

Onida Saka Limited

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Annual Report
2004-05

BOARD OF DIRECTORS

S.C. Rustagi – *Managing Director*
S.C. Garg
R.C. Misra, I
V.K. Gupta

Company Secretary

Sunil Bhatia

Auditors

M/s J. L. Garg & Co.
Chartered Accountants,
103, 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

Share Transfer Agent

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

NOTICE

NOTICE is hereby given that the 23rd annual general meeting of the members of ONIDA SAKA LIMITED will be held on Thursday, September 22, 2005 at 9:30 A.M. at 12, Executive Club Road, Chattarpur, New Delhi to transact the following business:

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2005 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 S. C. Garg, 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 an ordinary resolution:

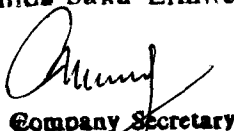
"RESOLVED THAT Mr R. C. Misra, who was appointed as an additional director of the Company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956, and in respect of whom the company has received a notice in writing proposing his candidature for the office of director, be and is hereby appointed a director of the company liable to retire by rotation."

Certified True Copy
For Onida Saka Limited

By order of the Board

Sunil Bhatia
Company Secretary

New Delhi, August 22, 2005


Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT TIME OF THE MEETING.
2. The register of members and share transfer books of the company will remain closed from September 7, 2005 to September 13 2005 (both days inclusive).
3. It will be appreciated that queries, if any, on accounts and operations of the company are sent to the company ten days in advance of the meeting so that the answer may be made readily available.
4. Members are requested to produce the enclosed attendance slip duly signed, in accordance with specimen signatures registered with the company for admission to the meeting place.
6. 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

Mr R. C. Misra was appointed an Additional Director of the company on September 22, 2004 by the Board of Directors of the company. According to the provisions of section 260 of the Companies Act, 1956, he holds office as a director only up to the date of the ensuing annual general meeting. As required by section 257 of the Act, a notice has been received from a member signifying his intention to propose the appointment of Mr R. C. Misra as a director along with a deposit of rupees five hundred. The directors recommend the resolution for shareholders' approval. The Board considers it desirable that the company should avail his services.

None of the directors except Mr R. C. Misra is interested in the resolution.

By order of the Board

Sunil Bhatia
Company Secretary

New Delhi, August 22, 2005

ONIDA SAKA LIMITED

DIRECTORS' REPORT

TO THE MEMBERS

The directors submit their report and accounts for the financial year 2004-05

OPERATIONS

In the year 1995 the company faced a major slowdown of operations because of a major slump in sales of black and white televisions due to introduction of low cost colour television sets by various companies. In a major restructuring the company took up manufacturing of colour television sets and tied up with other companies under which the televisions produced by the company were sold to them, which in turn gave to the company a certain amount towards conversion. Till last few years sufficient orders were being received from them and the company was managing to survive on the conversion charges and also making marginal profits. However, the orders received from them gradually declined, as it was more economical for them to get the televisions sets manufactured from other units enjoying sales tax exemption which our unit did not have. In view of declining orders and conversion charges and increasing overheads it was no longer profitable for the company to continue its manufacturing operations. Keeping in view the above losses and in the absence of any diversification in sight, your directors decided to close down the manufacturing operations and restrict its self to trading activities only w.e.f. 23rd August 2005. The factory license and excise registration were surrendered and necessary information for closure of manufacturing activities were also given to concerned authorities. On closure another voluntary retirement scheme was offered to eligible employees and the employees who were not eligible for VRS were given ex-gratia payment.

During the financial year the company produced 1,899 colour television sets and 1,961 black and white television sets. The Company also traded 4,674 black and white television sets amounting to Rs. 54.74 lacs as against 26,245 black and white television sets amounting to Rs. 335.31 lacs in the previous financial year. The total sales and other income were Rs. 354.41 lacs as against Rs 2623.66 lacs in the previous financial year. The loss after tax was Rs 1174.08 lacs in 2004-05 as against Rs 60.62 lacs in 2003-04.

DIVIDEND

The directors do not recommend any dividend.

POSTAL BALLOT

During the year under review, one resolution regarding sale of company's property at Noida was put to vote to 32,420 shareholders through postal ballot and carried with required majority. The company's property at Noida was sold for Rs. 185 lacs against the reserve price of Rs. 165 lacs fixed for its sale. The sale proceeds of the property were used to extinguish the company's outstanding towards bank.

AUDITORS' REPORT

Auditors' observations have been given in annexure 'B' of this report.

