

12TH ANNUAL REPORT 2000-2001



VIDEOCON COMMUNICATIONS LIMITED

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VIDEOCON COMMUNICATIONS LIMITED

BOARD OF DIRECTORS

Venugopal N. Dhoot
Pradipkumar N. Dhoot
Sanjeev K. Shelgikar
S. Padmanabhan
Rajesh Rathi
Yoshinori Maeda
Naoki Saito
Hisao Ishiyama
Nagao Ibayashi
A. K. Ahuja *Nominee of IFCI*

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

SOLICITORS

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

BANKERS

State Bank of Hyderabad
Central Bank of India
The Vysya Bank Limited
The Sakura Bank Limited
Global Trust Bank Limited

REGISTERED OFFICE & FACTORY

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

ADMINISTRATIVE OFFICE

171, Mittal Court, 'C' Wing
Nariman Point,
Mumbai - 400 021



VIDEOCON

ANNUAL REPORT 2000-2001

NOTICE

NOTICE is hereby given that the Twelfth Annual General Meeting of **VIDEOCON COMMUNICATIONS LIMITED** will be held at the Registered Office of the Company at 20 K.M.Stone, Aurangabad-Beed Road, Vill. Bhalgaon, Aurangabad on Saturday the 29th day of September, 2001 at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS :

- To consider and adopt the Profit and Loss Account for the year ended on 31.03.2001 and the Balance Sheet as on that date and the Report of the Directors and Auditors thereon.
- To declare dividend on equity shares.
- To appoint a Director in the place of Shri Venugopal N. Dhoot who retires at this meeting and being eligible and offers himself for reappointment.
- To appoint a Director in the place of Shri Hisao Ishiyama who retires at this meeting and being eligible and offers himself for reappointment.
- To appoint a Director in the place of Shri Nagao Ibayashi who retires at this meeting and being eligible and offers himself for reappointment.
- To appoint Auditors to hold office from conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

- To consider and if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act and the subject to the approval of financial institutions and other appropriate authorities, wherever required, the Board of Directors of the Company be and is hereby authorised to give guarantee and/or provide any security in connection with any loans, either in Rupee or in any other foreign currency, made to other bodies corporate by any Banks/Financial Institution/bodies corporate and/or any other person, situated within or outside the country, so however that the aggregate amount of such security and guarantee outstanding at any particular point of time shall not exceed sixty per cent of the paid-up capital and free reserves or one hundred per cent of the Free Reserves whichever is greater as on the date of giving the Guarantee/Security."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalize the terms and conditions subject to which the said security and/or guarantee shall be provided."

- To consider and if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 255 and 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Rajesh Rathi, retiring additional director, be and is hereby appointed as a director of the Company."

By the order of the Board of Directors

Place : Ahmednagar
Date : August 27, 2001

P.N. DHOOT
Director

Registered Office :
20 K.M.Stone
Aurangabad-Beed Road
Vill. Bhalgaon
Aurangabad.

NOTES :

- Explanatory Statement pursuant to Section 173(2) is enclosed and forms part of this notice.
- 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.
- The Register of Members and Share Transfer Books of the Company will remain closed from September 12, 2001 to September 29, 2001 (both days inclusive).
- Dividend, if declared at the meeting, will be paid to those members whose names appear in the Register of Members of the Company as on September 29, 2001.
- The members are requested to:
 - intimate to the Company changes, if any, in their Registered Addresses at an early date.
 - Quote Ledger Folio numbers in all the correspondence.
 - Bring the Copy of the Annual Report and Attendance Slip with them to the Annual General Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**Item No. 7 :**

As a general policy, the Company, in the normal course of its business, may provide guarantee and/or security in connection with the loans made to any other bodies corporate by the banks and financial institutions, which in the opinion of the Board, are, directly or indirectly, beneficial and are in the interest of the Company.

Since the securities/guarantees are provided as and when the approvals for financial assistance are received from the lender(s) it may not be feasible for the Company to convene a General Meeting of the members every time when the guarantee/security is to be provided, since the procedure is very expensive and time consuming.

Hence, as per the provision of Section 372A of the Companies Act, 1956 approval of the members is sought for fixing a ceiling upto which security/guarantee may be provided by the Board of Directors of the Company and said resolution is submitted for the approval of the members.

None of the Directors of the Company is, in any way concerned or interested in this resolution.

