



VIDEOCON



VIDEOCON APPLIANCES LIMITED

12TH ANNUAL REPORT 1998-99

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VIDEOCON APPLIANCES LIMITED

BOARD OF DIRECTORS

Venugopal N. Dhoot	
Rajkumar N. Dhoot	
Pradipkumar N. Dhoot	
Naveen B. Mandhana	
Sanjeev K. Shelgikar	
Avinash Malpani	
S. Padmanabhan	
Smt. Renuka Ramnath	Nominee of ICICI
S. K. Saha	Nominee of UTI
R. G. Bhatnagar	Nominee of IFCI
C. P. Jaggi	

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

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

Notice

NOTICE is hereby given that the Twelfth Annual General Meeting of VIDEOCON APPLIANCES LIMITED will be held at 14 Km Stone, Aurangabad-Paithan Road, Chitegaon, Taluka Paithan, Aurangabad (Maharashtra) on Monday the 27th day of September, 1999 at 1.00 P.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 1999 and reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Avinash Malpani, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. S. Padmanabhan, 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.

SPECIAL BUSINESS :

6. To consider and if thought fit, to pass with or without modifications the following Resolution as an Ordinary Resolution:

"RESOLVED that pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956 the Authorised Capital of the Company be and is hereby increased from Rs.55 Crore divided into 55,000,000 Equity Shares to Rs.130 Crore by creating 7,500,000 Preference Shares of Rs.100/- (Rupees One Hundred Only) each and accordingly clause V of the Memorandum of Association of the Company be amended by as under:

"The Authorised Capital of the Company is Rs.130 Crore (Rupees One Hundred Thirty Crore Only) divided into 55,000,000 (Five Crore Fifty Lakh) equity shares of Rs.10/- (Rupees Ten Only) each and 7,500,000 (Seventy Five Lakh) Preference Shares of Rs.100/- (Rupees One Hundred Only) each. The Company has power from time to time to increase, or reduce the Capital of the Company and to divide the shares in the Capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or other special rights, privileges or conditions or restrictions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions or restrictions in such

manner as may for the time being be permitted by the Articles of Association of the Company or the legislative provisions for the time being in force in that behalf."

7. 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 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof), and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the regulations/guidelines, if any, prescribed by the Securities and Exchange Board of India or any other relevant authority from time to time to the extent applicable and subject to such approvals, consents, permissions and sanctions and subject to such conditions as may be prescribed by any of them while granting such approvals, consents, permissions and sanctions, which, the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) is hereby authorised to accept, if it thinks fit in the interest of the Company, the Board be and is hereby authorised on behalf of the Company to create, issue, offer and allot, in the course of one or more public or private offerings, up to 7,500,000 preference shares of Rs. 100/- each for an aggregate amount of up to Rs. 75 Crore, to investors (whether residents and/or non-residents and/or institutions/banks and/or incorporated bodies and/or individuals and/or trustees or otherwise, and whether or not such investors are members of the Company), through prospectus and/or offer letter or circular and/or on private/preferential placement basis, in such form, manner and within such period and upon such terms and conditions as the Board may in its absolute discretion deem fit.

RESOLVED FURTHER that for the purpose of giving effect to any offer, issue or allotment of preference shares as described above, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such issue(s) or allotment(s), as it may, in its absolute discretion, deem fit.

RESOLVED FURTHER that the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors, or any one or more wholetime Directors of the Company."



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8. To consider and, if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Venugopal N. Dhoot who was appointed as an Additional Director at the Meeting of the Board of Directors of the Company held on 31st December, 1998, and whose term expires at the Annual General Meeting of the Company scheduled to be held on 27th September, 1999, and for the appointment of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company".

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, 1999 to 30th September, 1999 (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 30th September, 1999.
4. The members are requested to:
 - a) Intimate to the Registrar 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
Chittagaon, Taluka Paithan,
Aurangabad (Maharashtra)

By Order of the Board of Directors

R.N. DHOOT
Director

Place : Ahmednagar
Date : July 31, 1999

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VIDEOCON APPLIANCES LIMITED**EXPLANATORY STATEMENT**

[Pursuant to Section 173(2) of the Companies Act, 1956]

Item No. 6

The Authorised Share Capital of the Company presently stands at Rs.55 Crore divided into 55,000,000 equity shares of Rs.10/- (Rupee Ten Only) each. In certain circumstances it may be advantageous to issue Preference Shares instead of Debentures or other forms of borrowings by the company. In conformity with the expanding business plans for the current and future years and to commensurate quantum of financing. The Company has decided to increase the Authorised Capital to Rs.130 Crore by creating 7,500,000 (Seventy Five Lakh) Preference Shares of Rs.100/- each.

Item No. 7

With a view to augmenting the Company's resources for its ongoing business, in case it may be expedient and more economical to raise funds through an offer of Preference Shares, the Board may take appropriate decision for issue of Preference Shares worth upto Rs.75 Crore, excluding premium, if any, at any time, on such terms and conditions as it may deem fit and proper, depending on the prevailing capital market conditions.

The Resolution is commended for your approval.

