

13TH ANNUAL REPORT 1999-2000



VIDEOCON APPLIANCES LIMITED

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BOARD OF DIRECTORS

Venugopal N. Dhoot
Rajkumar N. Dhoot
Pradipkumar N. Dhoot
Naveen B. Mandhana
Sarjeev K. Shelgikar
Avinash Malpani
S. Padmanabhan
Smt. Renuka Ramnath
S. K. Saha
A. K. Ahuja
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 India
Allahabad Bank
Punjab National Bank
HDFC 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 K.M. Stone, Taluka Paithan,
Chittegaon, Aurangabad (Maharashtra).

ADMINISTRATIVE OFFICE

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

Annual Report 1999-2000

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NOTICE

NOTICE is hereby given that the Thirteenth Annual General Meeting of **VIDEOCON APPLIANCES LIMITED** will be held at the Registered Office of the Company at 14 K.M. Stone, Aurangabad-Paithan Road, Chittegaon, Aurangabad, on Saturday the 30th day of September, 2000 at 11.00 a.m. to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt the Profit and Loss Account for the year ended on 31.03.2000 and the Balance Sheet as on that date and the Report of the Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in the place of Shri Naveen B. Mandhana who retires at this meeting and being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Shri Avinash Malpani who retires at this meeting and being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from conclusion of this Annual General Meeting upto 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 the Company do hereby accord its consent under Section 293(1)(a) of the Companies Act, 1956, to mortgaging and/or charging by the Board of Directors of the Company of all or any of the immovable and movable properties of the Company, wherever situate, both present and future or the whole or substantially the whole of the undertaking or undertakings of the Company in such form and in such manner as the Board of Directors may think fit, together with power to take over the management of the business and concern of the Company in certain events for securing any loans and/or advances already obtained or that may be obtained from any financial institutions/Banks/insurance companies or person or persons, and/or to secure any debentures issued and/or that may be issued and all interests, compound/additional interest, commitment charge, costs, charges, expenses and all other moneys payable by the Company to the concerned lenders within the overall limit of Rs. 3,000 Crores (Rupees Three Thousand Crores Only)."

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

"RESOLVED THAT pursuant to Section 293(1)(d) and other applicable provisions of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any sum or sums of moneys on such terms and conditions and with or without security as the Board of Directors may think fit which, together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of money/moneys so borrowed by the Board shall not at any time exceed the limit of Rs. 3000 Crores (Rupees Three Thousand Crores Only)."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do and perform all such acts, deeds and things as may be necessary, desirable or expedient to give effect to this Resolution."

By the Order of the Board of Directors

Place : Ahmednagar
Dated : August 31, 2000

R. N. DHOOT
Director

Registered Office :
14 K.M.Stone,
Aurangabad-Paithan Road
Chittegaon
Aurangabad.

**NOTES :**

1. Explanatory Statement pursuant to Section 173(2) is enclosed and forms part of this notice.
2. 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.
3. The Register of Members and Share Transfer Books of the Company will remain closed from September 7, 2000 to September 30, 2000 (both days inclusive).
4. 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 30, 2000.
5. The members are requested to :
 - a) Intimate to the Company changes, if any, in their Registered Addresses at an early date.
 - b) Quote Ledger Folio numbers in all the correspondence.
 - c) Bring the Copy of the Annual Report an Attendance Slip with them to the Annual General Meeting.

EXPLANATORY STATEMENT

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

Item No.6 :

The Company proposes a resolution authorizing Board to borrow loans upto maximum of Rs. 3000 Crores.

Overall increase in the volume of activities of the Company is expected to result in increased funds requirements. In order to meet the fund requirement your Company may issue various instruments and adopt different methods of fund raising.

In order to borrow loans from Banks/Institutions, the Board needs authorization to mortgage/hypothecate the assets of the Company as security/collateral security for which, consent of the shareholders in the General Body Meeting is required under Section 293(1)(a) of the Companies Act, 1956 authorizing the Board of Directors with necessary powers. Hence the proposed resolution is recommended for the consent of the members.

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

Item No.7 :

Section 293(1)(d) of the Companies Act, 1956 requires that the Directors of the Company should obtain the consent of the Shareholders in the General Meeting to enable them to borrow moneys where the amount to be borrowed together with the amount already borrowed by the Company will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes.

In order to meet the borrowing requirements and to enable the Company to borrow for its purposes, further amounts, the borrowing limits previously sanctioned by the members are proposed to be revised in the manner specified in the Resolution. The purpose of this Resolution is to seek members' consent to the revision in the borrowing limits.

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

By the Order of the Board of Directors

Place : Ahmednagar
Dated : August 31, 2000

R. N. DHOOT
Director

Registered Office :
14 K.M.Stone,
Aurangabad-Palthan Road
Chittegaon
Aurangabad.



DIRECTORS' REPORT

To
The Shareholders of
VIDEOCON APPLIANCES LIMITED

The Board of Directors of Videocon Appliances Limited have pleasure in placing before the shareholders the 13th Annual Report together with the Audited Accounts for the year ended March 31, 2000.