Item No. 8:

Mr. Rajesh Rathi was appointed as an additional director as per the

provisions of Section 260 of the Companies Act, 1956 during the year and he is liable to retire at the ensuing Annual General Meeting. The Company has received a notice proposing his appointment under the provisions of Section 257 of the Companies Act, 1956 as a candidate for the office of a director. The Board is of the opinion that his knowledge and experience would be of immense help for the overall progress of the Company and hence the Board recommends his appointment as a director and also this resolution, to be passed as an ordinary resolution.

None of the directors except Mr. Rajesh Rathi is concerned or interested in this resolution.

By the Order of the Board of Directors

Place : Ahmednagar
Date : August 27, 2001

P.N. DHOOT
Director

Registered Office :
20 K.M. Stone
Aurangabad-Beed Road
Vill. Bhalgaon
Aurangabad.

VIDEOCON COMMUNICATIONS LIMITED

DIRECTORS' REPORT

To
The Shareholders of
VIDEOCON COMMUNICATIONS LIMITED

The Board of Directors of Videocon Communications Limited have pleasure in placing before the shareholders the 12th Annual Report together with the Audited Accounts for the year ended March 31, 2001.

FINANCIAL RESULTS

(Rs. in Lacs)

	2000-01	1999-00
Sales and Other Income	52,701	41,981
Profit before Interest, Tax and Depreciation	4,267	3,388
Interest	2,007	1,561
Depreciation	1,228	917
Profit before tax	1,032	910
Provision for Taxation	13	6
Profit After Tax	1,019	904
Available for Appropriation	1,516	1,293
Proposed Dividend	36	38
Corporate Tax on Dividend	4	8
Transferred to General Reserve	900	750
Carried to Balance Sheet	575	497

PERFORMANCE HIGHLIGHTS

During the year under consideration your Company achieved a turnover of Rs.52,701 Lacs as against Rs. 41,981 Lacs for the previous year representing a growth of 25.94% over the previous year. This was the result of continuous improvements in yields and quality along with substantial increases in volumes, enabling the Company to increase its turnover significantly. The net profit after tax was Rs.1,019 Lacs as against Rs. 904 Lacs for the previous year.

DIVIDEND

Your Directors are pleased to recommend a dividend of Re.0.50 per equity share for the consideration of members. The equity dividend amount of Rs.37.50 Lacs would be paid out of the profits for the year, if approved by the shareholders at the ensuing Annual General Meeting. The dividend is free of tax in the hands of the shareholders and the Company will be paying Rs.3.83 Lacs towards Corporate Tax on this Dividend.

CONSERVATION OF ENERGY

During the year your Company took several steps to effect savings in the consumption of power, fuel, oil, water and other energy sources by -

- optimising the efficiency levels of electrical systems
- improved house-keeping
- monitoring the use of solar lights and equipments
- improvement of power factor
- indoor shop lighting, etc.

Main emphasis has been on use of non-conventional energy sources. The Company has set up a team, which is studying the possibilities of use of various methods by which the Company optimizes the use of energy without affecting the productivity. Steps are being taken to implement the recommendations of the team, wherever feasible.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under consideration the earnings in foreign exchange is NIL. The total foreign exchange outgo during the year was Rs.2,952 Lacs towards import of raw materials, Components, Spares, Capital Goods and other expenditure.

FIXED DEPOSITS

Your Company has not accepted any deposits from the Public.

RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION

Launching of innovative products in order to meet the perceived needs of consumer with technologically sustainable and clearly perceived consumer benefits is the key focus of your Company. Keeping in view tomorrow's technology and market trends, your Company continues to give utmost importance to the R&D activities with a well-equipped research and development team, which always strives better to work on development of the products best suited to the needs of the customers.

The Company has carried out Reserach and Development in the development of VCD/DVD Players and Hi-Definition TVs with more features that are suitable to all-income groups.

The Research & Development carried out by the Company yielded good results and the Company has made development in the existing models and introduced various new models. All the new models developed are implemented in production and commercialized successfully. As a result of the Research & Development carried out the end consumer is benefited on account of better features, better quality & improved reliability. Indigenous development of designs and products at par with Multinational Companies has resulted in reduction of dependency level on foreign companies.

Technology absorption, adaptation and innovation:

The basic technology, which is required for consumer electronics appliances like TV, Audio, Video, etc. is scattered worldwide. To get acquainted with the latest technology, Engineers have been trained at various locations for a period of upto one year.

Further, efforts are being made towards technology absorption, adaptation and innovation of new technology for manufacturing of various models.

