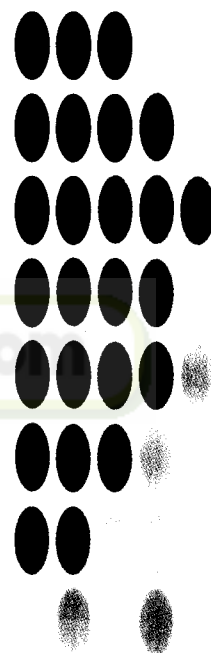


# ONIDA SAKA LIMITED

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**Annual Report  
2005-06**



## **BOARD OF DIRECTORS**

S.C. Rustagi – *Managing Director*  
B.P. Yadav  
Mrs. Chandra Nithyanand  
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**

A-19, B-1,  
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

## ONIDA SAKA LIMITED

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## NOTICE

NOTICE is hereby given that the 24th Annual General Meeting of the members of the ONIDA SAKA LIMITED will be held on Tuesday, the 26th day of September, 2006 at 9.30 A.M. at Varun Farms, Gaushala Road. Satbari, Chattarpur, Mehrauli, New Delhi to transact the following business:

## AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2006 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 an ordinary resolution:  
**"RESOLVED THAT** Mr. B. P. Yadav, 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."
5. To consider and if thought fit, pass with or without modification(s) the following as an ordinary resolution:  
**"RESOLVED THAT** Mrs Chandra Nithyanand, 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 her candidature for the office of director, be and is hereby appointed a director of the company liable to retire by rotation."

By order of the Board

New Delhi, July 29, 2006

Sunil Bhatia  
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 22, 2006 to September 26, 2006 (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 hall.
5. 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. B. P. Yadav was appointed as an Additional Director of the Company on March 29, 2006 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 Companies Act, a notice has been received from a member signifying his intention to propose the appointment of Mr B. P. Yadav 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 director except Mr B. P. Yadav is interested in the resolution.

**Item No. 5**

Mrs Chandra Nithyanand was appointed as an Additional Director of the company on March 29, 2006 by the Board of Director of the company. According to the provisions of section 260 of the Companies Act, 1956, she holds office as a director only up to the date of the ensuing annual general meeting. As required by section 257 of the Companies Act, a notice has been received from a member signifying his intention to propose the appointment of Mrs Chandra Nithyanand 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 her services.

None of the directors except Mrs Chandra Nithyanand is interested in this resolution.

By order of the Board

New Delhi, July 29, 2006

**Sunil Bhatia**  
Company Secretary

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

The directors submit their report and accounts for the financial year 2005-06.

**OPERATIONS**

During the financial ended March 31, 2006, the sales and other income were Rs. 55.67 lacs as against Rs. 354.41 lacs in the previous year ended 31st March, 2005. The loss for the year under review was Rs. 46.94 lacs as against Rs. 1166.52 lacs in the previous year.

**DIVIDEND**

The directors do not recommend any dividend.

**POSTAL BALLOT**

During the year 2006-07, two resolutions regarding sale of company's properties at Noida and Pithampur were put to vote through postal ballot and carried with requisite majority. The sale proceeds of the properties will be used to extinguish the creditors' outstanding.

**AUDITORS' REPORT**

Auditors' 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) 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 except Accounting Standard—10, regarding "Accounting of Fixed Assets" and Accounting Standard—15 regarding "Accounting for Retirement Benefits".
- 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. Such financial statements reflect in a true and fair manner, the state of affairs of the Company at the year ended on 31.3.2006 and loss of the company for the year ended 31.3.2006.
- 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.

Mr. S. C. Garg and Mr. R. C. Misra resigned as directors from the Board of Directors on March 29, 2006. Your directors place of record their appreciation for the services rendered by them as directors of the company. Mr. B. P. Yadav and Mrs Chandra Nithyanand were appointed as additional directors on March 29, 2006. They hold office as directors only up to the date of the ensuing annual general meeting. The company has received notices from a member proposing their 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' and forms part of this report.

**ACKNOWLEDGEMENT**

Your directors 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 and look forward to their continued support in future. The Board also gratefully acknowledges the support and goodwill extended by the shareholders of the company.

For and on behalf of the Board

(S.C. Rustagi)  
Managing Director

(B. P. Yadav)  
Director

Date: July 29, 2006

Place: New Delhi

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

The operations of the company remained closed during the year and no energy was consumed. Hence, no measures were taken.

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

In view of closed manufacturing operations, no additional measures and proposals implemented for reduction of energy used.

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

Not applicable

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

All the operations of the company being closed, no R&D activity was carried out.

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

Not Applicable

**c. Future plan of action.**

Not Applicable

**d. Expenditure on R&D**

Not Applicable

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

Not Applicable

**b. Benefits derived as a result of above efforts.**

Not Applicable

**c. Particulars relating to improved technology.**

Not Applicable

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

As the manufacturing operations of the company remained closed, no export initiatives were undertaken.

