



SEVENTH ANNUAL REPORT

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VIDEOCON

APPLIANCES LIMITED

CONTENTS

	<u>Page No.</u>
Notice	2
Directors' Report	4
Auditors' Report	6
Balance Sheet	8
Profit and Loss Account	9
Schedules	10
Notes to Accounts	19
Balance Sheet Abstract & Company's General Business Profile	26
Cash Flow Statement	27

VIDEOCON
APPLIANCES LIMITED

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BOARD OF DIRECTORS

Rajkumar N. Dhoot
Pradipkumar N. Dhoot
Naveen B. Mandhana
Sanjeev K. Shelgikar
Avinash Malpani
S. Padmanabhan
Girish S. Mehta
Vasant G. Athavale
R. G. Bhatnagar
C. P. Jaggi

Nominee of ICICI
Nominee of UTI
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

Indian Bank
Bank of Baroda
State Bank of Hyderabad
Allahabad Bank
Punjab National Bank
The Federal Bank Ltd.
State Bank of Indore
State Bank of Bikaner & Jaipur
UTI Bank Ltd.
Times Bank Ltd.
IndusInd Bank Ltd.
The Dhanalakshmi Bank Ltd.
Union Bank of India

REGISTERED OFFICE & FACTORY

14 Km. Stone, Taluka Paithan
Chittegaon, Aurangabad (Maharashtra)

ADMINISTRATIVE OFFICE

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

VIDEOCON APPLIANCES LIMITED

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Notice

NOTICE is hereby given that the Eleventh Annual General Meeting of VIDEOCON APPLIANCES LIMITED will be held at 14 Km. Stone, Aurangabad-Paithan Road, Chittegaon, Taluka Paithan, Aurangabad (Maharashtra) on Tuesday the 29th day of September, 1998 at 10.00 A.M. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet and Profit & Loss Account for the year ended 31st March 1998 and reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Naveen B. Mandhana, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. S.K. Shelgikar, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting and to fix their remuneration.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 25th September, 1998 to 29th September, 1998 (both days inclusive).
3. 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 29th September, 1998.
4. The members are requested to :
 - a) Intimate to the Company changes, if any, in their Registered Addresses at an early date.
 - b) Quote Folio numbers in all the correspondence.
 - c) Bring the Copy of the Annual Report and Attendance Slip to the Annual General Meeting.

Registered Office :

14 Km. Stone, Aurangabad-Paithan Road
Chittegaon, Taluka Paithan,
Aurangabad (Maharashtra)

By Order of the Board of Directors

R.N. DHOOT
Director

Place : Ahmednagar
Date : August 17, 1998

ELEVENTH ANNUAL REPORT

1997 - 98

.....

Directors' Report

To
The Members of
VIDEOCON APPLIANCES LTD.

Your Directors have pleasure in presenting their Eleventh Annual Report with the Statement of Accounts of your Company for the year ended 31st March, 1998.

FINANCIAL RESULTS

(Rs. in Million)			
PARTICULARS	1997-98		1996-97
Sales & Other Income	5169		4610
Gross Profit Before Interest & Depreciation	1068		774
Less : Interest	505		439
Depreciation	556	300	-
Less : Transfer from General Reserve	271	285	121
Profit before Tax	278		156
Less : Provision for Taxation	1		5
Profit after Tax	277		151
Add : Refund of Tax for Earlier Years	NIL		9
Profit available for Appropriation	277		160
Appropriations :			
Debenture Redemption Reserve	58		61
Proposed Dividend	33		28
Corporate Tax on Dividend	3		2
Transfer to General Reserve	75		69
Transfer to Balance Sheet	108		NIL

DIVIDEND

Your Directors recommend for consideration of the Shareholders at the Annual General Meeting, payment of Dividend of Re.1.00 per share for the year ended 31st March, 1998. The dividend payout for the year will be Rs.33 Million. In addition to this the Company will also pay tax on dividend amounting to Rs.3 Million under the amended law relating to taxation of dividends, taking the total payment to Rs.36 Million. Consequently members will receive entire dividend free of any tax.

FIXED DEPOSITS

Your Company has not accepted any Deposits from the Public.

AUDITORS' REPORT

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

VIDEOCON APPLIANCES LIMITED

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DIRECTORS

Mr. Naveen B. Mandhana and Mr. S.K. Shelgikar, Directors of the Company retire by rotation and being eligible, offer themselves for reappointment.

Your Directors feel that their knowledge and experience would be of great benefit to the Company and hence recommend their reappointment.

Industrial Finance Corporation of India vide its letter No. IFCI/NDC-2/98-101387 dated January 08, 1998 has appointed Mr. R.G. Bhatnagar as Nominee Director of the Company. The Board welcome his appointment.