All the Directors may be deemed to be interested in the said Resolution to the extent the Preference Shares may be offered and allotted to them, if any, save as aforesaid, none of the Directors is, in any way, concerned or interested in the said Resolution.

Item No. 8

Mr. Venugopal N. Dhoot was appointed as an Additional Director by the Board of Directors as its meeting held on 31st December, 1998. In terms of Section 260 of the Companies Act, 1956 ("the Act"), he holds the office as Director only upto the date of ensuing Annual General Meeting. The Company has received a notice alongwith the prescribed deposit as required by Section 257 of the Act, proposing Mr. Venugopal N. Dhoot as a candidate for the office of a Director. Your Directors recommend the appointment of Mr. Venugopal N. Dhoot as Director of the Company.

None of the Directors of the Company, except Mr. Venugopal N. Dhoot, is concerned or interested in the resolution.





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Directors' Report

To
The Members of
VIDEOCON APPLIANCES LTD

Your Directors have pleasure in presenting their Twelfth Annual Report with the Statement of Accounts of your Company for the year ended 31st March, 1999.

FINANCIAL RESULTS

PARTICULARS	(Rs. in Million)	
	1998-99	1997-98
Sales & Other Income	6,214	5,169
Gross Profit Before Interest & Depreciation	1,331	1,068
Interest	626	505
Depreciation	385	285
Profit before Tax	321	278
Less: Provision for Taxation	1	1
Profit after Tax	320	277

DIVIDEND

Your Directors have recommended for consideration of the Shareholders at the Annual General Meeting, payment of Dividend of Rs. 1 (Rs. One only) per share for the year ended 31st March, 1999. 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. 4 Million under the amended law relating to taxation of dividends, taking the total payment to Rs. 37 Million. Consequently members will receive entire dividend free of any tax.

CONSERVATION OF ENERGY

A drive was taken during the year under consideration under the leadership of the plants incharge to optimise the utilisation of various sources of energy such as power, fuel, water, oil and others. Emphasis was given on best possible production planning to avoid on line delays.

RESEARCH & DEVELOPMENT

Keeping in view the demand for new products as also for the new models with advanced features of the existing product line, the Research & Development Division of your Company continued its efforts in this direction. A number of new models suitable to the specific needs of the domestic customers were introduced during the year.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The total foreign exchange outgo during the year was Rs. 1,193 Million towards imports of raw materials, Components, Spare, Capital goods and other expenditure. During the year there were no foreign earnings. The Company is hopeful of entering into the field of exports in the near future.

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 therefore do not call for further comments under Section 217 of the Companies Act, 1956.

VIDEOCON APPLIANCES LIMITED**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 prescribed limit under Section 224(1) of the Companies Act, 1956.

DIRECTORS

Mr. Avinash Malpani and Mr. S. Padmanabhan, 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.

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.

CASH FLOW STATEMENT

Cash Flow Statement for the year 1998-99 is attached to the Balance Sheet.

YEAR 2000

Recongnising the criticality of the Y2K problem, your Company has already taken concrete steps to resolve the expected problems. The Y2K Team set up in the beginning of year under consideration, reviewed the entire computer set up of the Company. Those systems/softwares expected to be affected by the millennium bug were discarded and replaced by the Y2K compliant ones. Testing of these new systems has been done extensively and now the entire computer set up has become Y2K compliant except some stand alone PCs.

CORPORATE GOVERNANCE

Corporate Governance, as your Board looks at it, is a system with ultimate goal of maximising the long term shareholder value.

Your company has been following the principles of corporate governance since its inception with major thrust on transparency, integrity and accountability.

Four of the members of the Board of your Company are non-executive directors. The strategies and major policies as formulated by the Board are implemented under the supervision of the various committees of the Board.

The Company has constituted different committees to take care of specific areas of operations. The important ones are Audit Committee, Capex Planning Committee and Budget Committee. These committees meet once in a month and submit their reports to the Board at the next meeting of the Board.

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 appreciates energetic performance of the employees at all levels.

On behalf of the Board of Directors

R. N. DHOOT
Director

Place : Ahmednagar
Date : July 31, 1999



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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 1999

Name of the Employee	Designation / Nature of Duties	Remuneration Rs.	Qualifications	Age	Experience	Date of Commencement of Employment	Last Employment	
							Name of Employer	Position Held
1. Shri. C. P. Jaggi	Director	1,589,232	B. E. (Hons)	55 years	34 years	01.01.1992	LML Ltd.	General Manager
2. M. S. Dhabher	Vice President	376,180	B. E. (Mech)	55 years	29 years	01.11.1990	Godrej Boyce Ltd.	Joint Plant Manager
3. M. P. Joshi	General Manager	610,886	B. E. (Mech)	51 years	28 years	13.10.1996	Modi Hoover Ltd.	General Manager

- Remuneration includes Basic Salary, Ex-Gratia, H.R.A , L.T.A., Mktg. Allowance, C.C.A., Contribution to Provident Fund
- The employees is in wholtime employment of the company and the employment is contractual in nature.
- None of the employees listed above is a relative of any director of the company.

By Order of the Board of Directors

R. N. DHOOT
Director

Place : Ahmednagar
Date : July 31, 1999