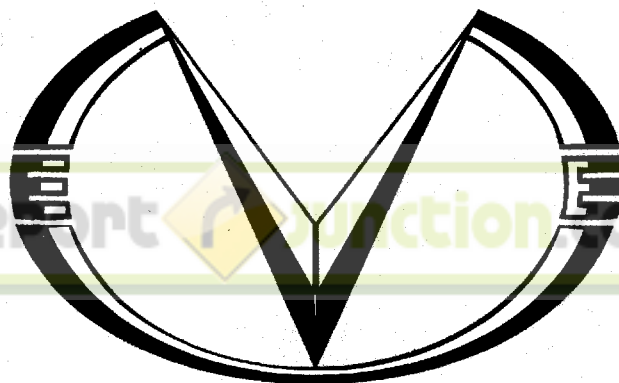


# **VIDEOCON COMMUNICATIONS LIMITED**



## **VIDEOCON**

***15th***

***Annual Report***

***2003-2004***

**BOARD OF DIRECTORS**

Venugopal N. Dhoot  
 Pradeepkumar N. Dhoot  
 S. Padmanabhan  
 Rajesh Rathi  
 Yoshinori Maeda  
 Naoki Saito  
 Hisao Ishiyama  
 Nagao Ibayashi  
 S. S. Nabar  
 A. K. Godika

Nominee of IFCI Ltd.

**AUDITORS**

Khandelwal Jain & Co.  
 Chartered Accountants  
 12 - B Baldota Bhavan  
 117, Maharshi Karve Road,  
 Opp. Churchgate Railway Station,  
 Mumbai - 400 020

Kadam & Co.  
 Chartered Accountants  
 Ahmednagar College Road, Kothi,  
 Near Badve Petrol Pump,  
 Ahmednagar - 414 001

Report Junction.com

**SOLICITORS**

M/s. Mulla & Mulla & Cragie & Blunt & Caroe  
 M/s. Kamal & Co.

**BANKERS**

State Bank of Hyderabad  
 Canara Bank  
 Central Bank of India  
 Oriental Bank of Commerce  
 ING Vysya Bank Limited

**REGISTERED OFFICE & FACTORY**

20 Km. Stone,  
 Aurangabad - Beed Road  
 Village Bhalgaon  
 Aurangabad  
 (Maharashtra)

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## NOTICE

Notice is hereby given that the 15<sup>th</sup> Annual General Meeting of the members of Videocon Communications Limited will be held on Thursday, March 31, 2005 at the Registered Office of the Company at 20 K.M Stone, Aurangabad – Beed Road, Village Bhargaon, Aurangabad at 9.00 a.m. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive consider and adopt the Audited Balance Sheet for the Financial Year ended on 30<sup>th</sup> September 2004 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors' and Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Mr. Venugopal N. Dhoot, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. S. S. Nabar, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. Nagao Ibayashi, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.
6. To appoint Auditors to hold office from the conclusion of ensuing Annual General Meeting till the conclusion of the next Annual General Meeting and fix their remuneration.

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, 17<sup>th</sup> March 2005 to Thursday, 31<sup>st</sup> March 2005 (both days inclusive) for the purpose of Annual General Meeting.
3. Dividend, if declared at the Annual General Meeting, will be paid to those members whose names appears in the Register of Members as on 31<sup>st</sup> March 2005.
4. Mr. Venugopal N. Dhoot, Mr. S. S. Nabar and Mr. Nagao Ibayashi are liable to retire by rotation at the ensuing Annual General Meeting, particulars whereof are given in the Corporate Governance Report.

5. Unpaid Dividend for the Financial Year 1996-97 has been transferred to Investor Education and Protection Fund. As per the provisions of Section 205C of the Companies Act, 1956, the dividend remaining unclaimed for a period of Seven Years from the date(s) they may first become due for payment will be transferred to the Investors' Education and Protection Fund of the Central Government. Shareholders who have not encashed their Dividend Warrants so far, for the financial year 1997-98 onwards are requested to encash the same after due revalidation by Registrar & Transfer Agents of the Company viz. MCS Limited. The Shareholders are requested to note that no claims shall lie against the Company or Investor Education Fund upon transfer of amounts to the Investor Education and Protection Fund.

6. With a view to incorporate the details of Shareholders in the Dividend Warrants or any change in the same, the shareholders holding the shares of the Company in Physical form are requested to intimate to the Registrar & Transfer Agents of the Company viz. MCS Limited the following details:

- i. Name of the Sole/first Joint Holder and the folio number
- ii. Name of the Bank
- iii. Name of the Branch
- iv. Complete address of the Bank with Pin code number
- v. Bank Account Number allotted by the Bank

The Shareholders holding the share in dematerialised form are requested to intimate the changes, if any, to their Depository participants, in their Bank Account details for the purpose of incorporating the same on the Dividend Warrants.

7. The Members are requested to:

- (a) Intimate to the Company changes, if any, in their Registered Addresses, if any, at an early date.
- (b) Quote Ledger Folio numbers in all the correspondence.
- (c) Bring the copy of Annual Report and Attendance Slip with them to the Annual General Meeting.

