

ANNUAL REPORT 2003

Report  junction.com

ONIDA
SAKA LIMITED

BOARD OF DIRECTORS

S.C. Garg
S.C. Rustagi
N.K. Shinghal
V.K. Gupta

Company Secretary
Vivek Sahay

Auditors
M/s J. L. Garg & Co.
Chartered Accountants,
102, Skylink,
E-588, Greater Kailash-II,
New Delhi-110 048

Registered Office
GA-1, B-1, Extension
Mohan Co-operative Industrial Estate,
Mathura Road, Badarpur,
New Delhi-110044

WORKS/DIVISIONS
Pithampur (M.P.)
Noida, Phase II (U.P.)

Bankers
State Bank of Bikaner & Jaipur

Share Transfer Agent
Mas Services Private Limited
AB-4, Safdarjung Enclave
New Delhi-110029

NOTICE

NOTICE is hereby given that the twenty first annual general meeting of the members of the **ONIDA SAKA LIMITED** will be held on Friday, the 26th day of September, 2003 at 9.00 A.M. at E-22, Ansal Satbari, Chattarpur, New Delhi to transact the following business:

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2003 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. V. K. Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s J. L. 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.

AS SPECIAL BUSINESS

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

"RESOLVED THAT Board of Directors of the Company be and is hereby authorised to delist the equity shares of the Company from one or more of the following stock exchanges i.e. The Calcutta Stock Exchange Association Limited, Madras Stock Exchange Limited, Bangalore Stock Exchange Limited, The Stock Exchange, Ahmedabad and Delhi Stock Exchange Association Limited."

"FURTHER THAT Board be and is hereby authorised to do all such acts, deeds and things as may be necessary, expedient and proper to give effect to the resolution."

"FURTHER THAT the Board be and is hereby authorised to make such applications / sign agreements and give declarations / undertakings as may be required by the Stock Exchanges / Securities and Exchange Board of India and to accept amendments, modifications and alterations as may be suggested by these authorities."

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

"RESOLVED THAT pursuant to provisions of Section 269, 198 and 309 and other applicable provisions, if any, of the Companies Act, 1956, (the "Act") read with Schedule thereto, subject to the provisions of the Memorandum and Articles of Association of the Company, subject to such approvals, if any, as may be necessary, approval of the Company be and is hereby accorded to the appointment of Mr. Suresh Chand Rustagi as the Managing Director of the Company for a period commencing July 30, 2003 upto and inclusive July 29, 2008 on terms and conditions and remuneration as approved by remuneration committee and as set out in explanatory statement attached to this notice with further authority to the Board and / or remuneration committee to alter and vary the terms and conditions and remuneration of Mr. Suresh Chand Rustagi, from time to time subject to the applicable provisions of the Companies Act, 1956.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this resolution."

By order of the Board

Vivek Sahay
Company Secretary

Noida: 30th July, 2003

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. 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.
3. 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 hall.
4. The explanatory statement pursuant to section 173(2) is appended.

EXPLANATORY STATEMENT

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

Item No. 4

At present equity shares of the company are listed at Delhi, Mumbai, Calcutta, Madras, Bangalore and Ahmedabad Stock Exchanges. As per the terms of the listing agreement, a substantial amount has to be paid annually to the Stock Exchanges towards listing fees without corresponding benefit accruing. The Board of Directors feel that shares of the company be de-listed from Delhi, Calcutta, Madras, Bangalore and Ahmedabad Stock Exchanges. The equity shares of the company will remain continue to be listed at Mumbai Stock Exchange having nation wide trading terminals enabling shareholders of the company to trade from any where in India. Securities and Exchange Board of India has framed guidelines permitting the companies to de-list from Stock Exchanges after passing special resolution in the general meeting of the company. The Directors recommend the special resolution for shareholders approval.

None of the Directors is in any way concerned or interested in the resolution except as the shareholders of the company.

Item No. 5

The Board of Directors of the company at it meeting held on July 30, 2003 has appointed Mr. Suresh Chandra Rustagi as the Managing Director of the company subject to the approval of members and shareholders of the company in general meeting for a period commencing July 30, 2003 upto and inclusive July 29, 2008 at the remuneration, in accordance with the norms laid down in Schedule XIII and other applicable provisions of the Companies Act, 1956, as reproduced herein below :

- a) Basic Salary – Rs 15,460/- Per month and Special Allowance of Rs 35,110/- Per month.
The increment will be effective from 1st of April of every year and shall be considered by the Board and / or remuneration committee on merits and its absolute discretion.
- b) House Rent Allowance 50% of basic salary per month, Conveyance Allowance Rs. 800/- per month, Medical Reimbursement Rs. 1,250 per month, and Leave Travel Allowance Rs. 2,200 per month.

