



TREND ELECTRONICS LIMITED

TREND ELECTRONICS LIMITED

BOARD OF DIRECTORS

Subhash S. Nabar
Bhopinder K. Chopra
Vivek D. Dharm

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
"Vedant", 8/9 Viraj Estate,
Opp. Tarapur Bus Stand,
Ahmednagar - 414 003

COMPANY SECRETARY

Kanchan A. Kakade

REGISTERED OFFICE AND MANUFACTURING FACILITY

20 K.M. Stone,
Aurangabad - Beed Road,
Village: Bhalgaon,
Aurangabad - 431 210
(Maharashtra)

BANKERS

State Bank of Hyderabad
Central Bank of India
Punjab National Bank
ING Vysya Bank Limited
Indian Bank
Canara Bank

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NOTICE

NOTICE is hereby given that the Twenty-Second Annual General Meeting of the members of **TREND ELECTRONICS LIMITED** (the "Company") will be held on Friday, 29th June, 2012, at the Registered Office of the Company at 20 K. M. Stone, Aurangabad-Beed Road, Village: Bhalgaon, Aurangabad - 431 210 (Maharashtra) at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended on 31st December, 2011 and the Audited Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Mr. Subhash S. Nabar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s. Khandelwal Jain & Co., Chartered Accountants, Mumbai, (Firm Registration No. 105049W) and M/s. Kadam & Co., Chartered Accountants, Ahmednagar, (Firm Registration No. 104524W) be and are hereby appointed as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors of the Company."

By order of the Board of Directors of
TREND ELECTRONICS LIMITED

KANCHAN A. KAKADE
Company Secretary

Place : Mumbai
Date : 15th May, 2012

Registered Office:
20 K.M. Stone, Aurangabad-Beed Road,
Village: Bhalgaon, Aurangabad - 431 210 (Maharashtra)

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF SELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A 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. Corporate Members intending to send their authorized representative(s) to attend the Meeting are requested to send a certified copy of their Board Resolution authorizing their representative(s) to attend and vote on their behalf at the Meeting.
3. Members/ Proxies/ Representatives should bring the enclosed Attendance Slip, duly filled in, along with their copy of Annual Report to the Meeting.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Members holding shares in physical form in multiple folios, in identical names or joint names in the same order of names, are requested to apply for consolidation to the Company's Registrar and Share Transfer Agent

M/s. MCS Limited, alongwith the relevant share certificates for the purpose of consolidation of their shareholdings into a single folio.

6. The Register of Members and Share Transfer Books shall be closed from Saturday, 16th June, 2012 to Friday, 29th June, 2012 (both days inclusive) for the purpose of the Meeting.
7. Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, the Company has transferred the unclaimed dividend for the financial year 2003-04 to the Investor Education and Protection Fund (IEPF) established by the Central Government. Members are requested to note that no claims shall lie against the Company or IEPF in respect of any amounts which were unclaimed and unpaid for a period of seven years from the date they first became due for payment and no payment shall be made in respect of any such claims.
8. The Company's equity shares are compulsorily traded and settled in dematerialised form. It has established connectivity with both the depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the enormous advantages offered by the Depository system, members are requested to avail the facility of dematerialisation of the Company's shares on either of the depositories, as aforesaid.
9. Members holding shares in electronic form are requested to intimate the change in address / email-id, ECS mandate, bank particulars etc., to their respective Depository Participant and those members holding shares in physical form are requested to intimate the same to Company's Registrar and Share Transfer Agent, M/s. MCS Limited, quoting their folio number.
10. In terms of the provisions of Sections 255 and 256 of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Subhash S. Nabar, Director, is liable to retire by rotation and has offered himself for re-appointment. In terms of Clause 49 of the Listing Agreement entered into with the Stock Exchange, brief profile of Mr. Subhash S. Nabar, Director retiring by rotation and seeking re-appointment together with the number of shares held by him, forms part of the Corporate Governance Report.
11. Non-Resident Indian Members are requested to inform M/s. MCS Limited, the Registrar and Share Transfer Agent of the Company, immediately of change in their residential status on return to India for permanent settlement together with particulars of their Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank with Pin Code Number, if not furnished earlier.
12. Relevant documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, between 12.00 noon to 3.00 p.m. upto the date of the Meeting.