**Registered office:**  
20 KM Stone,  
Aurangabad – Beed Road,  
Village Bhargaon,  
Aurangabad

Place: Ahmednagar  
Date: February 25, 2005

For and on behalf of the Board  
**VIDEOCON COMMUNICATIONS LIMITED**

**PRADEEPKUMAR N. DHOOT**  
**DIRECTOR**



## DIRECTORS' REPORT

### The members of VIDEOCON COMMUNICATIONS LIMITED

The Board of Directors of Videocon Communications Limited have pleasure in presenting their 15<sup>th</sup> Annual Report together with Audited Accounts for the Financial Year ended on 30<sup>th</sup> September 2004.

### FINANCIAL RESULTS:

(Rs. in Lacs)

Particulars	For the year ended 30.09.2004	For the year ended 30.09.2003
Net Sales	67,492	64,338
Other Income	256	176
Profit before Interest, Tax and Depreciation	4,649	4,503
Interest	1,719	1,929
Depreciation	1,108	1,105
Profit before Tax	1,822	1,468
Provision for Taxation:		
Current Tax	143	113
Deferred Tax	302	119
Profit after Tax	1,377	1,236
Debenture Redemption Reserve	149	899
Proposed Dividend - Equity	38	38
Corporate Tax on Proposed Dividend	5	5
Transferred to General Reserve	750	600
Carried to Balance Sheet	1,593	1,001

### PERFORMANCE HIGHLIGHTS:

During the year under consideration Your Company has accomplished Net Sales of Rs. 67,492 Lacs and other income amounted to Rs. 256 Lacs as against Rs. 64,338 Lacs and Rs. 176 Lacs respectively for the previous year. Net Profit before Tax amounted to Rs. 1,822 Lacs and Net Profit after Tax Amounted to Rs. 1,377 Lacs as against Rs. 1,468 Lacs and Rs. 1,236 Lacs respectively for the previous year. After adjustment Rs.1,593 Lacs were transferred to Balance Sheet.

The Company strives to accelerate its growth and overall performance through keeping pace with latest technological advancement and developments.

### DIVIDEND:

Your Directors' are pleased to recommend a dividend of Re. 0.50 (Paise Fifty Only) per Equity Share for the consideration of members. The equity dividend, if approved by the shareholders at the ensuing Annual General Meeting, would be paid out of the profits for the year to the shareholders whose names will appear on the register of members on the date of Annual General Meeting.

### FIXED DEPOSITS:

Your company has not accepted any deposits from the Public.

### PARTICULARS OF EMPLOYEES:

During the year under consideration, no employee of the Company was in receipt of remuneration exceeding the limit as mentioned in the Companies (Particulars of Employees) Rules, 1975 so as to include the particulars in this report as required under the provisions of Section 217 (2A) of the Companies Act, 1956.

### CONSERVATION OF ENERGY:

Your Company believes the concept of "Conservation of Energy is Production of Energy". The Company continues to give utmost importance to conservation of energy and gives emphasis on use of natural resources for minimizing the use of energy.

The Experts Team formed by the management takes the review of the production activities and demand and supply of energy at all levels of Organisation at regular intervals and submits its report to the management. Conservation of Energy is achieved by way of:

1. Use of Solar Energy for Street Lights in the premises of Company.
2. Ensure that Electrical Equipments are kept closed when not in use.
3. Maximum use of natural light and resources.
4. Timely maintenance of Machinery, Equipments used in the production.
5. Use of advanced technology to minimize the use of energy.
6. On the job and Off the Job Training of persons engaged in the productions for conservation of energy.
7. Display of Charts at the premises, plant, Office showing the ways and means for conservation of energy.

The in house Research & Development Center continues to find out the new ways and means of conservation of energy to achieve economies of scale.

### TECHNOLOGY ABSORPTION:

Your Company continues to use advance technology in the production for improving the quality of the products to attract the aspiring consumers and satisfy the consumers by launching the innovative products with latest advanced technology.

### RESEARCH AND DEVELOPMENT:

The Company has erected its own house well-equipped Research and Development Centre at the Production Plant of the Company.

The Research and Development activity are undertaken for:

1. Audio/Video Systems
  2. VCD, MP3, DVD Players,
  3. Music Systems,
  4. Home Theater,
  5. Composite systems having all the features mentioned above
- The Research and Development activity are undertaken interalia for:
- i) Improving and developing know-how obtained;
  - ii) Improving new methods of production for achieving economies of scale;
  - iii) Aid and advise in designing, developing, new and innovating range of products and new models with update facility and technology;
  - iv) supporting the production team in improving the quality of products;
  - v) Providing Technical support for solving problems arising in production activities;
  - vi) Increasing productivity, reduction in wastage and cost of production.

### Benefits derived as a result of a Research and Development Activity

Research and Development activity are proving beneficial for over all growth and development of the Company. The Company is deriving following benefits as a result of undertaking Research and Development activity:

- a. Improved quality of products;
- b. Increased productivity;
- c. Increase in market share;
- d. Reduction in wastage;
- e. Higher consumer satisfaction;
- f. Launching innovative range of models and products with latest technology;

### INDUSTRIAL RELATIONS:

During the year the relations with all level of employees have been cordial. The Board takes this opportunity and places on record its sincere appreciation for the support and co-operation of the employees at all level and expect the same in future.