CONSERVATION OF ENERGY

Various steps have been taken to reduce consumption of electrical energy by improved house-keeping, monitoring the use of electrical lights and equipment, improvement of power factor, and so on. New Capacitor Banks have been installed to improve the power factor resulting in reduction in energy consumption.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The total foreign exchange earnings during the year was Rs.176 Million and outgo towards imports of raw materials, Components, Spares, Capital goods and other expenditure was Rs.732 Million.

AUDITORS

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

PARTICULARS OF EMPLOYEES

The information required in respect of employees of the Company as required by the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is set out in the Annexure to this Report.

INDUSTRIAL RELATIONS

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

ACKNOWLEDGEMENTS

Your Directors place on record their sincere appreciation for the assistance and co-operation received from the Central Government, State Government, Financial Institutions and Bankers. The Directors also appreciate energetic performance of the employees at all levels.

On behalf of the Board of Directors

R. N. DHOOT
Director

Place : Ahmednagar
Dated : August 17, 1998

ELEVENTH ANNUAL REPORT

1997 - 98

.....

Annexure to the Directors' Report

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1998.

Name of Employee	Designation/ Nature of Duties	Remuneration Rs.	Qualification	Age	Experi- ence	Date of commence- ment of Employment	Last Employment		
							Name of Employer	Position Held	
Employed throughout the financial year									
1.	C. P. Jaggi	Director	735,470	B.E. (Hons) Mech.	54	27	01.01.1992	LML Ltd.	General Manager
2.	S. Sethuraman	Dy. General Manager	338,629	B.Sc. AMIE (Mech), P.G.D.SQC	46	19	09.03.1992	Vespa Car Co. Ltd.	Manager
3.	L. R. S. Mani	Dy. General Manager	311,543	A.M.I.E., M.B.A.	51	24	18.03.1992	Escorts Ltd	Manager
4.	S. K. Nagia	Asst. Gen. Manager	301,334	B.E. (Mech)	51	25	19.08.1994	Automobile Products of (India) Ltd.	Joint Gen. Manager

A. Gross remuneration includes Salary, Ex-gratia, H.R.A., L.T.A. & Contribution to Provident Fund.

B. All the employees are in whole time employment of the Company and the employment is contractual in nature.

C. None of the employees is related to any of the Directors of the Company.

By order of the Board of Directors

R. N. DHOOT
Director

Place : Ahmednagar
Dated : August 17, 1998

VIDEOCON APPLIANCES LIMITED

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Auditors' Report

To
The Members of
VIDEOCON APPLIANCES LIMITED

We have audited the attached Balance Sheet of VIDEOCON APPLIANCES LTD., as at 31st March, 1998 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 and to the best of our information and according to the explanations given to us, the said accounts, subject to Note No.4 regarding change in method of providing depreciation, Note No.5 regarding change in method of accounting for liability towards leave encashment, Note No.12 regarding accounting for royalty and technical know-how on payment basis and read with 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, 1998; 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

KHANDELWAL JAIN & CO.
Chartered Accountants

U.S.KADAM
Proprietor

MANOJ DAGA
Partner

Place : Ahmednagar
Date : August 17, 1998

ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in paragraph 1 of our Report of even date to the Members of the Videocon Appliances Limited on the accounts for the year ended 31st March 1998.

1. The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets, except in respect of certain items of furnitures and fixtures, where unitwise aggregate cost and location are not available. 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.

ELEVENTH ANNUAL REPORT

1997 - 98

.....

Annexure to the Auditors' Report

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. We have broadly reviewed the books of account maintained by the Company pursuant to notification of the Central Government for the maintenance of the cost records under Section 209(1)(d) of the Companies Act, 1956 and on the basis of the information received, we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the said records.
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 31st March, 1998 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 (0) of Section 3(1) of the Sick Industrial Companies (Special Provisions) Act, 1985.
20. In our opinion and according to the information and explanations given to us, in respect of the trading activities of the Company, there were no damaged goods during the year.
21. In our opinion and according to the information and explanations given to us, in respect of the service activities, the Company has a reasonable system of authorization at proper levels with necessary controls on issue of stores. However, the nature of activity is such that allocation of stores and manhours consumed on job is not necessary. There are adequate internal control procedures commensurate with the size of the Company and the nature of its business.
22. (a) In our opinion and according to the information and explanations given to us, in respect of the investment/finance activities carried out by the Company, adequate documents and records are maintained in cases where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (b) We are informed that the provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Society do not apply to the Company.
- (c) The Company has maintained records of transactions and contracts in respect of trading in shares, debentures and other securities and that timely entries have generally been made therein. All shares, debentures and other securities have been held by the Company in its own name except to the extent of the exemption granted under Section 49 of the Companies Act, 1956 and save for certain shares which are either lodged for transfer or held with valid transfer forms.

For and on behalf of

KADAM & CO.
Chartered Accountants**KHANDELWAL JAIN & CO.**
Chartered Accountants**U.S.KADAM**
Proprietor**MANOJ DAGA**
PartnerPlace : Ahmednagar
Date : August 17, 1998