FINANCIAL RESULTS

	(Rs. in Million)	
	1999-00	1998-99
Sales and Other Income	8,601	6,214
Profit before Interest, Tax and Depreciation	1,584	1,331
Interest	746	626
Depreciation	482	385
Profit before tax	356	321
Provision for Taxation	7	1
Balance available for Appropriation	665	502
Proposed Dividend:		
Equity	17	33
Preference	6	—
Corporate Tax on Proposed Dividend	5	4
Transferred to General Reserve	250	150
Carried to Balance Sheet	213	316

PERFORMANCE HIGHLIGHTS

During the year under consideration your Company achieved a turnover of Rs. 8,788 Million as against Rs. 6,204 Million for the previous year representing a growth of 41.65% over the previous year. The net profit after tax was Rs. 349 Million as against Rs. 320 Million 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.17 Million would be paid out of the profits for the year, if approved by the shareholders at the Annual General Meeting. The dividend is free of tax in the hands of the shareholders and the Company will also be paying Rs. 4 Million towards Corporate Tax on this Dividend.

CONSERVATION OF ENERGY

Various steps have been taken to reduce consumption of electrical energy by improved house-keeping, monitoring the use of solar lights and equipments, improvement of power factor, indoor shop lighting, etc. More emphasis has been on best possible production planning which optimizes the use of energy without affecting the productivity.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under consideration there were no earnings in foreign exchange. The total foreign exchange outgo during the year was Rs. 718 Million towards import of raw materials, Components, Spares, Capital Goods and other expenditure.



FIXED DEPOSIT

Your Company has not accepted any deposits from the Public.

INFORMATION TECHNOLOGY AND Y2K

Your company took effective steps to address the Y2K issue and had a smooth roll over to the year 2000. The total amount spent for the compliance of Y2K was Rs. 6.9 Million.

RESEARCH AND DEVELOPMENT (R & D)

Keeping in view the tomorrow's technology trend and market trend, 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.

HUMAN RESOURCES MANAGEMENT

Your Company continued to lay emphasis on the development of Human resources. 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.

DEPOSITORY SYSTEM

The Securities and Exchange Board of India (SEBI), through a notification have made it compulsory that any delivery in your Company's shares against stock exchange trades is to be in dematerialised form. Your Company entered into an agreement with the National Securities Depository Limited (NSDL) to facilitate the holding and settlement of trades in the securities in the electronic form.

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. Your Company always gives importance for the building of the confidence of investors on the Brand of the Company and thereby increase the shareholder value.

The concept of Corporate Governance mainly deals with the accountability of the management of the Company towards the shareholders as well as other outside agencies. In order to establish better corporate governance the accounting systems maintained by the Company are being made more transparent with better internal control systems.

Further your Company is of the view that differentiation, loyalty, higher market share, stronger selling price and lower costs help higher earnings per share, which increases shareholders value.

Hence, the current accounting and disclosure practices followed by the Company are such that it :

- ◆ Shows properly the Company's going concern value or net assets value.
- ◆ Assist the capital market players and credit rating agencies in doing objective assessment of corporate strength and potentialities.
- ◆ Improve the quality of financial statement published and financial disclosure practices adopted by corporate.
- ◆ Depict the sound capital structure and improved capital-gearing ratio.

Though 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 within the financial year 2001-02, your Company has already taken initiatives to comply with the substantial portion of the Code from now onwards.



PARTICULARS OF EMPLOYEES

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

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.

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-B) of the Companies Act, 1956.

DIRECTORS

Mr. Naveen B. Mandhana and Mr. Avinash Malpani retire by rotation at the Annual General Meeting and being eligible, offer themselves for reappointment. During the year Mr. A. K. Ahuja has been nominated as a Director on the Board by IFCI Limited in the place of Mr. R. G. Bhatnagar. Your directors welcome the new Director and extend their sincere appreciation to Mr. R. G. Bhatnagar for the valuable guidance extended to the Board during his tenure.

CASH FLOW STATEMENT

Cash Flow Statement for the year 1999-2000 is attached to the Balance Sheet.

ACKNOWLEDGEMENT

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

R. N. DHOOT
Director

Place : Ahmednagar
Dated : August 31, 2000

ANNEXURE TO 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, 2000.

Name of the Employee	Designation/ Nature of Duties	Remu- neration Rs.	Qualifi- cations	Age	Experience	Date of Commencement of Employment	Last Employment	
							Name of the Employer	Position Held
1. Shri C.P. Jaggi	Director	1,467,020	B.E. (Hons.)	56 years	35 years	01.01.1992	LML 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 are in wholetime 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

Place : Ahmednagar
Dated : August 31, 2000

R. N. DHOOT
Director



AUDITORS' REPORT

To

The Members of

VIDEOCON APPLIANCES LIMITED

We have audited the attached Balance Sheet of **VIDEOCON APPLIANCES LTD.**, as at 31st March, 2000 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) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to Note B-10, Schedule 14 regarding accounting for royalty and technical know-how fees on payment basis on receipt of RBI approval and read with Note B-6, Schedule 14 regarding change in method of valuation of quoted investments and 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, 2000; 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
Dated : August 31, 2000

KHANDELWAL JAIN & CO.
Chartered Accountants

MANOJ DAGA
Partner

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