### HUMAN RESOURCE MANAGEMENT:

Your Company believes the concept of "Human Capital" and gives importance to the development of its employees at all level, to achieve the mutual growth. The Company continues to undertake on the job and off the job training and development programs at regular intervals to update the employees with the latest developments and advancements in the technology, enabling them to face the future challenges.

Experts from various fields are invited at regular intervals to guide the employees on various aspects, which in turn has proved beneficial for the growth and development of the employees and the Company as well. As a part of continuous efforts the Company undertakes various programs for Human Resource Management such as:

- i) Lectures of Counselor for motivation and stress management;
- ii) Yoga/Health camps for Pranayam and Yoga for good health and meditation;
- iii) Blood Donation Camps for social awareness and social responsibility;
- iv) Inter Department Sports Events;
- v) Entertainment Hall for amusement for stress relaxation during the working;

As a result of Human Resource Development programs the Company has achieved the following objectives:

- a. Highly motivated Employees;
- b. High Employee morals;
- c. Increased Productivity;
- d. Reduction in employees turnover;
- e. Availability of skilled employees;
- f. Reduction in Wastage;
- g. Optimum use of available resources;
- h. Active participation of employees in all the activities;
- i. Cordial relations of employees at all levels.

### FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year under consideration your Company has not earned any foreign exchange. However, Foreign Exchange out go amounted to Rs. 4,072 Lacs towards import of raw



materials, components, spares, capital goods and other expenditure as against Rs. 2,826 Lacs for the previous year.

#### DIRECTORS:

As per the provisions of Section 255, 256 of the Companies Act, 1956, Mr. Venugopal N. Dhoot, Mr. S. S. Nabar and Mr. Nagao Ibayashi are liable to retire by rotation at the ensuing Annual General Meeting and being eligible they offers themselves for reappointment. Particulars of Mr. Venugopal N. Dhoot, Mr. S. S. Nabar and Mr. Nagao Ibayashi are given in the Corporate Governance Report.

#### DIRECTORS RESPONSIBILITY STATEMENT:

In terms of Section 217(2AA) of the Companies Act, 1956, we, the Directors of VIDEOCON COMMUNICATIONS LIMITED, state in respect of Financial Year 2003-04 that:

- in the preparation of annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- the directors have selected such accounting policies and applied them consistently and made judgments 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 and of the profit of the Company for that period;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts on a going concern basis; based on the above and the Internal Audit System, the Board opines that the Company has internal control system commensurate with the size of the Company and the nature of its business.

#### SUBSIDIARY COMPANIES:

As per the requirements of Section 212 of the Companies Act, 1956, the Annual Report and Accounts together with statement showing the extent of the Company's interest in the Subsidiary Company viz. Videocon VCR Securities Limited have been attached to the balance Sheet.

#### CONSOLIDATED FINANCIAL STATEMENTS:

As per the provisions of Clause 32 of the Listing Agreement with the Stock Exchanges and mandatory requirements of Accounting Standard on Consolidated Financial Statements (AS 21) issued by the Institute of Chartered Accountants of India, the Board presents the Consolidated Financial Statement of its subsidiary Company viz. Videocon VCR Securities Limited duly audited by the statutory Auditors of the Company.

#### AUDITORS' REPORT:

The observations made in the Auditors Report are self-explanatory and therefore do not call for further comments under Section 217 of the Companies Act, 1956.

#### AUDITORS:

M/s. Khandelwal Jain & Co. Chartered Accountants, Mumbai and M/s. Kadam & Co., Chartered Accountants, Ahmednagar, Auditors of the Company hold office till the conclusion of the ensuing Annual General Meeting. The Company has received a notice from these Auditors to the effect that their reappointment, if made, would be within prescribed limit under Section 224(1B) of the Companies Act, 1956.

#### CASH FLOW STATEMENT:

As per the requirements of Clause 32 of the Listing Agreement with the Stock Exchanges the Cash Flow Statement as prepared in accordance with the Accounting Standard on Cash Flow Statement (AS-3) issued by the Institute of Chartered Accountants of India, is given along with Balance Sheet and Profit and Loss Account.

#### CORPORATE GOVERNANCE:

As per the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges Corporate Governance and Management Discussion and Analysis Report is enclosed and forms part of this Report.

#### COMPLIANCE CERTIFICATE:

A Compliance Certificate from the Statutory Auditors of the company regarding compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges is enclosed and forms part of this Report.

#### ACKNOWLEDGEMENT:

The Directors' take this opportunity and places on record its sincere appreciation for the valuable support and co-operation of Government Authorities, Banks, Financial Institutions and other Authorities Statutory or otherwise and the investors for their trust and confidence on the management of the Company. The Directors take this opportunity and place on record their gratitude to the employees at all levels for their commitment and dedicated efforts and expect the same in future.

For and on behalf of the Board

Place: Ahmednagar  
Date : February 25, 2005

**PRADEEPKUMAR N DHOOT**  
DIRECTOR

## CORPORATE GOVERNANCE

(as required under Clause 49 of the Listing Agreements entered into with the Stock Exchanges)

The concept of Corporate Governance is based on the principals of transparency, integrity and accountability. The principals of effective Corporate Governance includes effective monitoring of management by the Board and enhancing the shareholders value. It is concerned with morals, ethics, values, parameters, conduct and behavior of the Organization and its management.

#### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Your Company continues to follow the basic principals enshrine in the concept of Corporate Governance i.e. transparency, integrity and accountability to achieve its predetermined goals of steady growth, for increasing the value of stakeholders. The Company has set within itself the code of conduct whereby the pre-determined goals has been set and responsibilities have been assigned among various levels of management. The Company lays utmost importance on the morals, ethics, values, parameters, conduct and behaviour of the Organization.

#### BOARD OF DIRECTORS:

The Board of Directors of your Company consist of eminent people having vast exposure and diversified experience in Technical, Finance, Management, Marketing and Administration.

The Board of Directors of your Company comprises of Ten Directors. Two directors are promoter non-executive directors, Four directors represents foreign collaborator viz., Mitsubishi Corporation of Japan. One Nominee of IFCl in the capacity of lender and Three independent directors.

The policies of the Company are decided by the Board of Directors of the Company at the meeting of the Board of Directors held at regular intervals. The Board performs the policy-making role by way of Board Meetings. The Directors are committed to the company and devote adequate time for Board Meeting preparations and attendance.

a) The composition of Board of Directors is as follows:

Sr. No.	Name of Director	Category	Whether attended AGM held on 31.03.2004	Attendance in Board Meetings		Other Board		
				Held	Attended	Directorship	Committee Chairmanship	Committee Membership
1.	Mr. Venugopal N. Dhoot	Promoter Non- Executive	NO	10	9	12	0	4
2.	Mr. Pradeepkumar N. Dhoot	Promoter Non- Executive	NO	10	6	14	3	6
3.	Mr. S. Padmanabhan	Independent Non-Executive	NO	10	8	12	1	7
4.	Mr. Rajesh Rathi	Independent Non-Executive	YES	10	9	1	1	1
5.	Mr. S. S. Nabar	Independent Non-Executive	YES	10	10	4	NIL	1
6.	Mr. Yishinori Maeda	Foreign Promoter Non-Executive	NO	10	0	NIL	NIL	NIL
7.	Mr. Naoki Saito	Foreign Promoter Non-Executive	NO	10	NIL	NIL	NIL	NIL
8.	Mr. Hisao Ishiyama	Foreign Promoter Non-Executive	NO	10	NIL	NIL	NIL	NIL
9.	Mr. Nagao Ibayashi	Foreign Promoter Non-Executive	NO	10	NIL	NIL	NIL	NIL
10.	Mr. A. K. Godika	Nominee IFCl Limited	NO	10	NIL	NIL	NIL	NIL

b) Ten board Meetings were held during the financial year 2003 - 2004 on the following dates: 31.10.2003, 31.12.2003, 30.01.2004, 27.02.2004, 31.03.2004, 29.04.2004, 09.07.2004, 30.07.2004, 05.09.2004, 30.09.2004.

c) The Company did not have any pecuniary relationship or transaction with Non-Executive Directors during year 2003-2004.

**NOTES ON DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT:**

Mr. V. N. Dhoot, Mr. S. S. Nabar and Mr. Nagao Ibayashi are liable to retire by rotation at the ensuing Annual General Meeting.

1	Name of the Director	Mr. Venugopal N Dhoot
2	Date of Birth	30.09.1951
3	Education Qualification	BE Mechanical
4	Date of Appointment on the Board	28.12.1998
5	Category of Director	Promoter - Non Executive
6	Area of Expertise	Industrialist with vast experience in diversified field
7	Names of other Directorships in Public Limited Company	1. Videocon International Limited 2. Videocon Communications Limited 3. Kitchen Appliances India Limited 4. Applicomp India Limited 5. Petrocon India Limited 6. Videocon Power Limited 7. Indian Refrigerator Company Limited 8. Shree Dhoot Trading & Agencies Limited 9. Videocon VCR Securities Limited 10. KJMC Financial Services Limited 11. Videocon Industrial Finance Limited 12. Videocon Housing Finance Limited
8	Names of the committees of other bodies corporate in which Chairman	Nil
9	Names of the committees of other bodies corporate in which Member	1. Videocon Housing Finance Limited 2. Indian Refrigerator Company Limited 3. Shree Dhoot Trading & Agencies Limited 4. Applicomp (India) Limited

Mr. V. N. Dhoot is an Industrialist and is having more than Three Decades experience to his credit.

The Directors are of the opinion that his reappointment will be of immense help for the growth and development of the Company. Mr. V. N. Dhoot is eligible for reappointment and has also convened his interest to act as Director if reappointed at Annual General Meeting.