**b. Foreign Exchange Earnings and Outgo :**

i) Earnings ..... Nil

ii) 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**

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. The lien on fixed company of Rs. 10 lacs has been vacated during the financial year 2006-07.

- **OBSERVATION**

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

**RESPONSE**

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.

- **OBSERVATION**

Fixed Assets aggregating to Rs. 9.43 lacs retired from active use have stated at book value instead of lower of net book value or net realisable value which is not in accordance with Accounting Standard-10.

**RESPONSE**

The net realisable value of these fixed assets could not be ascertained. Hence these have been stated at book value.

- **OBSERVATION**

The company did not follow Accounting Standard AS-15 regarding "Accounting for Retirement Benefits".

**RESPONSE**

The Company's operations remained closed. As there are only three employees looking after the affairs of the company, the gratuity amount has been provided on actual basis instead of Actuarial basis.

**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****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 Chairman of the Board is non-executive director and 50% of the Board comprises of independent directors. As on 31.3.2006 the Board consists of the following directors:

Directors	Category
Mr. S. C. Rustagi (Managing Director)	Executive Director
Mr. B.P. Yadav* (Chairman of the Board)	Independent & Non-Executive Director
Mrs. Chandra Nithyanand*	Independent & Non-Executive Director
Mr. V. K. Gupta	Non-Executive Director

\*appointed on 29.3.2006

**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, 2003)
	Held during the tenure of Director	Attended	
Mr. S. C. Rustagi	8	8	Yes
Mr. S. C. Garg*	8	8	Yes
Mr. R. C. Misra*	8	8	Yes
Mr. V. K. Gupta	8	0	No
Mr. B. P. Yadav	1	1	N.A.
Mrs Chandra Nithyanand	1	0	N.A.

\*Ceased to be director on 29.3.2005

**Note:**

- a) None of the directors is related to any other directors.
- b) During the year the Board of Directors of Onida Saka Limited met 8 times i.e. on April 5, 2005, June 28, 2005, July 29 2005, August 22, 2005, September 22, 2005, October 29, 2005, January 30, 2006 and March 29, 2006. The maximum gap between any two meetings was less than four months. A detailed agenda is sent to each director in advance of Board and committee meetings.

**iii) 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	Chairmanship held in committee of Directors
Mr S. C. Rustagi	Nil	Nil	Nil
Mr B. P. Yadav	1	2	Nil
Mrs Chandra Nithyanand	Nil	Nil	Nil
Mr V. K. Gupta	Nil	Nil	Nil



**3. Committees of the Board****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 comprises of :

Mr. B. P. Yadav	-	Chairman
Mr. S. C. Rustagi	-	Member
Mrs Chandra Nithyanand	-	Member

During the year the committee met 4 times on June 28, 2005, July 29, 2005, October 29, 2005, and January 30, 2006. The minutes of that 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. Rustagi	4	4
Mr. S. C. Garg*	4	4
Mr. R. C. Misra*	4	4
Mr V. K. Gupta	4	0
Mr. B. P. Yadav	0	0
Mrs Chandra Nithyanand	0	0

\*Ceased to be director on 29.3.2005

**ii) Remuneration Committee**

The committee reviews and approves the remuneration package of Managing Director/Whole Time Director/Sitting fees of non-executive directors of the company. During the year 2005-06 no meeting of the committee was held. Mr. B. P. Yadav, Mrs. Chandra Nithyanand and Mr. V. K. Gupta are its members.

**iii) Shareholders'/Investors' Grievances Committee.**

The Board of Directors of the company has constituted Shareholders'/Investors' Grievances Committee. As on date it is being headed by Mr. B. P. Yadav, Mr. S. C. Rustagi and Mrs. Chandra Nithyanand are its members. The Committee looks into redressal of shareholder's complaints like transfer of shares, non-receipt of balance sheet, 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, 2006 the company received 33 new complaints from shareholders, investors, stock exchanges and SEBI. The company resolved 32 complaints. As on 31.3.2006 6 complaints were pending.

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

**iv) Share Transfer Committee**

Share Transfer Committee approves the transfer/transmission/split of shares and consists of Mr S.C Rustagi and Mr B.P. Yadav as members. During the year 2005-06 it met twelve times.

**v) Remuneration of Directors**

The Managing Director is paid remuneration as per Schedule XIII of the Companies Act, 1956. Non-executive independent directors are paid the sitting fees for attending the Board meetings within the limits prescribed under the Companies Act, 1956.

Directors	Positions	Sitting fees	Salary & Perquisites	Commission	Total
Mr. S. C. Rustagi	Managing Director	-	8,27,946	-	8,27,946
Mr. S. C. Garg*	Director	30,000	-	-	30,000
Mr. R. C. Misra*	Director	30,000	-	-	30,000
Mr. V. K. Gupta	Director	-	-	-	-
Mr. B.P. Yadav	Director	-	-	-	-
Mrs. Chandra Nithyanand	Director	-	-	-	-