The pioneering efforts made by the Company towards development of new technology enabled it to launch vaious products with added features and at reduced prices. Continuous efforts are being made to upgrade technology, increase yields and improve the product quality.

HUMAN RESOURCES MANAGEMENT

Human capital continues to be a key focus area for your Company. With the entry of multinational companies, the demand for quality is increasing and this can be achieved only through trained and experienced professional work force. The main focus of training activities during the year had been to orient the employees to effectively face the new and emerging challenges emanating from the competitive environment and liberalization in the consumer goods sector.

INDUSTRIAL RELATIONS

Relations with the staff members and the workforce continued to be cordial and satisfactory during the year under consideration.

PARTICULARS OF EMPLOYEES

None of the employees is covered by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

SUBSIDIARY COMPANY

Pursuant to the requirement of Section 212 of the Companies Act, 1956 the Annual Reports and Accounts relating to the Subsidiary Company VIDEOCON VCR SECURITIES LIMITED for the year ended March 31, 2001 are annexed to the Balance Sheet.



CORPORATE GOVERNANCE

The development of capital market is always dependent on good Corporate Governance and hence there is a need for setting up of high standards of Corporate Governance. The concept of Corporate Governance mainly deals with the accountability, transparency and professionalism of the management of the Company towards the shareholders as well as other outside agencies. The Company will endeavour to improve on these aspects on ongoing basis.

The code of Corporate Governance introduced by the Securities and Exchange Board of India is required to be implemented in terms of the Listing agreement with the Stock Exchanges with effect from financial year 2001-2002 and onwards. The Board has taken all necessary steps to achieve full compliance with the Code of Corporate Governance.

AUDIT COMMITTEE

An Audit Committee of the Board has been constituted under the Chairmanship of Mr. S.K. Shelgikar, the other members of the Committee being Mr. Pradipkumar N. Dhoot and Mr. S. Padmanabhan, to look into the various accounting and other related aspects.

DIRECTORS

Mr. Venugopal N. Dhoot, Mr. Hisao Ishiyama and Mr. Nagao Ibayashi retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. During the year Mr. Rajesh Rathi was appointed as an Additional Director on the Board of the Company. Your Directors welcome the new director.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) read with Section 292A of the Companies Act, 1956, we, the Directors of Videocon Communications Limited, state in respect of Financial Year 2000-01 that:

- a) in the preparation of annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- b) the Directors have selected such accounting policies and applied them consistently and made judgements 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;
- c) 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;
- d) the Directors have prepared the annual accounts on a going concern basis;
- e) the Board has constituted an Audit Committee comprising of three Directors, *inter alia* for holding discussions with the Auditors periodically, review of quarterly, half yearly and annual financial statements before submission to Board, review of observations of Auditors and to ensure compliance of internal control systems;
- f) the Audit Committee has also been delegated with authority for investigation and access for full information and external professional advice for discharge of the functions delegated to it by the Board;
- g) the Board agrees that the recommendations of the Audit Committee on any matter relating to financial and management including the audit report would be binding on the Board; and
- h) based on the above and the Internal Audit System, the Audit Committee, the Board opines that the Company has internal control system commensurate with the size of the Company and the nature of its business.

CASH FLOW STATEMENT

Cash Flow Statement for the year 2000-01 is attached to the Balance Sheet.

ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Financial Institutions, Banks and Government Authorities.

Your Directors are happy to place on record their gratitude to the employees at all levels for their commitment and dedicated efforts. The Directors are also thankful to the shareholders for their continued support to the Company.

For and on behalf of the Board of Directors

Place : Ahmednagar
Date : August 27, 2001

P.N. DHOOT
Director

VIDEOCON COMMUNICATIONS LIMITED

DIRECTORS' REPORT

To
The Shareholders of
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INDUSTRIAL RELATIONS

Relations with the staff members and the workforce continued to be cordial and satisfactory during the year under consideration.

PARTICULARS OF EMPLOYEES

None of the employees is covered by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

SUBSIDIARY COMPANY

Pursuant to the requirement of Section 212 of the Companies Act, 1956 the Annual Reports and Accounts relating to the Subsidiary Company VIDEOCON VCR SECURITIES LIMITED for the year ended March 31, 2001 are annexed to the Balance Sheet.



CORPORATE GOVERNANCE

The development of capital market is always dependent on good Corporate Governance and hence there is a need for setting up of high standards of Corporate Governance. The concept of Corporate Governance mainly deals with the accountability, transparency and professionalism of the management of the Company towards the shareholders as well as other outside agencies. The Company will endeavour to improve on these aspects on ongoing basis.