Managing Director shall also be eligible to the following perquisites which shall not be included for the purpose of computation of ceiling of remuneration:

- a) The company's contribution to Provident Fund and Superannuation or Annuity Fund, if any, to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity payable as per the rules of the company.
- b) Encashment of leave as per the company's rules.

Other Terms

- i) The Managing Director shall be entitled to reimbursement of all expenses, including on entertainment and travelling incurred in connection with the company's business, as per the rules of the company.
- ii) The Managing Director shall be entitled to fully paid leave as per the rules of the company.
- iii) The Managing Director shall also be entitled to the benefits, privileges and amenities under the scheme of the Company, as are normally granted to the Senior Executives of the company.
- iv) Reimbursement of inpatient medical expenses towards hospitalization as per the company rules and Employees group insurance (Mediclaime) rules applicable from time to time.

Minimum Remuneration- Notwithstanding anything to the contrary herein contained, where in any financial year during the tenure of Mr. Suresh Chand Rustagi as the Managing Director of the company, the company has no profits or the profits are inadequate, the company shall, subject to the provisions of Sections 198, 269, 309 and Schedule XIII of the Act, pay basic salary, perquisites and allowances as set out above.

Other Terms and Conditions

- The terms and condition remuneration of the appointment may be varied / enhanced from time to time by the Board of Directors and / or remuneration committee of the Company as it may in its discretion deem fit within the maximum amount payable to the Managing Director prescribed under the provisions of Schedule XIII to the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956.
- The Managing Director shall, subject to the supervision and control of the Board of Directors, be entrusted with such powers and perform such duties as may from time to time, be delegated / entrusted to him.
- The Managing Director shall not be subject to retirement by rotation and shall not be paid any sitting fees for attending the meeting of the Board of Directors or any committee thereof from the date of his appointment.

This may also be treated as an abstract of the terms of the contract and memorandum of interest in relation to appointment of Mr. Suresh Chandra Rustagi pursuant to Section 302 of the Companies Act, 1956.

None of the directors of the company is concerned or interested in the aforesaid resolution, except Mr. Suresh Chandra Rustagi.

The Directors commend the Ordinary Resolution for your adoption.

By order of the Board

Noida: 30th July 2003

Vivek Sahay
Company Secretary

DIRECTORS' REPORT**TO THE MEMBERS**

The directors submit their report and accounts for the financial year 2002-03.

OPERATIONS

During the financial year under review, the sales and other income were Rs 5311.40 lacs as against Rs 4825.11 lacs in the previous financial year. The profit after tax was Rs 16.02 lacs in 2002-03 as against Rs 53.49 lacs in 2001-02. The company produced 45,208 colour television sets as against 30,434 colour television sets in the previous financial year. During the year the company introduced two new models in 14" and 20" segment with advanced features, which were well received in the market. It also started manufacturing 21" colour television sets, which your directors hope will form a sizeable part of production in the coming financial years.

DIVIDEND

The directors do not recommend any dividend.

AUDITOR'S REPORT

Auditor's 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) Except Accounting Standard – 13, wherein only an ad-hoc partial provision of Rs 25 lacs has been made for diminution in value of investments, 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.
- ii) The accounting policies used in preparation of financial statements have been consistently applied. The estimates and judgements 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 end of the financial year ended on 31.03.2003 and profits of the Company for the year ended 31.03.2003.
- 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. V.K. Gupta, Director retires by rotation and being eligible, offers himself for re-appointment.

AUDITORS

The auditors M/s J. L. 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.

PERSONNEL

The directors wish to place on record their deep appreciation of the contribution made by the employees of the company. It is gratifying to note that the industrial relations remained cordial and peaceful.

ACKNOWLEDGEMENT

Your directors also wish to thank and deeply acknowledge the valuable assistance; co-operation and support extended by the Central and State government authorities and consortium 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 dealers, suppliers and shareholders of the company.

for and on behalf of the Board

Date: 30th July 2003
Place: Noida

(S.C. Garg)
Chairman

ANNEXURE 'A' TO DIRECTORS' REPORT**1. CONSERVATION OF ENERGY****a. Energy conservation measures taken**

The operations of the company are not energy intensive. However, adequate measures have been taken to reduce energy consumption.

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

The company is consistently in the process of identifying conservation area and optimising the use of energy through improved operational methods and systems.

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

The measures taken have resulted in lower energy consumption.

2. RESEARCH AND DEVELOPMENT**a. Specific areas in which R&D carried out by the company.**

The research and development activities of the company are directed towards improvement of quality, development of new models and upgradation of existing infrastructure.

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

Improvement in range, quality and raw material efficiency.

c. Future plan of action.

Continuing upgradation of existing infrastructure, improvement in range and quality of product.

d. Expenditure on R&D

Charged under primary heads of accounts.

3. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION.**a. Efforts made towards technology absorption, adaptation and innovation.**

The company is using latest techniques for production.

b. Benefits derived as a result of above efforts.

Better quality, yield and improved productivity.

c. Particulars relating to improved technology.

Except for certain imported components, the company is not using any imported technology.

4. FOREIGN EXCHANGE EARNINGS AND OUTGO**a) Activities relating to exports:**

The company made enquires from Chambers of Commerce, various overseas agencies for exploring the new overseas markets. Due to forced closure these initiative could not be pursued further.

b) Total foreign exchange used and earned.

i) Earnings	Nil
ii) Outgo by way of import of raw material and other expenditure	781.50 lacs

ANNEXURE 'B' TO DIRECTORS' REPORT

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

OBSERVATION

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

RESPONSE

The company has asked the suppliers to send statements of accounts in their books to us for reconciliation. After reconciliation it will be confirmed from respective parties.

OBSERVATION

Last year the company had constituted a committee to ascertain the realisability of sundry debtors. According to this report, the doubtful debts as on date are Rs. 130.07 lacs for which no provision has been made in books.

RESPONSE

For doubtful debt of Rs. 137.07 lacs, last year the company had already constituted a committee to ascertain the realisability of sundry debtors. No provision has been made for these debts as company is seeking legal opinion.

OBSERVATION

No provision for overdue interest on redemption of 1,80,000 of 14% secured redeemable convertible debentures of Rs.100 each has been made.

RESPONSE

Company has paid full amount to debentures holders. The Additional interest will be paid as and when it is made.

OBSERVATION

Due to change in the market strategy / product mix, the company in earlier years had started the process of identifying and ascertaining obsolete / slow moving stocks. The said stocks have been identified as on date at Rs. 274.48 lacs. The company has constituted a technical team in order to ascertain whether such stocks can be utilized, in future products, with some modifications. The adjustments, if any, on account of above shall be made on completion of technical evaluation.

RESPONSE

As stated above the company has constituted a technical team in order to ascertain whether such stocks can be utilized, in future products, with some modifications. On completion of technical evaluation, the adjustments, if any, on account of above shall be made.

OBSERVATION

The company has made an ad-hoc provision of Rs. 25.00 lacs in earlier years towards diminution in the value of investments as against the required provision of Rs. 194.47 lacs as per Accounting Standards – 13 for valuation of investments.

RESPONSE

The company's investments are of long term nature. The diminution in value of investments being of temporary nature no provision for such diminution in value has been made.

DIRECTORS' REPORT ON CORPORATE GOVERNANCE**1. Philosophy on Code of Corporate Governance**

Your Company believes that any meaningful policy on Corporate Governance must provide empowerment to the executive management of the Company, and simultaneously create a mechanism of checks and balances which ensure that the decision making powers vested in the executive management are not only not misused, but used with care and responsibility to meet stakeholders' aspirations and societal expectations.

Corporate Governance strengthens Investors trust and aims at attainment of the highest levels of transparency, accountability and equity in the functioning of company vis-à-vis interactions with employees, shareholders, creditors, depositors and its customers. A report on the implementation of the code of corporate governance introduced by SEBI and incorporated in the listing agreement is given below:

2. Board of Directors

The primary role of the Board is that of trusteeship to ensure that the Company has clear goals relating to shareholder value and its growth. The Board of Directors monitors company performance, approves and reviews policies / strategies and evaluates management performance. The Board ensures legal and ethical conduct and accurate financial reporting.

i) Composition & Category

The Board of Directors comprises of four members. Mr. S. C. Rustagi is the Managing Director (appointed on July 30th 2003) and the other three Directors are non- executive. The non – executive Directors are independent i.e. independent of management responsibilities, free from business or any other relationship, which could materially interfere with the exercise of their independent judgment. The Directors bring to the Board a wide range of experience and skills. The Board consists of the following directors:

Directors	Category
Mr. S. C. Rustagi (Managing Director)	Executive Director (Appointed on July 30, 2003)
Mr.S. C. Garg (Chairman)	Independent & Non-Executive Director
Mr. N. K. Shinghal	Independent & Non-Executive Director
Mr. V. K. Gupta	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 (30th September, 2002)
	Held during the tenure of Director	Attended	
Mr. S. C. Rustagi	-	-	-
Mr.S. C. Garg	4	4	Yes
Mr. N. K. Shinghal	4	4	Yes
Mr. V. K. Gupta	4	3	Yes

Note:

- None of the directors is related to any other directors.
- M/S Goel Garg & Co., Chartered Accountants was appointed as financial consultants for the financial year 2002 – 2003. Mr. S. C. Garg, Director is a partner of such firm. However in judgement of Board of Directors rendering of services of financial consultants, which is professional in nature does not affect independence of judgement of director. None of the other directors has any business relationship with the company.

