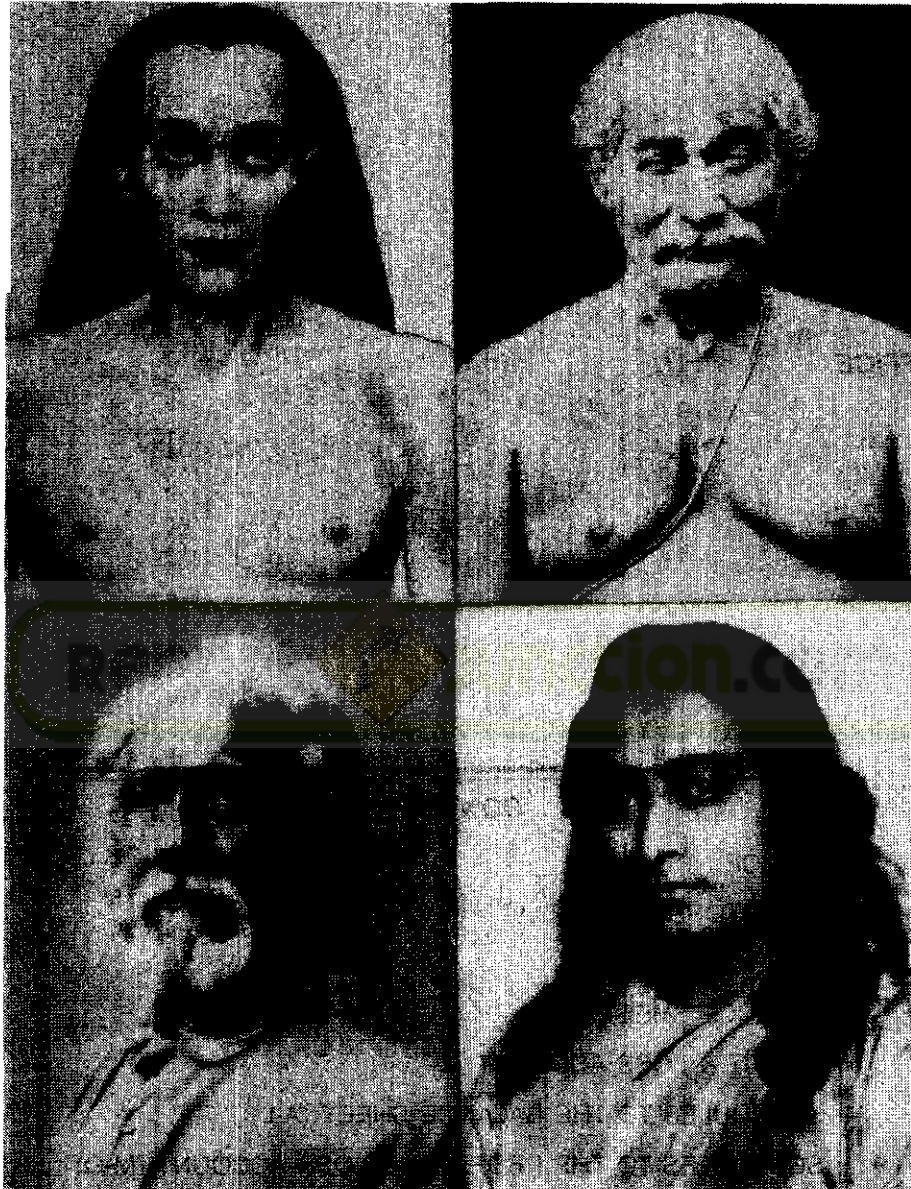


VATSA

CORPORATIONS LIMITED



12th Annual Report
1998-99

VATSA CORPORATIONS LIMITED

BOARD OF DIRECTORS

VATSA PRADEEP VAKIL - *Chairman*
VATSA HARESH R. JOSHI
VATSA K. KELKAR
VATSA STEFANO MARTINELL
VATSA CONRAD PHILIPS
VATSA M.J. WILLIAMS