The code of Corporate Governance introduced by the Securities and Exchange Board of India is required to be implemented in terms of the Listing agreement with the Stock Exchanges with effect from financial year 2001-2002 and onwards. The Board has taken all necessary steps to achieve full compliance with the Code of Corporate Governance.

AUDIT COMMITTEE

An Audit Committee of the Board has been constituted under the Chairmanship of Mr. S.K. Shelgikar, the other members of the Committee being Mr. Pradipkumar N. Dhoot and Mr. S. Padmanabhan, to look into the various accounting and other related aspects.

DIRECTORS

Mr. Venugopal N. Dhoot, Mr. Hisao Ishiyama and Mr. Nagao Ibayashi retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. During the year Mr. Rajesh Rathi was appointed as an Additional Director on the Board of the Company. Your Directors welcome the new director.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) read with Section 292A of the Companies Act, 1956, we, the Directors of Videocon Communications Limited, state in respect of Financial Year 2000-01 that :

- a) in the preparation of annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- b) the Directors have selected such accounting policies and applied them consistently and made judgements 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;
- c) 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;

- d) the Directors have prepared the annual accounts on a going concern basis;
- e) the Board has constituted an Audit Committee comprising of three Directors, *inter alia* for holding discussions with the Auditors periodically, review of quarterly, half yearly and annual financial statements before submission to Board, review of observations of Auditors and to ensure compliance of internal control systems;
- f) the Audit Committee has also been delegated with authority for investigation and access for full information and external professional advice for discharge of the functions delegated to it by the Board;
- g) the Board agrees that the recommendations of the Audit Committee on any matter relating to financial and management including the audit report would be binding on the Board; and
- h) based on the above and the Internal Audit System, the Audit Committee, the Board opines that the Company has internal control system commensurate with the size of the Company and the nature of its business.

CASH FLOW STATEMENT

Cash Flow Statement for the year 2000-01 is attached to the Balance Sheet.

ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Financial Institutions, Banks and Government Authorities.

Your Directors are happy to place on record their gratitude to the employees at all levels for their commitment and dedicated efforts. The Directors are also thankful to the shareholders for their continued support to the Company.

For and on behalf of the Board of Directors

Place : Ahmednagar
Date : August 27, 2001

P.N. DHOOT
Director

VIDEOCON COMMUNICATIONS LIMITED

AUDITORS' REPORT

To
The Members of
VIDEOCON COMMUNICATIONS LIMITED

We have audited the attached Balance Sheet of **VIDEOCON COMMUNICATIONS LTD.**, as at 31st March, 2001 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that :

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks as considered appropriate and according to the information and explanations given to us during the course of the audit, we annex hereto a Statement on the matters specified in Paragraphs 4 and 5 of the said Order.
2. Further to our comments in Annexure referred to in paragraph 1 above, we report that :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper Books of Account as required by Law have been kept by the Company so far as appears from our examination of the Books of the Company;
 - c) The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the Books of Account of the Company;
 - d) In our opinion, the Profit and Loss Account and Balance Sheet comply with the mandatory Accounting Standards referred to in

Section 211(3C) of the Companies Act, 1956.

- e) According to the information and explanations given to us and on the basis of written representation from the Directors of the Company, taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2001 from being appointed as a Director under Section 274(1)(g) of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, *subject to Note No. B-7, Schedule 14, regarding accounting for royalty and technical know-how on payment basis on receipt of RBI approval* and read with the other notes and the accounting policies thereon, give the information required by the Companies Act, 1956 in the manner so required and present a true and fair view:
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2001; and
 - (ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date.

For and on behalf of
KADAM & CO.
Chartered Accountants
U.S. KADAM
Proprietor
Place : Ahmednagar
Date : August 27, 2001

KHANDELWAL JAIN & CO.
Chartered Accountants
MANOJ DAGA
Partner

ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in paragraph 1 of our Report of even date to the Members of the Videocon Communications Limited on the accounts for the year ended 31st March, 2001.