By order of the Board of Directors of
TREND ELECTRONICS LIMITED

KANCHAN A. KAKADE
Company Secretary

Place : Mumbai
Date : 15th May, 2012

Registered Office:
20 K.M. Stone, Aurangabad-Beed Road,
Village: Bhalgaon, Aurangabad - 431 210 (Maharashtra)

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty-Second Annual Report of your Company together with the Audited Accounts and Auditors' Report for the financial year ended on 31st December, 2011.

FINANCIAL RESULTS

The key financial highlights of the Company for the financial year ended on 31st December, 2011, are as under:

(₹ in Million)

Particulars	Year ended 31st Dec., 2011 (12 months)	Period ended 31st Dec., 2010 (15 months)
Net Sales	16,576.68	18,966.93
Other Income	68.49	42.22
Total Income	16,645.17	19,009.15
Profit before Interest, Tax & Depreciation	860.54	848.31
Interest and Finance Charges	620.63	374.99
Depreciation	186.48	185.53
Profit before Tax	53.43	287.79
Provision for Taxation	17.58	84.68
Profit after Tax	35.85	203.11

The figures for the current year are for a period of 12 months as against 15 months in the previous period and hence, are not comparable.

OPERATIONS

During the year under review, the first three quarters were reasonably good, whereas there was decline in the demand during the last quarter. Though the Company was able to achieve reasonable growth in net sales, the profitability was affected on account of increase in raw material costs, rising interest rates and intense competition. As a result, there was a decline in the profit after tax from ₹ 203.11 Million to ₹ 35.85 Million.

APPROPRIATIONS

Dividend:

The Board of Directors of the Company do not recommend any dividend for the year under review, in view of potential fund requirements.

Transfer to Reserves:

Your Directors propose to transfer an amount of ₹ 5.00 Million to the General Reserve. An amount of ₹ 371.07 Million is proposed to be retained in the Profit and Loss Account.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The Company has transferred a sum of ₹ 0.21 Million in respect of unpaid/unclaimed dividend for the financial year 2003-2004 to the Investor Education and Protection Fund.

FIXED DEPOSIT

Your Company has not accepted any fixed deposit within the meaning of Section 58A of the Companies Act, 1956 and as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

PERSONNEL

The Company does not have any employee whose particulars are required to be furnished under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time.

CONSERVATION OF ENERGY

Your Company has undertaken various initiatives to promote energy conservation and to seek new ideas constantly, to reduce consumption and improve energy efficiencies.

Your Company remains committed towards introducing energy efficient products. To create energy efficient products, it is essential that the products consume less energy, use few resources and at the same time meet the performance expectations of its consumers. It is also important to ensure that the manufacturing process has less impact on the environment. Your Company is therefore, focusing on continuous improvement to develop products and manufacturing processes that are energy efficient and environment friendly.

During the year 2011, your Company has initiated several energy conservation programs. It has implemented various innovative measures at its plant for conservation of energy, some of which are as under:

- Introduction of additional machinery with improved technology which results in reducing the cycle time and power saving;
- Modified existing tooling and raw material which does not require painting, which in turn reduce power consumption to run paint/salvage plant;
- Adoption of the latest techniques for production e.g. conversion of belt conveyors to cell line concept where power requirement is minimal and productivity gets improved;
- Use of energy efficient lamps like LED Lamps in the manufacturing facility.
- Installation of improved energy efficient machinery which has built-in cooling system and does not require additional air conditioning;
- Use of natural air ventilators which does not consume power;
- Energy saving initiative which involves auto power switch off during break time on normal working days;
- Provision of natural roof lighting in factory to reduce energy consumption;
- Induction of Energy Audit at the manufacturing facility ;
- Creating awareness among workers and employees about effective utilization of energy resources; and
- Plantation of trees at the manufacturing unit.

The above initiatives have resulted in significant reduction in power consumption. Further, the Company has introduced many energy efficient products during the year, which in turn has resulted in conservation of energy.

RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION

Your Company is committed towards bringing the latest technology at the door step of its customers. It continuously makes efforts towards Research and Development (R & D) activities and has been constantly active in harnessing and tapping the latest and best technology in the industry.

Your Company has a dedicated R & D team which is focused on driving innovations in all areas of its business which has resulted in introduction of innovative products, improvement in quality of existing products, reduction in cost, improvement in overall efficiency and performance of the Company. At the R & D Centre, products are developed with research in all areas of consumer concerns like quality, safety, reliability, performance, aesthetics and ease of operation by implementing the latest technologies. Implementation of new and innovative technological ideas in the products developed has given a young, vibrant and innovative product image in the consumer market.

