatory statement pursuant to section 173(2) of the Companies Act, 1956 is appended below.

EXPLANATORY STATEMENT

(Pursuant to section 173(2) of the Companies Act, 1956)

Item No. 1

As per Section 3(O) of the Sick Industrial Companies (Special Provisions) Act, 1985. The losses of the company has exceeded the networth of the company as at 31st March, 1999. The Accumulated Losses of the company as at 31.3.99 were Rs. 3481.93 lacs as against Networth of Rs. 2686.20 lacs. The auditors in their report has also declared the company as Sick Industrial undertaking under the provision of above said Act.

Under Section 15(1) of the above said Act the Board of Directors are required to file a reference to the Board for Industrial and Financial Reconstruction (BIFR) within 60 days from the date of finalisation of audited accounts.

Accordingly, the Board of Directors has filed a reference with BIFR on 28th June, 1999 and BIFR has registered the case.

Item No. 4

The present term of Mr. Sonu L. Mirchandani will expire on 17th September, 1999. The Board of Directors has re-appointed him for a further period of five years from the expiry of his term. The details of remuneration payable to Mr Sonu L. Mirchandani are set out in the resolution at serial no. 4 of the notice, submitted for shareholders' approval.

The terms and conditions and/or payment of remuneration as set out for re-appointment may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion deem fit so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 (including any statutory modification or enactment thereof, for the time being in force) or any amendments made thereto.

The above may be treated as an abstract of the terms of re-appointment of Mr. Sonu L. Mirchandani as the Managing Director of the Company, as required under section 302 of the Companies Act, 1956.

No other director except Mr Sonu L. Mirchandani, Managing Director of the company is concerned or interested in the resolution.

By order of the Board

Noida,
5th July, 1999

SONU L. MIRCHANDANI
Managing Director

ONIDA SAVAK LIMITED**REPORT OF DIRECTORS**

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

FINANCIAL RESULTS

	For the year ended March 31, 1999 (Rs. in lacs)	For the year ended March 31, 1998 (Rs. in lacs)
Sales & other income	4064.57	4806.83
Gross Profit/(Loss) before Depreciation & Tax	(2610.60)	(444.96)
Less Depreciation	(281.62)	(179.44)
Profit/(Loss) after Tax	(2892.23)	(624.40)
Add/(Less) Prior period expenses(net)	(2.20)	(4.03)
Surplus/(Loss) as per last Balance Sheet	(587.49)	32.88
Profit/(Loss) transferred to Balance Sheet	(3481.93)	(587.49)

OPERATIONS & FUTURE OUTLOOK**WASHING MACHINE**

As informed in our last report there was a fire on 24th April, 1998. that damaged the washing machine unit. With all the efforts the Company was able to rebuild and start the plant within two months but on a smaller scale. The Insurance Company has partially released the amount in December, 1998 and the balance amount is yet to be received. The production of washing machine was 39502 nos. during the year as against 39779 nos. during 1997-98. The trial production of fully automatic washing machine has already started but due to on going legal dispute wherein L.G. Electronic's non deployment of Technical Cooperation delayed the project and created an adverse impact on the marketability of the fuzzy logic fully automatic washing machines. Besides this on 11th January 1999, L.G. Electronics wrote to the Company to terminate the Agreement. The Company replied to L.G. Electronics categorically rejecting the purported termination of the licence and Technical Assistance Agreement on 19th January, 1999. **The hearing in the Arbitration Case filed by the Company against L.G. Electronics, Korea in the International Court of Arbitration has been completed in February, 1999 and the award is expected by July, 1999.** This resulted in serious devaluation of the ONIDA Washing Machine brand with our Vendors, other trade associates etc. These events adversely effected the working of the company and the company could not achieve the desired results.

TUNER

As informed earlier in last year report the company has successfully launched the World Standard Tuner (WST) during the year. Your Company is first company in India to introduce these tuners in the market. With the expected expansion in CTV market, your company will play a dominant role in Indian market as being the largest merchant manufacturer of tuners in India.

DIVIDEND

In view of losses incurred by the company the directors do not recommend any dividend.

AUDITORS' REPORT

Auditors observations are self explanatory and/or explained suitably in the notes on accounts.

The Auditor of the Company in their Audit Report has declared the Company as Sick under Sick Industrial Companies Special Provision) Act, 1985. The Company is taking necessary steps in this respect.

DIRECTORS

Mr Indu Kumar Pandey who was nominated by the Pradeshiya Industrial and Investment Corporation of U.P. Limited (PICUP) on the Board as its nominee director has resigned during the year. The Board appreciate his association with the Company and Pradeshiya Industrial and Investment Corporation of U.P. Limited (PICUP) has nominated Mr Akhil Swami as a Nominee director. Mr R.C. Misra, Director, retires by rotation and being eligible offers himself for re-appointment. Your Directors recommend his re-appointment.