1. The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets. As per the information and explanations given to us, physical verification of fixed assets has been carried out in terms of the phased programme of verification of its fixed assets adopted by the Company. In our opinion, the frequency of verification is reasonable, having regard to the size of the Company and nature of its business. To the best of our knowledge, no material discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. As per the information furnished, the stock of finished goods, work-in-process, stores, raw materials, components and spare parts have been physically verified during the year by the management. In our opinion, having regard to the nature and location of stocks, the frequency of the verification is reasonable.
4. In our opinion and according to the information and explanations given to us, procedure of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
5. In our opinion, discrepancies noticed on verification between physical stock and book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of accounts.
6. In our opinion and according to the information and explanations given to us, the valuation of abovementioned stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. As per the information furnished, the Company has not taken/granted loans, secured or unsecured, from/to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. As informed to us, there are no companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
8. In respect of loans and advances in the nature of loans given by the Company, where stipulations have been made, the parties are generally repaying the principal amounts as stipulated and have also been regular in payment of interest wherever applicable.
9. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
10. In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or

arrangement entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000 or more in respect of each party have been made at prices which are reasonable, having regard to the prevailing market prices as available with the Company for such transactions of goods, materials or services made with other parties.

11. As per the information furnished, the Company has regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
12. The Company has not accepted any deposits during the year from the public within the meaning of the provisions of Section 58A of the Companies Act, 1956 and rules made thereunder.
13. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap. We are informed that the Company does not have any disposable by-products.
14. In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
15. As per information furnished, the Central Government has not prescribed maintenance of cost records as required under Section 209(1)(d) of the Companies Act, 1956 in respect of the Company's products.
16. According to the information and explanations given to us and records examined by us, the Provident Fund dues and the Employees' State Insurance dues wherever applicable, have been regularly deposited during the year with the Appropriate Authorities.
17. According to the information and explanations given to us, there are no undisputed amounts payable in respect of income-tax, wealth-tax, sales-tax, customs duty and excise duty which have remained outstanding as at the year end for a period exceeding six months from the date they became payable.
18. According to the information and explanations given to us and records examined by us, no personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with the generally accepted business practice.
19. The Company is not a sick Company within the meaning of Clause (O) of Section 3(1) of the Sick Industrial Companies (Special Provisions) Act, 1985.
20. In relation to trading activities of the Company, we are informed that there are no damaged goods.

For and on behalf of
KADAM & CO.
Chartered Accountants
U.S. KADAM
Proprietor
Place : Ahmednagar
Date : August 27, 2001

KHANDELWAL JAIN & CO.
Chartered Accountants
MANOJ DAGA
Partner

**BALANCE SHEET** AS AT 31ST MARCH, 2001

Particulars	Schedule	As at	
		31st March, 2001 (Rupees)	31st March, 2000 (Rupees)
I. SOURCES OF FUNDS :			
1. Shareholders' Funds			
Share Capital - Equity	1	75,000,000	75,000,000
Share Capital - Preference	1	450,000,000	450,000,000
Reserves & Surplus	2	163,785,350	153,499,445
2. Loan Funds			
Secured Loans	3	832,424,751	998,620,282
Unsecured Loans	4	652,436,741	375,000,000
TOTAL		2,173,646,842	2,052,119,727
II. APPLICATION OF FUNDS			
1. Fixed Assets			
Gross Block	5	1,566,398,349	1,449,902,010
Less : Depreciation		494,594,781	284,244,393
Net Block		1,071,803,568	1,165,657,617
Capital Work-in-progress		2,457,243	4,470,214
Technical know-how Fees		4,807,860	9,615,718
		1,079,068,671	1,179,743,549
2. Investments			
	6	60,989,324	67,551,814
3. Current Assets, Loans & Advances			
Inventories	7	733,083,976	681,952,486
Sundry Debtors		743,812,063	573,900,980
Cash and Bank Balances		49,330,020	47,115,390
Other Current Assets		1,519,455	2,318,847
Loans and Advances		11,594,616	12,153,391
		1,539,340,130	1,317,441,094
Less : Current Liabilities & Provisions	8		
Current Liabilities		496,657,615	504,899,824
Provisions		9,093,668	7,716,906
		505,751,283	512,616,730
Net Current Assets		1,033,588,847	804,824,364
TOTAL		2,173,646,842	2,052,119,727
Significant Accounting Policies And Notes on Accounts	14		

As per our report of even date

For and on behalf of
KADAM & CO.
Chartered Accountants

U. S. KADAM
Proprietor

Place : Ahmednagar
Dated : 27th August, 2001

For and on behalf of
KHANDELWAL JAIN & CO.
Chartered Accountants

MANOJ DAGA
Partner

For and on behalf of the board
P. N. DHOOT
Director

S. PADMANABHAN
Director