Specific areas in which R & D activities are carried out by the Company:

- Market trend analysis;
- Study and analysis of consumers' demands and changing needs;
- Bringing features of various products together through changes in hardware and software;
- Continuous upgradation of products for better features, better quality and improved performance at the right time and at the right price;
- Reducing the electricity consumption of all its products on continuous basis;
- Developing new designs and models to provide higher consumer satisfaction; and
- Raising standards of quality and reliability.

Benefits derived from R & D Activities:

The well focused R & D activities of the Company have resulted in introducing variety of models with superior technology and improved reliability at right time and at right cost, which meets the needs of all the categories of the consumers. Because of these efforts only, the Company was successful in developing and launching the India's first 3D Set Top Box.

The benefits derived are:

- Development of high end Set Top Box with following highlights:
 - Supports MPEG4(PART 10)/H.264 compression technology;
 - Supports DVB-S2 transmission technology;
 - 3D ready;
 - HD Resolution 1920x1080P support;
 - Attractive GUI with MY ACCOUNT status option;
 - 12PIP Mosaic to view snapshots of each channel video;
 - 4 Fav List with each list supporting 20 channels;
 - Tickers on different subjects like politics, sports etc.;
 - Supports 365 TV channels & 20 Radio channels; and
 - Attractive plastic cabinet with aerodynamic shape.

- Product features updated with latest technology, style, specification and performance at lowest possible price such as:
 - HD DVR with approx 45 Hrs HD & 100 Hrs of SD recording;
 - IR Remote control with learning feature, capable of learning other remote control keys so that single remote may be used to control TV and set top box;
 - Record 2 channels at a time;
 - Record 1 channel while watching another channel;
 - Pause Live TV;
 - Supports series recording;
 - Skip Back/Forward; and
 - Slow Motion.
- Maintenance and improvement of quality;
- Optimum utilization of resources; and
- Efficient use of technological advancements.

Further, apart from the above benefits, the Company could derive the following benefits:

- Introduced Digital TV with single chip solution with a built-in DTH facility having MPEG4 DVB – S2 Digital Signal having features like Full HD (1920 x 1080P); 100% full HD reception which improves picture and sound quality etc.;
- Introduced unique "SMART TV" with a platform for "Internet TV" to enjoy Live Chatting, Browsing, Video Conferencing, E-mail Access, Bluetooth Connectivity and many more applications to make LCD TV a real "SMART TV";
- Introduced India's first 3D Set Top Box with features like HD decoders, hard drives for digital video recording and IP connections to access additional content via an IP network;
- Introduced DTH Satellite Set Top Box with HD Digital Video Recorder (DVR) with advanced features like 16:9 aspect ratio, 5x picture quality and HD digital sound, whereby the users can enjoy the 3D channel programmes in 3D TVs resulting into sharper pictures and better sound quality; and
- Introduced DTH Satellite Set Top Box without DVR with several HD channels, whereby the users can pause, rewind, forward live TV and can also record up to 200 hours.

Future Plan of action:

In near future, your Company shall continue to focus on all the areas mentioned earlier and also aims to offer new technologies and processes to provide better products at affordable prices to the customers. Your Company shall continue to rollout innovative products, which is in line with its ideology of bringing about change combined with quality that is trusted by the millions of customers.

TREND ELECTRONICS LIMITED

Your Company proposes to launch a world-class product, which is beyond competition levels, some of them will cover:

- Introduction of digital TVs with bigger screen sizes like 177.8 cm (70 inch), 147.3 cm (58 inch), 139.7 cm (55 inch) and 116.8 cm (46 inch);
- Introduction of smart LEDs with Android platform;
- Introduction of ATOM in SD & HD resolutions with smaller size; and
- Introduction of RF remote control unit.

Technology Absorption:

The Company's focus has been to develop state-of-art products and be a leader in new technological areas. However, the management believes that information technology can be extensively used in all spheres of its activities to improve productivity and efficiency levels.

The efforts made by the Company towards technology absorption have resulted in the introduction of innovative energy efficient products at competitive cost which are likely to enlarge the market share of the Company's products.

During the year under review, the Company has incurred an amount of ₹ 5.66 Million towards R & D Activities representing 0.03% of the turnover.