DIRECTORS' RESPONSIBILITIES STATEMENT

As required under section 217(2AA) of the Companies Act, 1956, the directors hereby confirm the following:

- i) The financial accounts are prepared in conformity with the accounting standards issued by the Institute of Chartered Accountants of India and requirements of the Companies Act, 1956 to the extent applicable to the company.
- ii) The accounting policies used in preparation of financial statements have been consistently applied. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis. Subject to auditors' observations in their report and management's explanation in annexure B of this report except non-provision of doubtful advances of Rs. 152.31 lacs such financial statements reflect in a true and fair view, the state of affairs of the Company at the end of the financial year ended on 31.03.2005 and loss of the Company for the year ended on 31.03.2005.
- 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) In spite of the fact that during the year the company has closed down its manufacturing operations and its entire net worth has eroded, the annual accounts have been prepared as a going concern and on accrual basis as the company continued with the trading activities even after closure of manufacturing activities.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and article 115 of Articles of Association of the company, Mr S. C. Garg, Director retires by rotation and being eligible, offers himself for re-appointment.

Mr N. K. Shinghal resigned as a director from the Board of Directors on September 6, 2004. Your directors place

or record their appreciation for the services rendered by him as a director of the company. Mr R. C. Misra was appointed as an additional director on September 22, 2004. He holds office as a director only up to the date of the ensuing annual general meeting. The company has received a notice from a member proposing Mr. Misra's candidature for the office of director.

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' 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 banks during the year under review. The Board also gratefully acknowledges the support and goodwill extended by the suppliers and shareholders of the company.

for and on behalf of the Board

Date: August 22, 2005

Place: New Delhi

(S.C. Garg)

Chairman

ANNEXURE 'A' TO DIRECTORS' REPORT

1. CONSERVATION OF ENERGY

a. Energy conservation measures taken

The operations of the company were 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 was 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 were directed towards improvement of quality, development of new models and up-gradation 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.

In view of closure of manufacturing operations no future plan of action can be specified.

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 was 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 was not using any imported technology.

4. FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Earnings Nil

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

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

All the Advances from Customers and Sundry Debtors except those for which provision has been made as Bad and Doubtful Debts are reconciled. The process of reconciling Sundry Creditors is in progress.

> OBSERVATION

Advances recoverable include an amount of Rs 152.31 lacs due from corporate companies for which no provision has been made. As per analysis of their net worth as per financial statements available the amounts are doubtful of recovery.

RESPONSE

The confirmations from the respective parties are on record. The company has again served legal notices on them. Negotiations with the corporate bodies are being held and efforts for recovery are being made. Hence, no provision has been made for these advances in the accounts. Final provision, if any, shall be made only after assessing the outcome of legal notices and negotiations.

> OBSERVATION

Bad debts written off amounting to Rs. 225.27 lacs consist of sales made to a corporate body in earlier years not accepted. The said amount till last year was pending in reconciliation.

RESPONSE

The said amount of Rs 225.27 lacs had been appearing in reconciliation for a long time. Due to long time gap and in the absence of proper documents the corporate body did not accept the debit and accordingly there was no way out but to write it off in accounts.

> OBSERVATION

No provision for overdue interest on redemption of 1,80,000, 14% secured redeemable non-convertible debentures of Rs.100 each has been made. The amount of Debentures redeemed is secured by way of mortgage of fixed deposit of Rs.10 lacs for claim from debenture holder, if any.

RESPONSE

Company has paid full amount to debentures holders in 2001. Since then no claim for additional interest has been received. Moreover, the company has applied to the Trustees for releasing the fixed deposit of Rs. 10 lacs from their lien.

> OBSERVATION

The accounts have been prepared as a going concern inspite of the fact that during the year the company has closed down its manufacturing operations and its entire net worth has been eroded.

RESPONSE

In spite of the fact that during the year the company closed down its manufacturing operations and its entire net worth has eroded, the annual accounts have been prepared as a going concern as the company continued with the trading activities even after closure of manufacturing activities.

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

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 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 shareholders' value. The Board of Directors monitors company performance, approves and reviews policies / strategies. 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 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. As on 31.3.2005 the Board consists of the following directors:

Directors	Category
Mr S. C. Rustagi (Managing Director)	Executive Director
Mr S. C. Garg (Chairman)	Independent & Non-Executive Director
Mr R. C. Misra (appointed on 22.9.2004)	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 (September 1, 2004)
	Held during the tenure of Director	Attended	
Mr S. C. Rustagi	11	11	Yes
Mr S. C. Garg	11	11	Yes
Mr N. K. Shinghal*	4	3	No
Mr V. K. Gupta	11	5	No
Mr R. C. Misra**	7	7	N.A.