- iii) During the year the Board of Directors of Onida Saka Limited met 4 times i.e. on June 27 2002, July 26 2002, October 30 2002, and January 31 2003. The maximum gap between any two meetings was not more than four months. A detailed agenda is sent to each Director in advance of Board and Committee meetings.

3. 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	Chairman ship held in committee of Directors
Mr. S. C. Rustagi	Nil	Nil	Nil
Mr.S. C. Garg	2	3	3
Mr. N. K. Shinghal	Nil	3	Nil
Mr. V. K. Gupta	Nil	3	Nil

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.*

i) Audit Committee

The terms of reference of the Audit Committee covers the areas mentioned under clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The Audit Committee was constituted on 31st January 2001 by the Board of Directors. It comprised of :

Mr. S. C. Garg	-	Chairman
Mr. N. K. Shinghal	-	Member
Mr. V. K. Gupta	-	Member

During the year the committee has met 3 times on June 27, 2002, July 26, 2002, October 30, 2002. The minutes of the Audit Committee were placed before the Board. The overall attendance of the Directors was 100% as under:

Members	Held during the tenure of Director	Meetings Attended
Mr. S. C. Garg	3	3
Mr. N. K. Shinghal	3	3
Mr. V. K. Gupta	3	3

ii) Remuneration of Directors

In compliance with Schedule XIII of the Companies Act, 1956, relating to appointment of Managing Director, Remuneration Committee was constituted on July 25 2003 by Board of Directors. It comprised of Mr. S. C. Garg (Chairman), Mr. N. K. Shinghal and Mr. V. K. Gupta as its members.

Remuneration Committee approved the following terms and condition and remuneration of Mr. S. C. Rustagi as Managing Director of the Company:

- Basic Salary – Rs 15,460/- Per month and Special Allowance of Rs 35,110/- Per month.
The increment will be effective from 1st of April of every year and shall be considered by the Board and / or remuneration committee on merits and its absolute discretion.

- b) House Rent Allowance 50% of basic salary per month, Conveyance Allowance Rs. 800/- per month, Medical Reimbursement Rs. 1,250 per month, and Leave Travel Allowance Rs. 2,200 per month.

Managing Director shall also be eligible to the following perquisites which shall not be included for the purpose of computation of ceiling of remuneration:

- a) The Company's contribution to Provident Fund and Superannuation or Annuity Fund, if any, to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity payable as per the rules of the Company.
- b) Encashment of leave as per the Company's rules.

Other Terms

- i) The Managing Director shall be entitled to reimbursement of all expenses, including on entertainment and travelling incurred in connection with the Company's business, as per the rules of the Company.
- ii) The Managing Director shall be entitled to fully paid leave as per the rules of the Company.
- iii) The Managing Director shall also be entitled to the benefits, privileges and amenities under the scheme of the Company, as are normally granted to the Senior Executives of the Company.
- iv) Reimbursement of inpatient medical expenses towards hospitalization as per the Company rules and Employees group insurance (Mediclaime) rules applicable from time to time.

Minimum Remuneration- Notwithstanding anything to the contrary herein contained, where in any financial year during the tenure of Mr. Suresh Chand Rustagi as the Managing Director of the Company, the Company has no profits or the profits are inadequate, the Company shall, subject to the provisions of Sections 198, 269, 309 and Schedule XI of the Act, pay basic salary, perquisites and allowances as set out above.

Other Terms and Conditions

- The terms and condition and remuneration of the appointment may be varied / enhanced from time to time by the Board of Directors and / or remuneration committee of the Company as it may in its discretion deem fit within the maximum amount payable to the Managing director prescribed under the provisions of Schedule XIII to the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956.
- The Managing Director shall, subject to the supervision and control of the Board of Directors, be entrusted with such powers and perform such duties as may from time to time, be delegated / entrusted to him.
- The Managing Director shall not be subject to retirement by rotation and shall not be paid any sitting fees for attending the meeting of the Board of Directors or any committee thereof from the date of his appointment.

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

Directors	Positions	Sitting fees	Salary & Perquisites	Commission	Total
Mr. S. C. Garg	Director	17,500	-	-	17,500
Mr. N. K. Shinghal	Director	17,500	-	-	17,500
Mr. V. K. Gupta	Director	-	-	-	-

iii) Shareholders/ Investors Grievances & Share Transfer Committee

The Board of Directors of the company has constituted Shareholders/ Investors Grievances on March 17, 2003 headed by Mr. S.C. Garg (Chairman) with Mr. N.K. Shinghal and Mr. V. K. Gupta as 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.

The Committee has designated Mr. Vivek Sahay, Company Secretary as the Compliance Officer.

During the year, the company had received 75 complaints from shareholders & investors, stock exchanges and SEBI. Out of 75 complaints 67 complaints have been solved and remaining complaints are under process and will be solved very soon.