INFORMATION TECHNOLOGY

Your Company continues to invest in Information Technology (IT), leveraging it as a source of competitive advantage. During the year 2011, your Company has implemented latest version of SAP ERP ECC 6.0 for better operational control.

The enterprise-wide SAP platform forms the backbone of IT and encompasses all core business processes in the Company and for collaboration with the suppliers and customers. It provides a comprehensive data warehouse with analytics capability that helps in better and speedy decisions. Supply chain optimization, enabled by the IT capability, remains a source of significant value.

Your Company has institutionalized an extensive IT capability for customer development function to support execution in the front-end. Your Company has put in place an enabled consumer interaction centre for addressing complaints and suggestions from consumers, retailers and distributors.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, the foreign exchange outgo amounted to ₹ 3,564.89 Million as against ₹ 2,989.99 Million for the 15 months ended on 31st December, 2010. There were no foreign exchange earnings during the year and previous period ended on 31st Decemeber, 2010.

HEALTH, SAFETY AND ENVIRONMENT

Your Company attaches great value to its employees and workers, who constitute its most important productive asset. We strongly believe that their safety and health are of paramount concern. We, therefore, seek to undertake all health and safety measures to enhance the work environment and optimizing employee health.

The manufacturing plant is having appropriate safety initiatives underway, headed by senior officials who diligently oversee the safety aspect.

Your Company is making continuous efforts to improve the compatibility of its operations with the environment while developing and supplying high quality

products to the consumers. We believe in sustainable development of all the stakeholders of the Company and committed to our social responsibility towards consumers, employees, the government and the society at large.

The manufacturing facility and offices are equipped with modern amenities to meet strict requirements of efficient servicing and smooth functioning at all times. The Company follows strict compliance of pollution, environmental and safety norms in carrying out all its activities.

Employee welfare activities like free medical check-up, free distribution of medicines, blood donation camps, health awareness programs, guest lectures on health concerns etc., were organized during the year.

INDUSTRIAL RELATIONS

Industrial Relations remained cordial during the year under review.

CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen, your Company greatly values the conservation of our environment and is committed to conducting business activities with minimal adverse impact on the environment. Your Company endeavors to produce energy-efficient products and encourage the spread of environmental conservation activities. The manufacturing process and plant of your Company adhere to the standards laid down by various regulatory authorities for protection of the environment and safety of workers engaged in the manufacturing process.

Product safety and quality underlines the Company's determination to deliver a sense of security and satisfaction in its products to all its customers. The Company has, through its "eco idea activities", contributed to the prevention of global warming by implementing various measures e.g. changing all raw materials in compliance to Restriction of Hazardous Substances (RoHS) Directive. The operations have been reviewed to improve energy efficiency by reducing energy, fuel and diesel consumptions in daily operations.

Your Company shall continue its efforts to discharge its Corporate Social Responsibility in the best possible manner.

HUMAN RESOURCES MANAGEMENT

The Company recognizes the importance of key role played by its employees at all levels and therefore, has implemented various programmes for the growth and progress of its employees and in general to make the Company a truly great place to work.

Your Company continues to strengthen employer-employee relationship by providing healthy and transparent working environment. Imparting adequate trainings to its employees by conducting specialised training programmes, through internal and external experts in the industry, is an ongoing exercise.

BOARD OF DIRECTORS

Pursuant to the provisions of the Companies Act, 1956 and in terms of Articles of Association of the Company, Mr. Subhash S. Nabar, Director, is liable to retire by rotation and being eligible, has offered himself for re-appointment.

Pursuant to the provisions of Clause 49 of the Listing Agreement, a brief profile of Mr. Subhash S. Nabar, who is proposed to be re-appointed, forms part of the Corporate Governance Report.

The Board recommends re-appointment of Mr. Subhash S. Nabar as the Director of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed review of performance and future prospects is included in the section "Management Discussion and Analysis Report" of the Annual Report.

CORPORATE GOVERNANCE

Your Company recognizes the importance and the need of good Corporate Governance as an important step in creating stakeholders' confidence and for a healthy and stable capital market thereby enhancing the long-term enterprise value. A section on Corporate Governance together with a Compliance Certificate from the Statutory Auditors of the Company, confirming compliance with the Clause 49 of the Listing Agreement, forms part of the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956, we, the directors of TREND ELECTRONICS LIMITED, state in respect of financial year 2011 that:

- in the preparation of Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- 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 the year ended on that date;
- the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the directors have prepared the Annual Accounts on a going concern basis.

ACKNOWLEDGEMENT

Your Directors wish to express their deep sense of appreciation for the committed services of all the employees of the Company. The Board places on record their appreciation for the support and co-operation your Company has been receiving from its Bankers, Customers, Distributors, Dealers, Suppliers and other business partners. Your Directors also take this opportunity to thank all stakeholders, regulatory and government authorities for their continued support.

For and on behalf of the Board of Directors of
TREND ELECTRONICS LIMITED

V. D. DHARM
Director

S. S. NABAR
Director

Place : Mumbai
Date : 15th May, 2012

After the Balance Sheet date, Mr. Pradipkumar N. Dhoot, Mr. Anirudha V. Dhoot and Mr. Subhash S. Dayama have resigned from the directorship of the Company. The Board places on record its appreciation for the valuable guidance and services rendered by Mr. Pradipkumar N. Dhoot, Mr. Anirudha V. Dhoot and Mr. Subhash S. Dayama, during their tenure as the Directors of the Company. The Board decided not to fill the vacancy caused by resignation of the Directors.

DELISTING OF SHARES

The equity shares of the Company were delisted from the following Stock Exchanges, upon filing of the revised applications by the Company, for Voluntary Delisting of equity shares under SEBI (Delisting of Equity Shares) Regulations, 2009:

1. Ahmedabad Stock Exchange Limited;
2. Bangalore Stock Exchange Limited;
3. Madras Stock Exchange Limited;
4. Pune Stock Exchange Limited;
5. Vadodara Stock Exchange Limited; and
6. The Calcutta Stock Exchange Limited

The equity shares of the Company, however, shall continue to be listed on BSE Limited (Formerly: Bombay Stock Exchange Limited), which is having nationwide trading terminals.

CASH FLOW STATEMENT

As per the requirements of Clause 32 of the Listing Agreement with the Stock Exchange, 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 the Balance Sheet and Profit and Loss Account.

AUDITORS' REPORT

The Auditors' Report is unqualified.

AUDITORS

M/s. Khandelwal Jain & Co., Chartered Accountants, Mumbai and M/s. Kadam & Co., Chartered Accountants, Ahmednagar, would retire as the Statutory Auditors at the conclusion of the Twenty-Second Annual General Meeting and have offered themselves for re-appointment. M/s. Khandelwal Jain & Co., Chartered Accountants, Mumbai and M/s. Kadam & Co., Chartered Accountants, Ahmednagar, have confirmed their eligibility and willingness to accept the office, if re-appointed. The Company has also received certificates from the said Auditors to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

The Board recommends re-appointment of M/s. Khandelwal Jain & Co., Chartered Accountants, Mumbai and M/s. Kadam & Co., Chartered Accountants, Ahmednagar, as the Statutory Auditors from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting.

AUDIT COMMITTEE

The Company has duly constituted the Audit Committee, pursuant to the provisions of Section 292A of the Companies Act, 1956 and provisions of the Listing Agreement. The composition, scope and powers of Audit Committee together with details of the meetings held during the year under review forms part of the Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance refers to the application of best management practices, compliance of law and adherence to ethical standards to achieve the Company's objective of enhancing shareholders' value and discharge of social responsibility. It is an integral part of the Company's Management and business philosophy. The Company believes that sound corporate governance is necessary to enhance and retain stakeholders' trust. Even in a tough competitive business environment, the Company subscribes fully to the principles and spirit of good Corporate Governance and embeds the principles of independence, integrity, accountability and transparency into the value system driving the Company.

The Board of Directors exercise their fiduciary responsibilities towards all stakeholders by ensuring transparency and independence in the decision making process. The Whistle Blower Policy of the Company provides a mechanism for the employees to approach the Chairman of Board/Audit Committee and disclose information that may evidence unethical or improper activity concerning the Company.

The Company's philosophy on the Corporate Governance is based on the following principles:

- Ensure integrity and ethics in all the dealings;
- Simple and transparent corporate structure driven solely by business needs;
- Maintain transparency with a high degree of disclosure and adequate control system;
- Compliance with all the laws and regulations as applicable to the Company; and
- Promote interest of all the stakeholders including of customers, shareholders, employees, lenders, vendors, government and the community at large.

The Company believes that all its actions must serve the underlying goal of enhancing overall shareholders' value on a sustained basis.

COMPLIANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT

The Company is in compliance with the requirements of Clause 49 of the Listing Agreement. The details of the compliances are detailed hereunder:

BOARD OF DIRECTORS

As on 31st December, 2011, the strength of the Board was six, comprising of two Promoter Non-Executive Directors and four Independent Directors. The Company has duly complied with the requirements under Clause 49(I)(A) of the Listing Agreement with the stock exchange as regards the composition of the Board.

The Board consists of eminent persons with considerable professional experience and expertise in business and industry. The composition of the Board of Directors as on 31st December, 2011, is tabulated below:

Category	Directors	No. of Directors	% to the Total
Promoter-Non-Executive Directors	Mr. Pradipkumar N. Dhoot Mr. Anirudha V. Dhoot	2	33.33%
Independent Directors	Mr. Subhash S. Nabar Mr. Vivek D. Dharm Mr. Bhopinder K. Chopra Mr. Subhash S. Dayama	4	66.67%
	TOTAL	6	100.00%

After the date of the Balance Sheet, there has been a change in the composition of the Board of Directors, pursuant to resignation of Mr. Pradipkumar N. Dhoot, Mr. Anirudha V. Dhoot and Mr. Subhash S. Dayama from the directorship of the Company.

Board/Committee Proceedings:

The Company has a well-defined process for the meetings of the Board of Directors and Committees thereof. The meetings of the Board of Directors are held after giving due advance notice to review and discuss the performance of the Company, its future plans, strategies and other pertinent issues relating to the Company. It helps to facilitate decision making in an informed and efficient manner as under:

- The Company Secretary in consultation with the Board of Directors, finalizes the agenda of the Board and Committee Meetings, which is distributed to the Board/Committee Members well in advance. All items in the agenda are supported by notes to agenda which are also circulated well in advance. To address specific urgent need, meetings are also being called at shorter notice. The Board is also authorized to pass resolution by circulation for all such matters which are of utmost urgent nature.
- The Board has complete and unqualified access to all information available with the Company. The information regularly provided to the Board includes:
 - Annual Operating plans and budgets and any updates;
 - Capital budgets and any updates;
 - Quarterly/ Annual results of the Company;
 - Minutes of the meetings of Audit and other Committees of the Board and of General Body Meetings;
 - Information on recruitment of senior officers and Company Secretary;
 - Details of Joint Venture or collaboration agreement, if any;
 - Acquisitions/Amalgamation, if any;
 - Details of the Related Party Transactions, if any;
 - Disclosure of Interest by Directors about directorship and committee positions occupied by them in other companies;
 - Sale of material nature, if any, of investments and assets, which is not in the normal course of business;
 - Material important litigations, show cause, demand and penalty notices, if any;
 - Compliance Reports; and
 - Other materially relevant information.
- Minutes of the proceedings of the Board/Committee meetings/ General Body Meetings are recorded. Draft minutes are circulated amongst all members for their comments. The minutes of the proceedings of the meetings are entered in the Minutes Book.
- The guidelines for the Board/Committee meetings facilitate an effective post meeting follow-up, review and reporting process for the actions taken on decisions of the Board and Committees.
- The Board periodically reviews the compliance reports to ensure adherence to all applicable provisions of law, rules and guidelines as may be applicable to the Company and takes steps to rectify non-compliances, if any.
- The Company has laid down code of conduct which binds all the board members and senior management of the Company. A declaration by the Head Operations and Company Secretary to this effect is appended to this Report.

Board Meetings and Attendance:

The Board of Directors of the Company met 9 (Nine) times on 01.02.2011, 14.02.2011, 13.05.2011, 26.05.2011, 28.07.2011, 12.08.2011, 24.09.2011, 14.11.2011 and 28.11.2011. The gap between any two board meetings has been less than four months.

Details of number of Board meetings attended by the Directors, attendance at the last Annual General Meeting, number of other directorships/committee positions held by them during the financial year ended on 31st December, 2011, are as hereunder:

Sr. No.	Directors	No. of Board Meetings Attended	Attendance At the last AGM (held on 29.06.2011)	As on 31st December, 2011			
				No. of Other Directorships held	No. of Company Chairmanships	Number of Committee Memberships in Other Companies	
						As Chairman	As Member
1.	Mr. Pradipkumar N. Dhoot	7	No	14	-	-	5
2.	Mr. Anirudha V. Dhoot	6	No	13	-	3	1
3.	Mr. Subhash S. Nabar	7	No	2	-	-	-
4.	Mr. Bhopinder K. Chopra	5	No	3	-	-	1
5.	Mr. Vivek D. Dharm	8	Yes	14	-	3	5
6.	Mr. Subhash S. Dayama	8	Yes	14	-	4	4

Notes:

- Number of Directorships held by Directors excludes Alternate Directorships, Directorships in Foreign Companies, Companies incorporated under Section 25 of Companies Act, 1956 and Private Limited Companies.
- Membership/Chairmanship of only the Audit Committee and Shareholders'/ Investors' Grievance Committee of Public Limited Companies have been considered in terms of Clause 49 of the Listing Agreement.

Brief Profile of Director seeking re-appointment:

The brief profile of Director retiring by rotation and seeking re-appointment as required pursuant to Clause 49 of the Listing Agreement with the Stock Exchange as on the date of this Report, is as under:

Mr. Subhash S. Nabar, Independent Director, born on 13th July, 1947, B.E. (Mechanical) and PGDBM, has to his credit 40 years of vast experience in manufacturing; marketing and customer service of Consumer Electronics Products. He was appointed as a Director of the Company on 31st October, 2002. Presently, he is on the board of M/s. Akai Consumer Electronics India Limited and M/s. Hyundai Electronics India Limited. He is holding 300 equity shares in the Company. He doesn't hold any committee chairmanship or membership in any other company.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board has constituted the following three committees:

- Audit Committee
- Shareholders'/Investors' Grievance Committee
- Remuneration Committee

AUDIT COMMITTEE

During the financial year ended on 31st December, 2011, the Audit Committee of the Board of Directors comprised of three independent directors. The composition as on 31st December, 2011, was as under:

Name	Designation	Category
Mr. Vivek D. Dharm	Chairman	Independent
Mr. Subhash S. Nabar	Member	Independent
Mr. Bhopinder K. Chopra	Member	Independent

The Company Secretary of the Company acts as a Secretary to the Committee.

During the year, the Audit Committee was reconstituted and Mr. Subhash S. Nabar was co-opted as the member in place of Mr. Anirudha V. Dhoot.

The terms of reference of the Audit Committee are in accordance with all the items listed in Clause 49 (II) (D) and (E) of the Listing Agreement.

Terms of reference and scope of the Audit Committee:

The following are the terms of reference and scope of 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/ re-appointment and replacement/ removal of statutory auditors, fixation of audit fee and also approval of payment for any other services rendered by the auditors;

- Reviewing with the management, the performance of statutory and internal auditors and the adequacy of internal control systems;
- Review of quarterly unaudited financial results before submission to the Auditors and the Board;
- Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:-
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries based on exercise of judgement by management;
 - Observations and qualifications, if any, in draft audit report;
 - Significant adjustments in the financial statements, if any, arising out of audit findings;
 - Compliance with the accounting standards;
 - Compliance with the listing and other legal requirements concerning financial statements; and
 - Any related party transactions i.e., transactions of the Company of material nature, with promoters or the management or their relatives, with the subsidiary company etc., that may have potential conflict with the interests of Company at large.
- 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 on 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;
- Discussion with statutory auditors before the audit commences regarding the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- Reviewing the Company's financial and risk management policies;
- Looking 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;
- Reviewing the functioning of Whistle Blower Mechanism; and
- Carrying out any other function as mentioned in the terms of reference of the Audit Committee.

The Audit Committee also reviews:

- Management discussion and analysis of financial conditions and results of operations;

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- ii. Internal Audit Reports relating to internal control weaknesses, if any;
- iii. Statement of significant related party transactions, if any;
- iv. Management Letters/Letters of internal control weaknesses issued by the Statutory Auditors; and
- v. Appointment, removal and terms of remuneration of the Chief Internal Auditor, if any.

The Audit Committee is also vested with the following powers:

- (a) To investigate any activity within its terms of reference;
- (b) To seek any information from any employee;
- (c) To obtain external legal and professional advice; and
- (d) To secure attendance of outsiders with relevant expertise if the Committee considers necessary.

Meetings and Attendance:

During the financial year under consideration, 5 (Five) meetings of the Committee were held on 14.02.2011, 13.05.2011, 26.05.2011, 12.08.2011 and 14.11.2011.

