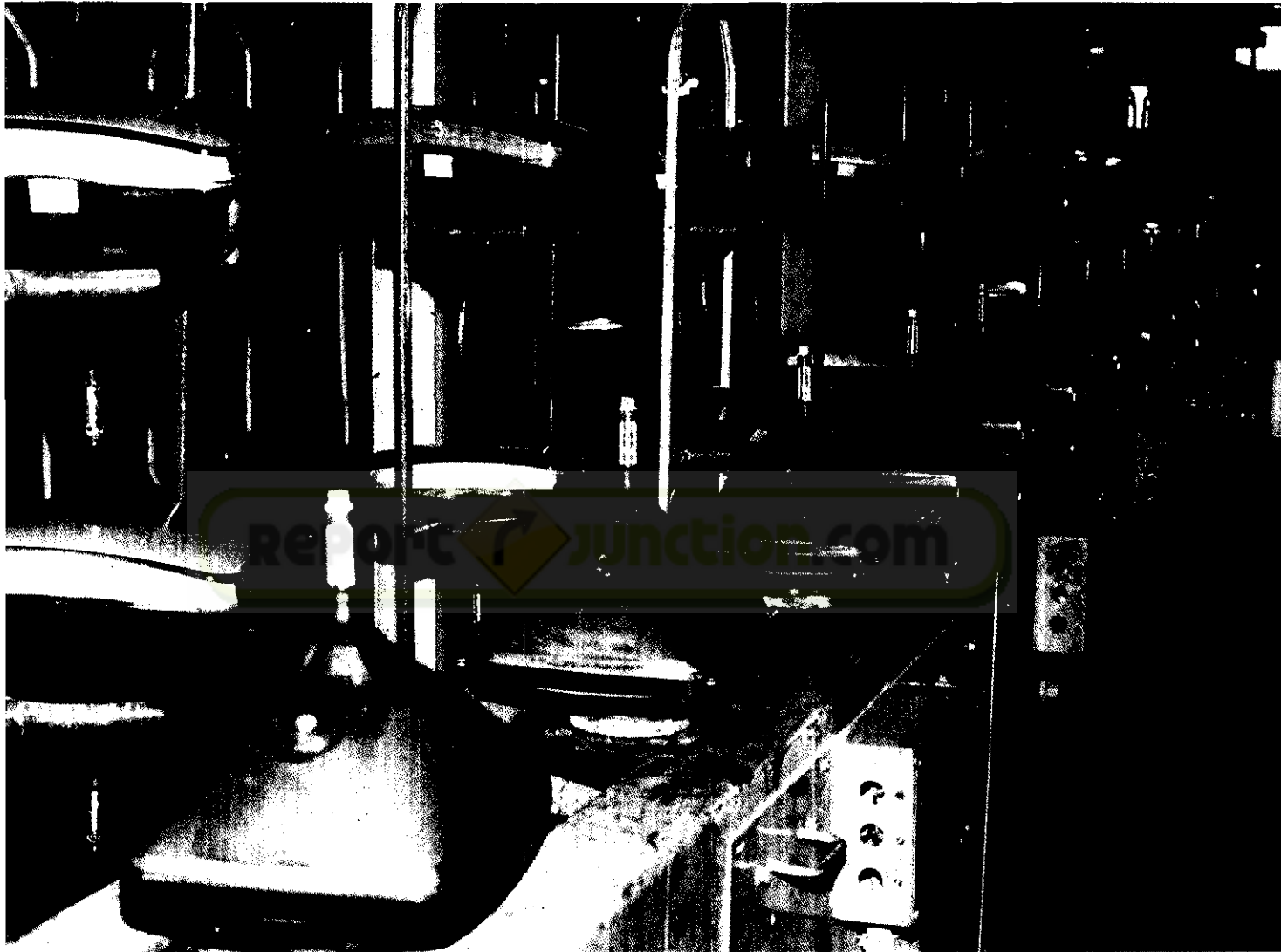


HOTLINE TELETUBE & COMPONENTS LIMITED



10th Annual Report 1998-99

HOTLINE TELETUBE & COMPONENTS LIMITED

BOARD OF DIRECTORS

Shri Anil 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

M/s S. S. Kothari & Co., Chartered Accountants
8-D, 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 Tenth Annual General Meeting of Hotline Teletube & Components Limited will be held on Wednesday the 29th Day of December 1999 at 11.30 A.M. at 139, Malanpur Industrial Area, Distt. Bhind (M.P.)