1	Name of the Director	Mr. S S Nabar
2	Date of Birth	30.07.1947
3	Education Qualification	Mechanical Engineering
4	Date of Appointment on the Board	31.10.2002
5	Category of Director	Independent Director
6	Area of Expertise	Vast experience in the fields of manufacturing, marketing and administration
7	Names of other Directorships in Public Limited Company	1. Dehaung India Electronics Ltd 2. Hyundai Electronics India Limited 3. Akai Consumer Electronics I Ltd 4. India Floor Care & Appliances I Ltd
8	Names of the committees of other bodies corporate in which Chairman	Nil
9	Names of the committees of other bodies corporate in which Member	1. India Floor Care & Appliances Ltd
10	Awards	Mr. S. S. Nabar was awarded with BHARAT GAURAV Award in 1996 by Industrial Economic Forum, New Delhi, for his contribution to Industry and exports. In 1997 he was awarded with NATIONAL EXCELLENCE by All India National Unity Conference for his outstanding services, achievements and contribution to the Industry. He was also awarded with DISTINGUISH LEADERSHIP Award by American Biographical Institute.

The Directors are of the opinion that his reappointment will be of immense help for the growth and development of the Company. Mr. S. S. Nabar is eligible for reappointment and has also convened his interest to act as Director if reappointed at Annual General Meeting.

Mr. Nagao Ibayashi is Director on the Board of the Company since 1<sup>st</sup> June 1999. Mr. Nagao Ibayashi is representative Director of Companies foreign collaborator viz. Mitsubishi Corporation of Japan. The Directors are of the opinion that his reappointment will be of immense help for the growth and development

of the Company. Mr. Nagao Ibayashi is eligible for reappointment and has also convened his interest to act as Director if reappointed at Annual General Meeting.

1	Name of the Director	Mr. Nagao Ibayashi
2	Education Qualification	Mechanical Engineering
3	Date of Appointment on the Board	01.06.1999
4	Category of Director	Director representing foreign collaborator
5	Area of Expertise	Associated with Mitsubishi Corporation, Japan
6	Names of other Directorships in Public Limited Company	Nil
7	Names of committees in which Chairman	Nil
8	Names of Committees in which Member	Nil

**AUDIT COMMITTEE:**

As per the provisions of Section 292A of the Companies Act, 1956 read with Part II of Clause 49 of the Listing Agreement the Company has formed an Audit Committee under the Chairmanship of Mr. S. S. Nabar, the other members of the Committee being Mr. Rajesh Rathi and Mr. S. Padmanabhan.

Meetings of the Audit Committee are held at regular intervals. During the Financial year 2003-04 Five Meetings of the Audit Committee were held on 27<sup>th</sup> October 2003, 28<sup>th</sup> January 2004, 23<sup>rd</sup> April 2004, 26<sup>th</sup> July 2004 to receive, consider, review the Quarterly Financial Statements of the Company and one meeting was held on 22<sup>nd</sup> February 2004 before finalization of Annual Accounts.

The Meetings were attended by members of the Audit Committee and the Statutory Auditors of the Company.

The following areas are referred to the Audit Committee:

- Overall assessment of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the board, focusing primarily on;
  - Changes, if any, in accounting policies and practices.
  - Major accounting entries based on exercise of judgment by management.
  - Observations, if any, in draft audit report.
  - Significant changes/amendments, if any, arising out of audit.
  - The going concern assumption.
  - Compliance with accounting standards.
  - Compliance with stock exchange and legal requirements concerning financial statements
  - Any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of company at large
- Reviewing with the management, external and internal auditors, adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings, if any, of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussions with external auditors before the audit commence nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- Reviewing the company's financial and risk management policies.
- To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

The Audit Committee shall exercise the following additional powers:

- to investigate any activity within its terms of reference;
- to seek information from any employee;
- to obtain outside legal or other professional advice; and
- to secure attendance of outsiders with relevant expertise, if it considers necessary.

**REMUNERATION OF DIRECTORS:**

Remunerations of Directors is approved by the Board of Directors and thereafter approved by the members at the Annual/Extra-Ordinary General Meeting. In fixing remuneration, practices followed by the companies of size and standing similar to the Company and that of the industry standards are taken into consideration. However, no remuneration was paid to any of the directors during the year. The directors other than Promoter - Non executive are paid sitting fees.

Name of the director	Sitting Fees	Salary and Perquisites	Super Annuation fund	Performance linked incentives	Stock Options	Commission	Total
Mr. V N Dhoot	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Mr. P N Dhoot	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Mr. S S Nabar	15,000	Nil	Nil	Nil	Nil	Nil	15,000
Mr. S Padmanabhan	13,000	Nil	Nil	Nil	Nil	Nil	13,000
Mr. Rajesh Rathi	14,000	Nil	Nil	Nil	Nil	Nil	14,000
Mr. Yshinori Maeda	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Mr. Naoki Saito	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Mr. Hisao Ishiyama	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Mr. Nagao Ibayashi	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Mr. A K Godika	Nil	Nil	Nil	Nil	Nil	Nil	Nil

# SHAREHOLDERS' COMMITTEE:

As per the requirements of Point (C) of Sub-Clause II of Clause 49 of the Listing Agreement a Sub-committee of the Board of Directors of the Company is constituted under the name and style of "Shareholders' Grievance Committee" under the Chairmanship of Mr. Rajesh Rathi. Other members of the Committee are Mr. Pradeepkumar N. Dhoot and Mr. S. Padmanabhan. The Committee is formed to specially look into the redressing of shareholders and investors complaints.