ONIDA SAVAK LIMITED

AUDITORS

M/s Goel Garg & Co., Chartered Accountants, New Delhi, auditors of the company hold office till the conclusion of the ensuing annual general meeting and are recommended for re-appointment.

PERSONNEL

The Directors wish to place on record their appreciation for the services rendered by all the employees of the Company. It is gratifying to note that cordial and harmonious relations prevailed between the employees and the management.

PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended regarding Employees is given in Annexure 'A' to the Directors' Report.

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

Information under Section 217(1)(e) read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure 'B' and forms part of this Report.

ACKNOWLEDGEMENT

The Board expresses its grateful appreciation for the continued valuable assistance, co-operation and support extended by the State Government Authorities, Financial Institutions and Banks.

The Board also gratefully acknowledges the support and goodwill extended by the dealers, customers, suppliers and shareholders of the company.

For and on behalf of the Board

Noida, 4th June, 1999

SONU L. MIRCHANDANI
MANAGING DIRECTOR

ANNEXURE 'B' TO DIRECTORS' REPORT

I. CONSERVATION OF ENERGY

a) Energy Conservation measures taken:

The Company's activities involve low consumption of energy and as such there is very little scope for energy conservation. In all the divisions of the company there is a conscious and concerted drive towards conservation of energy in all its forms.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy. Energy conservation is an on-going process in the company. Besides the measures already taken, the efforts are continuing to examine and implement fresh proposals for further conservation of energy.

c) Impact of measures at (1) & (2) above for reduction of energy consumption and consequent impact on the cost of production. Positive impact of measures already taken has been felt on the cost of production.

II. RESEARCH & DEVELOPMENT(R&D)

a) Specific area in which R&D carried out by the Company :

The company has been continuously carrying on Research & Development for improving the quality, production process, indigenisation of products and development of new products.

b) Benefits derived as a result of above R&D :

Besides, raw material efficiency, better quality consistency, and product diversification, R&D has helped the Company to develop World Standard Tuners, new designs of Washing Machines.

c) Future plan of action :

Product upgradation, identification and development of new products/models to meet Company's requirement of growth and sustenance.

d) Expenditure on R&D :

Expenditure charged under respective primary heads of accounts.

ONIDA SAVAK LIMITED

III. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION :

- a) Efforts in brief made towards technology absorption, adaptation & innovation :
The technical know-how from the M/s. Sony Corporation., Japan, for manufacture of World Standard Tuners has been fully absorbed and adopted.
- b) Benefits derived as a result of the above efforts :
Availability of indigenous Electronic Tuners has resulted into import substitution and adaptation of the technology to suit Indian market and requirements.
- c) Particulars relating to import technology :
The technology imported for CTV Tuners has been fully absorbed during the year.

IV) FOREIGN EXCHANGE EARNINGS AND OUTGO :

(a) Earnings	NIL
(b) Outgo by way of import of raw material, capital equipment and others	761.48 Lacs (1665.82) Lacs

ANNEXURE 'B' TO DIRECTORS' REPORT

Statement of Particulars of Employees pursuant to Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time and forming part of the Directors' Report for the year ended 31st March, 1999.

Sl. No.	Name	Qualification	Designation /Nature of Duties	Date of Joining	Remuneration (Rs.)	Experience (years)	Age (years)	Last Employment Position held /year / Organisation
A. EMPLOYED THROUGHOUT THE YEAR								
1.	Kakkar A.K.	B.Com, FCA	General Manager (Finance)	22.11.1997	6,38,400	25	49	General Manager(Finance),(11) Usha (India) Limited
2.	Mirchandani Sonu L.	B.Com.(Hons) P.G.Course in House Training.	Managing Director	18.09.1989	1,062,396	28	50	Managing Director, (12) Monica Electronics Ltd.
3.	Nayyar R.K.	B.Sc.(Engg)	Chief Executive	01.09.1990	9,32,125	21	44	Dy. General Manager (Engg),(2) Monica Electronics Ltd.
4.	Prakash Anil	B.Sc,B.E.	Dy.General Manager (Washing Machine)	15.09.1995	6,16,649	18	42	Dy.General Manager(1) Onida Saka Limited
5.	Shukla S.P.	B.Tech.	Vice-President (Home Appliances)	12.6.1989	8,39,640	32	54	General Manager(Projects),(2) Purolator India Ltd.
	Sharma Giraj	B.Sc(Hons) PGDM	General Manager (Marketing)	01.04.1997	8,54,032	16	37	General Manager (Marketing), (1) Monica Electronics Limited
EMPLOYED FOR PART OF THE YEAR								
	Chopra Rajan	B.E.	Executive Vice President	06.01.1999	2,29,945	25	45	General Manager (Marketing), (5) Akasaka Electronics Limited

OTES: (i) Remuneration includes Basic Salary, allowances, rent for accommodation, leave encashment, Gratuity paid, Medical, leave travel assistance, Company's contribution to Provident Fund and other facility and benefit wherever applicable monetary value of which have been evaluated on the basis of Income Tax rules.