ORDINARY BUSINESS

1. To receive, consider and adopt the audited statement of accounts of the Company for the year ended 30th June '99 and report of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Col. B.K. Rai, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Amarjit Chopra, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint auditors & to fix their remuneration.

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

(V. N.MASALDAN)
MANAGING DIRECTOR

Place : New Delhi

Date : 27.11.99

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 meeting.
2. The Register of Members and the share transfer books of the Company shall remain closed from Monday the 13th December, 1999 to Monday the 27th December '1999 (Both days inclusive).
3. Shareholder / Proxy Holder are requested to produce at the entrance the admission slip forwarded to them, duly completed and signed in accordance with the specimen signature registered with the Company.
4. The company is maintaining its office in Delhi at 16, Community Centre, New Friends colony, New Delhi - 110 065, where the shareholders can lodge any papers including shares for transfer.
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 book 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 operations 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.

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

The Members

HOTLINE TELETUBE & COMPONENTS LTD.

Your Directors have pleasure in presenting the Tenth Annual Report and Audited statement of accounts of your Company for the year ended 30th June '99.

	YEAR ENDED 30.06.99	(Rs In Lacs) YEAR ENDED 30.06.98
FINANCIAL RESULTS		
- Sales & other income	6088	5531
- Profit before Depreciation & Financial Expenses	480	485
- Financial Expenses	323	352
- Cash Profit	157	133
- Depreciation & Misc. Exp. W/Off	127	126
- Net Profit Before Tax	30	7
- Minimum Alternate Tax for Current year	5	1
- Dividend	51	51
- Dividend Tax	6	5

OPERATIONS

During the current year the company increased its turnover by 12%. The net profit before tax also increased from Rs. 7.00 lacs to Rs. 30.00 lacs. During the current year, the increase in sales came from larger sales of glass bulbs which has lower margins as compared to the margins on complete picture tubes. Accordingly, despite good turnover, the profit margins were suppressed.

DIVIDEND

Considering better prospect in future, the Directors recommend to maintain dividend @ 10% (Rs. 1/- per share) free of tax in the hands of shareholders. Company will draw out of its accumulated profits to distribute the dividend to maintain consistency of distribution of dividends since beginning of commercial operations.

FUTURE PROSPECTS

There is a high degree of untapped potential for Black & White TV in India. Considering the thrust of government in infrastructure sector & expected long term availability of electricity in rural area, the demand for Black & White TV is expected to grow. This would result in higher demand for Black & White picture tubes.

YEAR 2000 (Y2K)

Due to limited use of computer in Company's operations the Board of Directors does not envisage any problem with regard to Y2K issue. The Company has obtained certificate of Y2K complaint in respect of existing computer operation.

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. Col. B.K. Rai and Shri Amarjit Chopra 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	MD	1.6.93	435375	54	Law Graduate	32 Yrs	President, Fusebase Eltoro Ltd.

NOTES

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

CONSERVATION OF ENERGY, TECHNOLOGY FOREIGN EXCHANGE EARNINGS AND OUTGO

- 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.
- Total foreign exchange incurred during the year is Rs. 143 Lac.
- Total foreign exchange earned during the year is Rs. 95 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 : 27.11.99

(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, 1999 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 the Profit & Loss Account and Balance Sheet of the Company complied with the mandatory Accounting Standards as specified by ICAI referred to in subsection (3C) of Section 211 of Companies Act, 1956.
5. 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 and Practices Note No.B-1 of Schedule XIV with regard 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, 1999 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 : 27.11.99

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, 1999)

- 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 stock 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 stock 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 stock 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 principals and is as per the policy consistently followed by the company as per note No. A-7 of Schedule XIV 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) The terms & conditions of loans/advances in the nature of loan given to parties listed in the register maintained under section 301 of the Companies Act, 1956 are not prima-facie prejudicial to the interests of the company.
- 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.
- 12) We have been explained that no stock of unserviceable or damaged stores, finished goods, Raw Material have been determined during the year.
- 13) The company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956, from the public.
- 14) In our opinion, reasonable records have been maintained by the company for the sale and disposal of scrap. There are no by-products.
- 15) In our opinion, the company has an internal audit system commensurate with the size of the company and nature of its business.
- 16) 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.
- 17) 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.
- 18) 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, 1999 for a period of more than six months from the date they became payable.
- 19) 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.
- 20) 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.
- 21) No service activity has been carried out during the year.

For S S KOTHARI & CO.
CHARTERED ACCOUNTANTS

Place : New Delhi
Date : 27.11.99

ATUL SEKSARIA
PARTNER