The Shareholders' Grievance Committee administer the following activities:

- Transfer of Shares
- Non-receipt of Balance Sheet
- Non-receipt of Dividend Warrant
- Transmission of shares
- Issue of Duplicate Share Certificates
- Change of Status
- Change of Name
- Transposition of Shares
- Sub-division of Shares
- Consolidation of Folios
- Shareholders requests for Dematerialisation of shares
- Shareholders requests for Rematerialisation of shares
- Solve the problems and queries of shareholders
- Other services provided to the Shareholders from time to time

In order to expedite the transfer and other request as aforesaid necessary power has been delegated to Registrar & Share Transfer Agents, M/s MCS Limited.

The Company has also prescribed code of conduct for prevention of insider trading and the same is being monitored by the aforesaid committee.

# COMPLIANCE OFFICER:

Mr. Pradeepkumar N. Dhoot, Director is the Compliance Officer.

# SHARE TRANSFER DETAILS:

The number of Shares transferred during the last Financial Year 2003-04 are as follows:

Sr. No.	Particulars	Equity Shares
a)	Number of transfers	900
b)	Average No of Transfer per month	75
c)	Number of Shares Transferred	78814

# DEMATERIALISATION/REMATRIALISATION OF SHARES:

Details of Shares Dematerialised/Rematerialised during the last Financial Year 2003-04 are as follows:

Sr. No.	Particulars	Equity Shares
a)	No. of Demat Transfers approved	4273
b)	No. of Sub-Committee Meetings Held	35
c)	No. of Shares Dematted	1549560
d)	Percentage of Shares Dematted	20.66%
e)	No. of Remat requests approved	3

# DETAILS OF COMPLAINTS RECEIVED AND REDRESSED DURING THE YEAR 2003-04:

Sl. No.	Particulars	Received	Redressed	Pending as on 30.09.2004
a)	Non-receipt of Refund Orders	Nil	Nil	Nil
b)	Non-receipt of Div./Int./Red. Warrants	48	48	Nil
c)	Non-receipt of Share Certificate	60	60	Nil
d)	Others	78	78	Nil
	Total	186	186	Nil

# Note:

Representatives of your company are continuously in touch with Registrar & Share Transfer Agents viz. MCS Limited, to review periodically the outstanding complaints.

# GENERAL BODY MEETINGS:

a) Details of location, time and date of last three AGMs are given below:

AGM	AGM Date	Location	Time	No. of Special Resolution Passed
12 <sup>th</sup> AGM	29.09.2001	20 KM Stone, Aurangabad – Beed Road, Village Bhalgaon, Aurangabad	04.00 p.m.	2
13 <sup>th</sup> AGM	27.03.2003	20 KM Stone, Aurangabad – Beed Road, Village Bhalgaon, Aurangabad	03.30 p.m.	Nil
14 <sup>th</sup> AGM	31.03.2004	20 KM Stone, Aurangabad – Beed Road, Village Bhalgaon, Aurangabad	12.30 p.m.	1

b) Postal Ballot:

During the Financial Year ended on 30<sup>th</sup> September 2004 the Company has not passed any Resolution, which requires passing of Resolution by Postal Ballot.

# Disclosures

a) 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 company at large.

There are no transactions, which may have potential conflicts with the interests of company at large. Transactions with related parties are disclosed in Note No.6B of Schedule 14B to the Accounts in the Annual Report.

b) Non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

NIL

# MEANS OF COMMUNICATION:

As per the requirements of the Listing Agreement with the Stock exchanges, the Un-audited Financial Results on quarterly basis and the Half-yearly results subjected to Limited Review by the Auditors of the Company in the prescribed form, are taken on record by the Board of Directors at its meeting held within one month of the close of every quarter/half-year respectively and the same are furnished to all the Stock Exchanges where the Company's Shares are listed. The results are also published within 48 hours in two newspapers viz. Free Press Journal, English daily News Paper and Navshakti Regional Language Newspaper.

As per the requirements of Clause 51 of the Listing Agreement with the Stock Exchanges the Company also submits the following Statements, Information and reports on the Electronic Data Information Filing and Retrieval (EDIFAR) website maintained by National Informatics Centre (NIC), on-line, as and when they are submitted to the Stock Exchanges:

- Full version of Annual Report including the Balance Sheet, Profit and Loss Account, Directors' Report and Auditor's Report, Cash Flow Statement;
- Corporate Governance Report;
- Quarterly and Half Yearly Un-Audited Financial Statements taken on record by the Board of Directors of the Company;
- Shareholding Pattern;
- Statement of Action taken against the Company by any regulatory authority (So far no such action has been taken by any regulatory authority against the Company);
- Such other Statement, information or reports as may be specified by SEBI from time to time in this regard.

The Reports, Statements of the Company are available for information of the investors at the SEBI site at [www.sebidfar.nic.in](http://www.sebidfar.nic.in).

# GENERAL SHAREHOLDER INFORMATION:

1. Annual General Meeting

The 15<sup>th</sup> Annual General Meeting will be held on Thursday, March 31, 2005 at 9.00 a.m. at the Registered Office of the Company at 20 K.M. Stone, Aurangabad – Beed Road, Village Bhalgaon, Aurangabad, (Maharashtra).