* Ceased to be director on 6.9.2004

** Appointed on 22.9.2004

Note:

- None of the directors is related to any other director.
- During the year the Board of Directors of Onida Saka Limited met 11 times i.e. on May 29, 2004, June 29, 2004, July 6, 2004, July 30 2004, September 22, 2004, October 1, 2004, October 14, 2004, October 30, 2004, December 8, 2004, January 7, 2005 and January 29, 2005. The maximum gap between any two meetings was not more than two months. A detailed agenda is sent to each Director in advance of Board and Committee meetings.

2. Other Directorship/Membership and Committees of the Board

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

	No. of outside directorship held	No. of membership in Committee of Directors	Chairmanship held in committee of Directors
Mr S. C. Rustagi	-	-	-
Mr S. C. Garg	2	-	-
Mr N. K. Shinghal	-	-	-
Mr V. K. Gupta	-	-	-
Mr R. C. Misra	1	2	2

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 cover 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 comprises of :

Mr S. C. Garg	-	Chairman
Mr R. C. Misra	-	Member
Mr V. K. Gupta	-	Member

During the year the committee has met 4 times on June 29, 2004, July 30 2004, October 30, 2004 and January 29, 2005. The minutes of the Audit Committee were placed before the Board. The overall attendance of the Directors was as under:

Members	Held during the tenure of Director	Meetings Attended
Mr S. C. Garg	4	4
Mr N. K. Shinghal	2	1
Mr V. K. Gupta	4	1
Mr R. C. Misra	2	2

ii) Remuneration of Directors

The Managing Director is paid remuneration as per Schedule XIII of the Companies Act, 1956. It was approved by shareholders in the annual general meeting held on September 1, 2004. Non-executive independent directors are paid sitting fees for attending the Board / Committee meetings within the limits prescribed under the Companies Act, 1956. The details of sitting fees paid to non-executive directors & remuneration paid to Managing Director are given below:

Directors	Position	Sitting fees	Salary & Perquisites	Commission	Total
Mr S. C. Rustagi	Managing Director	-	8,27,946	-	8,27,946
Mr S. C. Garg	Director	37,500	-	-	37,500
Mr N. K. Shinghal	Director	10,000	-	-	10,000
Mr V. K. Gupta	Director	-	-	-	-
Mr R. C. Misra	Director	22,500	-	-	22,500

iii) Shareholders'/Investors' Grievances and Share Transfer Committee.

The Board of Directors of the company has constituted Shareholders/ Investors Grievances on March 17, 2003. As on date it is being headed by Mr S.C. Garg (Chairman), and Mr R. C. Misra and Mr V. K. Gupta are its members. The Committee looks into redressal of shareholders' complaints like transfer of shares, non-receipt of annual report, etc. The Committee also oversees the performance of the Registrar and Transfer Agent, and recommends measures for overall improvement in the quality of investor services.

During the financial year ended March 31, 2005. The Company had received 47 new complaints from Shareholders, investors, Stock Exchanges and SEBI. Out of these complaints 42 complaints were resolved as on 31.3.2005, 5 complaint were pending.

Mr. Sunil Bhatia, Company Secretary acts as the Compliance Officer.

Procedures at Committee Meetings

Company's guidelines relating to Board Meetings are applicable to Committee Meetings as far as may be practicable. Minutes of the proceedings of each of the Committee meeting are placed before the Board for its perusal and noting.

4. Annual General Meetings

Location and time for the last 3 Annual General Meetings were as follows:

Year	Location	Date	Time
2001-02	E-22, Ansal Satbari, Chattarpur, New Delhi	September 26, 2002	9.00 A.M
2002-03	E-22, Ansal Satbari, Chattarpur, New Delhi	September 26, 2003	9.00 A.M
2003-04	E-22, Ansal Satbari, Chattarpur, New Delhi	September 1, 2004	9.30 A.M

During the year ended March 31, 2005, one resolution regarding sale of company's property at Noida was put to vote through postal ballot and carried with required majority.

5. Disclosures

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

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

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

The Company has complied with all the requirements of regulatory authorities except non-payment of stock exchange fee for Chennai, Ahmedabad, Bangalore and Calcutta stock exchanges.

6. Means Of Communication

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

7. General Shareholder Information

- i) Mr S. C. Garg is retiring by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting. Mr S. C. Garg is a practising Chartered Accountant and has experience of around 40 years in Finance and Accounts. Your Company will be immensely benefited by his role as a non-executive and Independent Director. He holds directorship in the following companies: