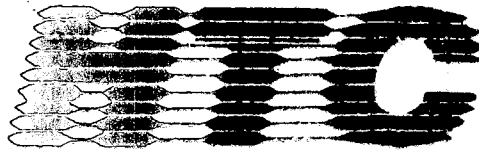
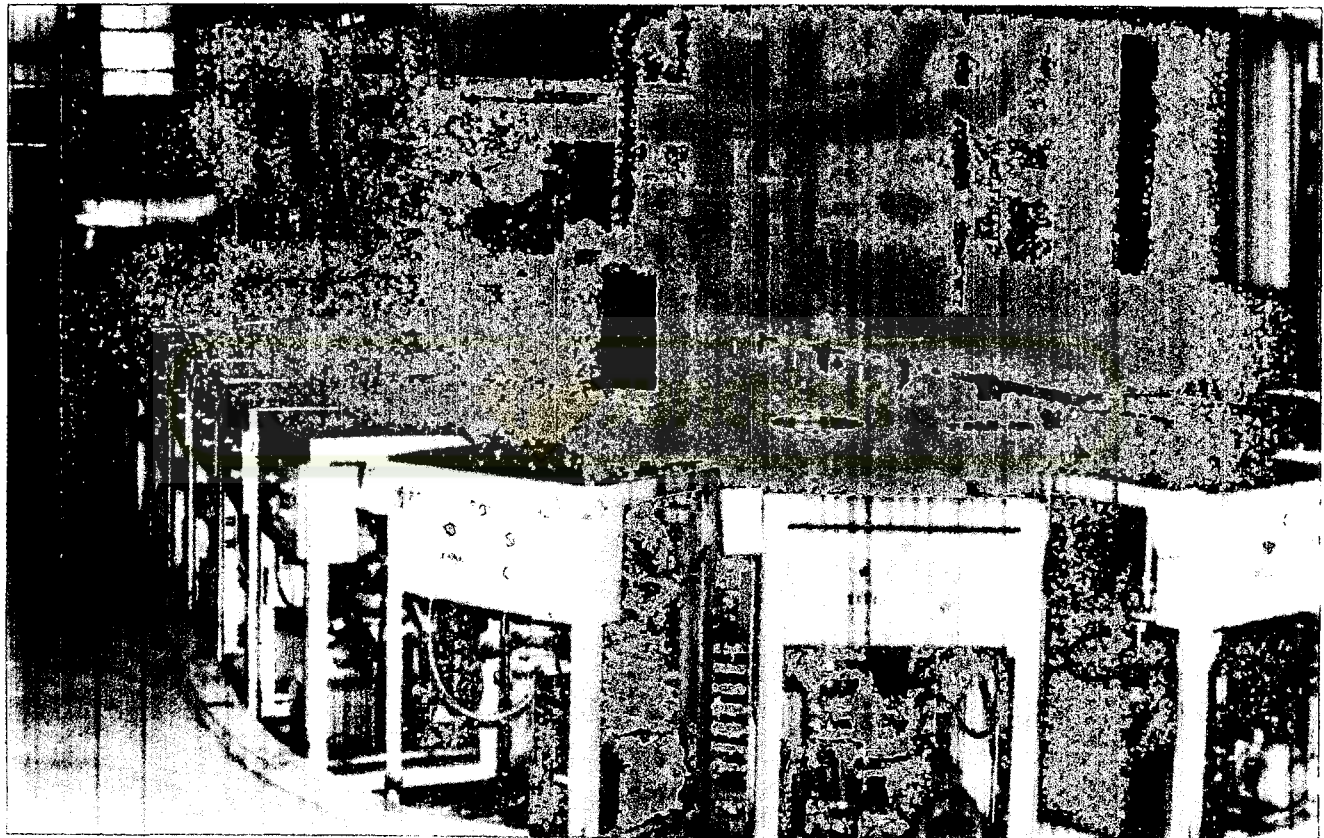


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HOTLINE TELETUBE & COMPONENTS LIMITED



9th Annual Report 1997-98

HOTLINE TELEUBE & COMPONENTS LIMITED

BOARD OF DIRECTORS

Shri Anil K. Gupta - Chairman
Shri V. N. Masaldan - Managing Director
Shri Govind Narain
Col. B. K. Rai
Shri Amarjit Chopra
Shri Sanjiv Narayan
Shri D. C. Mathur
Shri M. P. Rajan

BANKERS

Punjab National Bank
ECE House, Kasturba Gandhi Marg,
New Delhi - 110 001

STATUTORY AUDITORS

S. S. Kothari & Co., Chartered Accountants
9-A, Atma Ram House, 1, Tolstoy Marg,
New Delhi - 110 001

REGISTERED OFFICE

139, Malanpur Indl. Area
Distt., Bhind,
Madhya Pradesh.

HEAD OFFICE

16, Community Centre,
New Friends Colony,
New Delhi - 110 065

REGISTRAR

Allied Computer Technics Pvt. Ltd.
F-18, 3rd Floor, Block-A,
Local Shopping Centre,
Ring Road, Naraina Vihar,
New Delhi - 110 028

HOTLINE TELETUBE & COMPONENTS LIMITED**NOTICE**

NOTICE is hereby given that the Ninth Annual General Meeting of Hotline Teletube & Components Limited will be held on Wednesday the 30th Day of December 1998 at 12.00 Noon at 139, Malanpur Industrial Area, Distt. Bhand (M.P.)

ORDINARY BUSINESS

1. To receive, consider and adopt the audited statement of accounts of the Company for the year ended 30th June '98 and report of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Sanjiv Narayan, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a director in place of Mr. V.N. Masaldan, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint auditors & fix their remuneration.

SPECIAL BUSINESS

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

"Resolved as a special resolution that the Board of Directors of the company be and are hereby authorised to pledge the shares held by the company in M/s. Hotline Glass Ltd. in favour of Financial Institution on such terms and conditions as may be specified by the Financial Institution and approved by the Board of Directors."

By the Order of the Board
for **HOTLINE TELETUBE & COMPONENTS LTD.**

(V. N. MASALDAN)
MANAGING DIRECTOR

Place : New Delhi

Date : 27.11.98

NOTES

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote, on the Poll only, instead of himself and the proxy so appointed need not be a member of the Company. Proxies in order to be effective must reach at the Registered Office of the company not less than 48 hours before the time fixed for hearing.
2. The relevant explanatory statement pursuant to section 173 (2) of the Companies Act, 1956, in respect of item No. 6 is given below and forms part of notice.
3. The Register of Members and the share transfer books of the Company shall remain closed from Wednesday 16th December, 1998 to Wednesday the 30th December '1998 (Both days inclusive).
4. Shareholder / Proxy Holder are requested to produce at the entrance the admission slip forward to them, duly completed and signed in accordance with the specimen signature registered with the Company.
5. The instrument of share transfer, complete in all respects should be sent to the Company well in advance, so as to reach to the Company prior to book closing. Share under any defective transfer (unless defect is removed prior to book closing) and/or instrument of transfer received during the period of books closing shall be considered after reopening of books.
6. Members are requested to bring their copy of annual Report, as no copies will be distributed at the Annual General Meeting.
7. Members desirous of getting any information about the accounts under reference and operation of the Company are advised to address their queries to the Managing Director of the Company well in advance, so that the same may reach him at least seven days before the date of the meeting to enable the management to keep the required information readily available at the meeting.
8. Unclaimed dividend for the year 1992-93 & 1993-94 has been transferred to Central Govt. General Revenue Account.

EXPLANATORY STATEMENT TO POINT NO.6

At the time of rescheduling the loans given to M/s Hotline Glass Ltd. by financial institution, it had stipulated a condition that promoters of the project should pledge its shares to the financial institution, till the loan of institution are repaid. To comply with the condition it is necessary to pass this special resolution. None of the directors is interested in this resolution, except for their directorship in Hotline Glass Ltd.

HOTLINE TELETUBE & COMPONENTS LIMITED**DIRECTORS' REPORT**

The Members

HOTLINE TELETUBE & COMPONENTS LTD

Your Directors have pleasure in presenting the Ninth Annual Report and Audited statement of accounts of your Company for the year ended 30th June '98.

	YEAR ENDED 30.06.98	(Rs In Lac) YEAR ENDED 30.06.97
FINANCIAL RESULTS		
- Sales & other income	5531	5542
- Profit before Depreciation & Financial Expenses	485	599
- Financial Expenses	352	363
- Cash Profit	133	236
- Depreciation & Misc Exp. W/Off	126	126
- Net Profit Before Tax	7	110
- Minimum Alternate Tax for Current year	1	9
- Dividend	51	51
- Dividend Tax	5	5

OPERATIONS

In spite of the economic down turn in the Country, the Company achieved turnover and other income of Rs. 5531 Lacs against Rs. 5542 Lacs of previous year. Cash Profit decreased from Rs. 236 Lacs to Rs. 133 Lacs and net profit from Rs. 110 Lacs to Rs. 7 Lacs. The decrease in profit was due to substantial reduction in prices of B & W Picture Tubes, even though the Company sold a large number of 891480 Picture Tubes in 1997-98 as compared to 889439 tubes sold in 1996-97.

DIVIDEND

Despite the lower profits of the Company but in view of better prospects in future, the director recommended to maintain dividend @10% (Rs. 1 per shares) free of tax in the hands of the shareholders, out of accumulated profits.

FUTURE PROSPECTS

The annual demand for Black & White Television continues to be around 6 million no. per annum. Under such a situation your company expects to increase the sales quantity of 17" Glass Shells & Picture Tubes. To improve the profitability, it is also expecting a better price realisation in the current year.

FIXED DEPOSIT

The Company has not accepted any deposit from the Public during the year.

DIRECTORS

Under Article 106 of the Company, two Directors viz. Shri. Sanjiv Narayan and Shri V.N. Masaldan are retiring by rotation and being eligible offers themselves for reappointment.

AUDITORS

M/s S.S. Kothari & Co., Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

PARTICULARS OF EMPLOYEES

Statement of particulars required under section 217(2A) of the Companies Act, 1956 and rules framed thereunder is given below:

S. No	Name	Designation	Date of Joining	Remuneration	Age	Qualification	Experience	Last employment
1.	Mr. V.N. Masaldan (Employed for full year)	MD	1.6.93	392196	53	Law Graduate	31 Yrs	President, Fusebase Eltoro Ltd.
2.	Mr.K. Raghavan (Employed for part of the year)	CEO	5.8.96	352800	50	Engineer	25 Yrs	President, Tosha Intl. Ltd.

NOTES

Remuneration includes Salary, HRA, Company Contribution towards PF, Leave Encasement etc.

CONSERVATION OF ENERGY, TECHNOLOGY FOREIGN EXCHANGE EARNINGS

- The particulars regarding conservation of energy are not applicable during the year.
- The company is engaged in continuous Research & Development activity to indiginise the various components as well as to reduce the cost of raw material used in the manufacture of tubes and electron guns. As a result of this the cost of Electron Gun, Neck Tubing and stem has come down.
- The Company has fully absorbed the technology of manufacturing of Electron Guns and parts thereof..
- Total foreign exchange expenditure spent during the year is Rs. 101.72 Lac.
- Total foreign exchange earned during the year is Rs. 8.45 Lac.

ACKNOWLEDGMENT

The Board places on record its gratitude to Government Authorities, Financial Institutions, Bankers and the Shareholders for their support. The Board also places on record its appreciation for the valuable services rendered by the employees at all levels.

For and on behalf of the Board of Directors

Place: New Delhi

Date : November 27, 1998

(V.N.MASALDAN)
MANAGING DIRECTOR

HOTLINE TELETUBE & COMPONENTS LIMITED**AUDITORS' REPORT**

The Members,

HOTLINE TELETUBE & COMPONENTS LIMITED
NEW DELHI.

We have audited the attached Balance Sheet of **HOTLINE TELETUBE & COMPONENTS LIMITED** as at 30th June, 1998 and also the Profit & Loss Account of Company for the period ended on that date annexed thereto and report that :-

As required by the Manufacturing and other Companies (Auditor's Reports) Order 1988, issued by the Central Government under Section (4A) of the Companies Act, 1956 and as per the information and explanations given to us during the course of our audit and on the basis of such checks and verifications as were considered appropriate, we give our comments in the annexure on the matters specified in the order to the extent applicable to the Company.

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper books of accounts as required by law have been kept by the company, so far as appears from our examination of the books.
3. The Balance Sheet and the Profit & Loss Account dealt with by the report are in agreement with the books of accounts.
4. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with Accounting Policies & Practices and Notes no.2 of (Schedule XIV) with regards to non provision of diminution in value of long term investments impact on profit unascertained and other Notes of the same schedule gives the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
 - a) In the case of Balance Sheet of the state of affairs of the company as on 30th June, 1998 and
 - b) In the case of Profit & Loss Account of the profit of the company for the year ended on that date.

For S S KOTHARI & CO.
CHARTERED ACCOUNTANTS

Place : New Delhi
Date : 27.11.98

ATUL SEKSARIA
PARTNER

ANNEXURE TO AUDITORS REPORT

(Referred to in Paragraph - 1 of our Report of even date on the accounts of **HOTLINE TELETUBE & COMPONENTS LIMITED** for the accounting year ended on 30th June, 1998)

- 1) The company is maintaining the records of fixed assets showing full particulars including quantitative details and situation of fixed assets, wherein certain entries are pending for recording. We have been explained that there is a regular programme of physical verification which has been undertaken by the management during the year, which in our opinion is reasonable having regard to the size, nature and operation of its business. The discrepancy if any could not be determined in view of the pending updation.
- 2) None of the fixed assets have been revalued during the year.
- 3) The stocks of finished goods, stores and spare parts (including loose tools & packing materials) and raw materials of the company have been physically verified by the management during the year. In our opinion, the frequency of verification is adequate keeping in view the activities of the company.
- 4) In our opinion, the procedure of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- 5) We have been explained that the discrepancies noticed on physical verification of stocks as compared to book records, were not material in relation to the operation of the company and the same have been properly dealt with in the books of accounts.
- 6) In our opinion, the valuation of inventory is fair and proper in accordance with normally accepted accounting principles and is as per the policy consistently followed by the company as per note No. A-7 of Schedule XV and is on the same basis as in the previous year wherever applicable.
- 7) The terms and conditions of unsecured loan taken from companies listed in the register maintained under Section 301 of the Companies Act, 1956, are not prima-facie prejudicial to the interest of the company. As per the explanations given to us and the records produced before us, there is no company under the same management as defined under sub section (1B) of Section 370 of the Companies Act, 1956.
- 8) No amount in the nature loan has been given during the year to parties listed in the register maintained under section 301 of the Companies Act, 1956.
- 9) Interest free loans given to employees/others are being recovered/adjusted as per agreed terms.
- 10) In our opinion and according to the information and explanations given to us there are reasonable internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of stores, raw materials including components, plant & machinery, equipments and other similar assets and for the sale of goods.
- 11) As far as we could ascertain on the basis of our selective checking and according to the information and explanations given to us, the prices paid for goods, materials and assets and for sale of goods and materials, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, and aggregating during the year to Rs. 50000/- or more in respect of each party are reasonable having regard to prevailing market prices for such good, material and assets or the prices at which transactions for similar goods and materials have been made with other parties or price list or quotations of the parties wherever available with the company. We have been explained that no stock of unserviceable or damaged stores, finished goods, Raw Material have been determined during the year.
- 12) The company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956, from the public.
- 13) In our opinion, reasonable records have been maintained by the company for the sale and disposal of scrap. There are no by-products.
- 14) The Company has its own team for conducting the regular internal audit which is commensurate with the size and nature of company's business.
- 15) We have been informed that the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for the year under review.
- 16) According to the records of the company, Employees state insurance dues and provident fund dues have generally been regularly deposited during the year with Appropriate authorities.
- 17) There were no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty were outstanding as at 30th June, 1998 for a period of more than six months from the date they became payable.
- 18) During the course of our examination of books of accounts carried out in accordance with the generally accepted auditing practices, we have not come across any personal expenses, other than expenses under contractual obligation with the company's employees and/or generally accepted business practices, which have been charged to revenue accounts.
- 19) The company is not a sick industrial company within the meaning of Section 3(1)(O) of the Sick Industrial Companies (Special Provisions) Act, 1985.
- 20) No service activity has been carried out during the year.

For S S KOTHARI & CO.
CHARTERED ACCOUNTANTS

Place : New Delhi
Date : 27.11.98

ATUL SEKSARIA
PARTNER

BALANCE SHEET AS AT 30th June,1998

	SCHEDULE	AS AT 30.06.98	(IN RUPEES) AS AT 30.06.97
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	I	50627000	50627000
Reserves & Surplus	II	85596750	92255243
LOAN FUNDS			
Secured Loans	III	91959759	114226876
Unsecured Loans	IV	58800000	11903302
TOTAL		286983509	269012421
APPLICATION OF FUNDS			
FIXED ASSETS :	V		
Gross Block		234239443	233811653
Less : Depreciation		67153530	56123396
Net Block		167085913	177688257
INVESTMENTS	VI	50000000	50000000
CURRENT ASSETS, LOANS & ADVANCES	VII		
Inventories		37507622	41470953
Sundry Debtors		79463246	66442881
Cash & Bank Balances		28048203	9396374
Other Current Assets		9445600	2120488
Loans & Advances		7911096	11721653
		162375767	131152349
Less : Current Liabilities and provisions			
- Liabilities		87627250	
- Provisions		7882518	
	VIII	95509768	94462743
Net Current Assets		66865999	36689606
MISCELLANEOUS EXPENDITURE	IX	3031597	4634558
(To the extent not written off or adjusted)			
TOTAL		286983509	269012421

Accounting Policies & Practices and Notes to Accounts XIV

Abstract to Balance Sheet XV

The schedules referred above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our Report of even date.

for S.S.KOTHARI & CO.,
CHARTERED ACCOUNTANTS

ATUL SEKSARIA
Partner

V. N. MASALDAN
Managing Director

ANIL GUPTA
Chairman

PLACE : NEW DELHI
DATE : 27.11.98