2. Financial Calendar

Financial Year 2003-04  
1<sup>st</sup> October 2003 to 30<sup>th</sup> September 2004  
Financial Year 2004-05  
1<sup>st</sup> October 2004 to 30<sup>th</sup> September 2005

First Quarterly Results: Last week of January, 2005  
Second Quarterly Results: Last week of April, 2005  
Third Quarterly Results: Last week of July, 2005  
Fourth Quarterly Results: Last week of October, 2005  
Annual General Meeting for year ending September 2005: March 2006

3. Date of Book Closure

Thursday 17<sup>th</sup> March 2005 to Thursday, 31<sup>st</sup> March 2005 (both days inclusive)

4. Dividend Payment Date

April 25, 2005

5. Listing On Stock Exchanges

Presently the equity shares of your company are listed on BSE, ASE, BGSE, CSE, DSE, MSE, PSE. The Company has already applied for de-listing of its equity shares from the Stock Exchanges other than BSE.

The name and address of the respective stock exchanges are given below:

# Sl. No. Name and Address of the Stock Exchange

- The Stock Exchange, Mumbai (BSE)  
1<sup>st</sup> Floor, New Trading Ring,  
Phiroze Jeejeebhoy Towers, Dalal Street,  
Mumbai – 400 001.
- The Madras Stock Exchange Limited (MSE)  
Exchange Building, Post Box No.183,  
11, Second Line Beach, Chennai – 600001
- The Stock Exchange, Ahmedabad (ASE)  
Kamdhenu Complex,  
Opp. Sahajanand College  
Panjarapole, Ahmedabad – 380 001
- Bangalore Stock Exchange Limited (BGSE)  
Stock Exchange Towers No.51, 1<sup>st</sup> Cross,  
J.C. Road, Bangalore – 560 052
- The Calcutta Stock Exchange  
Association Limited (CSE)  
7, Lyons Range, Kolkata – 700 001
- Pune Stock Exchange Limited (PSE)  
Shivleela Chambers, 752, Sadashiv Peth,  
R.B.Kumbhkar Marg,  
Pune – 411 030
- Delhi Stock Exchange Association  
Limited (DSE)  
38/4B Asraf Ali Road, New Delhi – 110 002

At the 14<sup>th</sup> Annual General Meeting of the Company held on March 31, 2004 a Special Resolution has been passed for delisting of the equity shares of the Company from The Stock Exchange Limited, Ahmedabad, The Bangalore Stock Exchange Limited, The Calcutta Stock Exchange Association Limited, The Delhi Stock Exchange Association Limited, The Madras Stock Exchange Limited and The Pune Stock Exchange Limited.





The Delisting of Equity Shares is in process and will get complete soon.

Stock Code at Mumbai Stock Exchange is: 517228

Average monthly High and Low prices are given below:

6. Market Price Data

Month	High	Low	BSE Sensex High	BSE Sensex Low
October 2003	17.50	12.75	4951.11	4432.93
November 2003	23.85	14.60	5135.00	4736.70
December 2003	27.70	21.15	5920.76	5082.82
January 2004	27.95	19.60	6249.60	5567.68
February 2004	24.50	18.60	6082.80	5550.17
March 2004	20.25	14.85	5951.03	5324.78
April 2004	19.00	16.00	5979.25	5599.12
May 2004	20.80	15.50	5772.64	4227.50
June 2004	17.75	13.10	5012.52	4613.94
July 2004	19.20	15.00	5200.85	4723.04
August 2004	27.45	16.55	5269.22	5022.29
September 2004	40.90	21.10	5638.79	5178.57

b) Distribution of Shareholding as on 30.09.2004 is as given below:

Share Holding of Nominal Value of Rs	Number of Shareholders	% to Total	No. of Shares	Amount in Rs.	% to Total
Up to 5,000	25349	97.87	2096281	20962810	27.95
5,001 to 10,000	298	1.15	240815	2408150	3.21
10,001 to 20,000	125	0.48	190317	1903170	2.54
20,001 to 30,000	44	0.17	113437	1134370	1.51
30,001 to 40,000	18	0.07	62964	629640	0.84
40,001 to 50,000	17	0.07	80317	803170	1.07
50,001 to 1,00,000	23	0.09	162418	1624180	2.17
1,00,001 and above	27	0.10	4553451	45534510	60.71
<b>Total</b>	<b>25901</b>	<b>100.00</b>	<b>7500000</b>	<b>75000000</b>	<b>100.00</b>

7. Registrar and Transfer Agents

M/s. MCS Limited  
Sri Venkatesh Bhavan, Plot No.27, Phase II,  
Road No.11, MIDC Marol, Andheri (E), Mumbai - 400 093.  
Ph. : (022) 28321128, 28245988  
Fax : (022) 28350456

8. Share Transfer System

Applications for transfer of shares held in physical form are received at the office of the Registrars and Share Transfer Agents of the Company. All valid transfers are processed within 15 days from the date of receipt.

9. a) Shareholding Pattern as on 30.09.2004 is as given below:

SL NO.	CATEGORY	NO. OF SHARES HELD	%AGE OF HOLDING
<b>A.</b>	<b>Promoters Holding</b>		
1.	Promoters Holding		
	Indian Promoters	1804265	24.06
	Foreign Promoters	1875000	25.00
2.	Persons acting in Concert		
	<b>Sub Total</b>	<b>3679265</b>	<b>49.06</b>
<b>B.</b>	<b>Non-Promoters Holding</b>		
3.	Institutional Investors		
a)	Mutual Funds and UTI	85900	1015
b)	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions, Non-Government Institutions)	925	0.01
c)	FIs		
	<b>Sub Total</b>	<b>86825</b>	<b>01.16</b>
4.	Others		
a)	Private Corporate Bodies	381101	5.08
b)	Indian Public	3125459	41.67
c)	NRI/OCBs	227350	03.03
d)	Any other (please specify)		
	<b>Sub Total</b>	<b>3733910</b>	<b>49.78</b>
	<b>Grand Total</b>	<b>7500000</b>	<b>100.00</b>

10. Dematerialization of Shares and liquidity

The Securities and Exchange Board of India (SEBI), through a notification have made it compulsory that any delivery of your Company's shares against stock exchange trades became compulsory in dematerialised format. As on 30.09.2004, 3137432 Equity shares have been dematerialised representing 41.83% of total shareholding.

11. Outstanding GDRs/ ADRs/ Warrants or Conversion Instruments, Conversion Date and like impact on equity

Nil

12. Plant locations

20 K. M. Stone, Aurangabad - Beed Road  
Village Bhalgaon, Aurangabad,  
(Maharashtra)

13. Address for Correspondence

20 K. M. Stone, Aurangabad - Beed Road  
Village Bhalgaon, Aurangabad,  
(Maharashtra)

COMPLIANCE CERTIFICATE OF THE AUDITORS:

A certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

The Management Discussion and Analysis presents the Industry Overview, SWOT Analysis i.e. analysis of strengths, weaknesses, opportunities and threats of the Company and the strategy associated with the Company's policy of making Company a market driven producer/supplier of various innovative models and ranges of Consumer durable electronic goods.

1. Industry Structure and Developments:

The Consumer Electronics and Home Appliances Industry comprises of Brown Goods, White Goods and Small Domestic Appliances. Color Televisions, Video products, Home Entertainments are regarded as Brown Goods. The White Goods comprises of Washing Machines, Refrigerators, Airconditioners etc., and Small Domestic Appliances comprises of Vacuum Cleaners, Water purifiers, Irons etc., the Company is focusing activities of manufacturing and trading in Colour Televisions, DVD, VCDs etc.,

Great Changes are taking place in the Global Industry in terms of technology. The global TV environment is changing from analog to digital screen, screen ratio from 4:3 to 16:9, and sound system from stereo to 5.1 channels.

The Export of Electronic goods increased by 56 percent to Rs.3,755 crores during the year 2003-2004, as compared to Rs. 2,400 crores during the corresponding period in the previous year.

Colour Televisions:

The global demand for television sets is expected to increase by 3.7 percent annually over the next 4 to 5 years. This growth will primarily be driven by large-sized LCD and plasma TV segments that are expected to grow at approximately 50 percent annually. Worldwide demand for digital television is expected to more than triple by 2007 as more countries opt for digital broadcasting systems. In 2007, demand for digital television will grow to 63.5 million units from an estimated 20 million this year.

The Indian television industry has outdone all other segments in the Indian entertainment industry. It is television that contributes a major chunk of the industry revenue. India is the third largest television market in the world only behind china and US. Earnest & Young in one of its report estimated that the entertainment industry would grow at a year on year or compounded annual

rate of 17 percent to reach Rs.42,300 crores by the year 2008. The television sector is expected to retain its lion status over the next five years.

The Indian flat television market has witnessed significant growth in the last two years. This is a consequence of the introduction of low-priced entry level models, along with growing consumer awareness on the technical and aesthetic features of flat televisions

The world market for cathode ray tube based TV sets are growing at about 1 percent per annum. Very large screen are at the top of the pyramid in the CTV market world wide and are showing the highest growth rate till now. In fact, the growth in the CTV market is due to the growth in the VLS segment All size of 30-inch diagonal constitute the VLS segment of the market, where all sizes are measured by viewable areas and not by the total area of the faceplate of the tube.

The share of flat TV sales in the overall CTV sales is increasing. Videocon has introduced a number of feature- packed models to consolidate its position in the flat CTV segment/VLS.

DVDs:

The Global DVD Penetration to Double by 2010. With DVD makers slashing prices of players as well as recorders, the number of DVD homes across the globe is expected to double by 2010. It is projected that the global DVD player penetration would reach 46 percent by 2010, compared to 6 percent for 2004.

2. Opportunities and threats:

The year 2005 will prove one of the good years for growth and development of Indian consumer electronics (CE) and home appliances (HA) industry. The CTV market will have positive growth in the coming year.

The major focus in CTV segment will be on Flat TV as the middle-income group prefers 21 inch CTV because of better aesthetics and improved technology. There is a noticeable shift in the mid-segment consumer preference toward 21-inch flat TVs. It is expected that 21-inch flat TV would completely dominate the 21-inch CTV category by the end of 2005.