The details of the meetings of Audit Committee attended by the members are as under:-

Name	Meetings attended
Mr. Vivek D. Dharm	5
Mr. Anirudha V. Dhoot	4
Mr. Bhopinder K. Chopra	4
Mr. Subhash S. Nabar	2

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

During the financial year under consideration, the Shareholders'/Investors' Grievance Committee of the Board of Directors comprised of two independent directors and one promoter non-executive director. The composition as on 31st December, 2011, was as under:

Name	Designation	Category
Mr. Vivek D. Dharm	Chairman	Independent
Mr. Pradipkumar N. Dhoot	Member	Promoter, Non-executive
Mr. Subhash S. Dayama	Member	Independent

After the close of the financial year under review, the Shareholders'/Investors' Grievance Committee has been reconstituted and Mr. Bhopinder K. Chopra and Mr. Subhash S. Nabar have been co-opted as the members in place of Mr. Pradipkumar N. Dhoot and Mr. Subhash S. Dayama, who have resigned from the Directorship of the Company, with effect from 6th January, 2012.

The Company Secretary, is the Compliance Officer of the Company.

Terms of reference and scope of the Committee:

The Committee monitors redressal of Shareholders' and Investors' complaints and also administers the following activities:

- a) Transfer/Transmission of shares;
- b) Issue of Duplicate Share Certificates;
- c) Change of Status of holding;
- d) Change of Name;
- e) Transposition of Shares;
- f) Sub-division of Shares;
- g) Consolidation of Folios;
- h) Shareholders' requests for Dematerialisation/Rematerialisation of shares;
- i) Review of shares dematerialized;
- j) Monitoring compliance of the code of conduct prescribed by SEBI for prevention of insider trading; and
- k) Issue and allotment of securities.

Particulars of investors' grievances received and redressed during the financial year ended on 31st December, 2011, form part of this report.

Meetings and Attendance:

During the financial year under consideration, 5 (Five) meetings of the Shareholders'/Investors' Grievance Committee were held on 13.02.2011, 12.05.2011, 25.05.2011, 11.08.2011 and 13.11.2011.

The details of the attendance by the members are as under:-

Name	Meetings attended
Mr. Vivek D. Dharm	5
Mr. Pradipkumar N. Dhoot	3
Mr. Subhash S. Dayama	5

Share Transfer Details:

The details of shares transferred during the year under review are given below:

Sr. No.	Particulars	Equity
1.	Number of Transfers	75
2.	Average No. of Transfers per month	6
3.	Number of Shares Transferred	4,805

Demat/Remat of Shares

Details of Shares Dematerialised/Rematerialised during the year under review are given below:

Sr. No.	Particulars	Equity
1.	Number of Demat Requests approved	218
2.	Number of Sub-committee Meetings held	48
3.	Number of Shares Dematerialised	766,583
4.	Percentage of Shares Dematerialised	10.22
5.	Number of Rematerialisation requests approved	0
6.	Number of Shares Rematerialised	0

Details of complaints received and redressed during the year ended on 31st December, 2011:

Sr. No.	Particulars	Received	Redressed	Pending as on 31.12.2011
1.	Non-receipt of refund orders	-	-	-
2.	Non-receipt of dividend /interest/ redemption warrants	41	41	-
3.	Non-receipt of share certificates	10	10	-
4.	Others	21	21	-
	Total	72	72	-

Note: Representatives of the Company are in constant touch with M/s. MCS Limited, Registrar and Share Transfer Agent of the Company and they periodically review the outstanding complaints.

REMUNERATION COMMITTEE

The Remuneration Committee of the Board of Directors comprised of three independent directors. The composition as on 31st December, 2011, was as under:

Name	Designation	Category
Mr. Bhopinder K. Chopra	Chairman	Independent
Mr. Subhash S. Nabar	Member	Independent
Mr. Subhash S. Dayama	Member	Independent

After the Balance Sheet date, the Remuneration Committee has been reconstituted and Mr. Vivek D. Dharm has been co-opted as the member in place of Mr. Subhash S. Dayama, who has resigned as a Director of the Company, with effect from 6th January, 2012.

Terms of reference and scope of the Committee:

The following matters are referred to the Remuneration Committee:

- Fixing and reviewing the remuneration of the Chief Executives and other senior officers of the Company;
- Recommend the remuneration including the perquisite package of key management personnel;