AUDITORS

DAGDULAL K. JAIN & CO.
Chartered Accountants

REGISTERED OFFICE

Vatsa House,
Fort, Mumbai - 400 001.
India.
Fax: (91)(22) 2040390

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12TH ANNUAL REPORT 1998-99**NOTICE**

Notice is hereby given that the 12th Annual General Meeting of the Members of VATSA CORPORATIONS LTD. will be held on Wednesday, the 5th January, 2000 at 9.30 a.m. at M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, K.D. Marg, Mumbai - 400 001 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31st October, 1999, Profit and Loss Account for the year ended on that date and the Reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Pradeep M. Vakil who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and these are hereby altered as follows:

- a) Article 2 of the Articles of Association shall include the following definitions at appropriate places:

"Beneficial owner" shall mean beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996;

"Depositories Act, 1996" shall include any statutory modification of re-enactment thereof; and

"Depository" shall mean a Depository as defined under clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996.

- b) In Article 2 of Articles of Association, the definition of "Member" shall included as follows:

"Member(s) or Shareholder(s)" - unless otherwise provided, means the duly registered holder, from time to time of the shares of the Company and also every person holding equity share(s) of the Company and shall also include the beneficial owner of shares as appearing in the records of Depository.

"Registered Owner" means a depository whose name is entered as such in the register of members of the Company.

- i) In Article 13 of the Articles of Association of the Company, the following provision shall be inserted.

"Provided however that no share certificate(s) shall be issued for shares held with a Depository".

- ii) The following Articles and Margin Note shall be substituted 55 of the Articles of Association and shall be numbered as Article 55A.

55A "The Company shall maintain a "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of every share held in a material form. Register of Transfers

- iii) The following Title, Article and Margin Notes be inserted after Article 55A and be numbered as Article 55(B) to 55(G).

55B "Notwithstanding anything contained in these Article, the Company shall, in accordance with the provisions of the Depositories Act, be entitled to dematerialise any or all its Shares or rematerialise any or all its Shares or rematerialise any or all its Shares held with a Depository and/or offer its Shares for subscription in a dematerialised form pursuant to the Depositories Act. Dematerialisation/ Rematerialisation of Shares

55C The Company shall be required to maintain a Register and Index of Members in accordance with Section 150 and 151 of the Act and the Depository Act, with details of shares held in material and dematerialised forms, in any media (including electronic media) as may be permitted by law. The Register and Index of Beneficial Owner maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Members holding shares in a dematerialised form for the purpose of the Act. Register and Index of Members

55D Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears as the beneficial owner of the shares in the records of the Depository as the absolute owner thereof and accordingly the Company shall not (except by an order of a Court of competent jurisdiction or as required by law) be bound to recognise any benami trust or equitable, contingent or other interest in such shares on the part of any other person whether or not it shall have express or implied notice thereof. Recognition of the rights of beneficial owner

Provided further that the Depository as the registered owner shall not have any voting rights or any other rights in respect of the shares held by the Depository and the beneficial owner shall be entitled to all such voting rights and other rights and benefits in respect of its shares held with a Depository.

VATSA CORPORATIONS LIMITED

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| 55E | "Notwithstanding anything provided hereinabove, in the case of transfer of Shares, where the Company has not issued any certificates and where such Shares, are being held in an electronic and fungible form, the provisions of the Depositories Act, shall apply and accordingly the Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Shares, on behalf of the beneficial owner. Furthermore, nothing contained in Section 108 of the Act or in these Articles shall apply to a transfer of shares effected by a transferor and transferee, both of whom are entered as Beneficial Owners in the records of a Depository." | Applicability of Depositories Act |
| 55F | In respect of Shares, held by the Depository on behalf of a beneficial owner, the provisions of Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall not apply. | Non applicability of certain provisions of the Act |
| 55G | Nothing contained in the Act or these Articles regarding the necessity of having distinctive number for shares issued by the Company shall apply to shares held with a Depository." | Distinctive Numbers of Shares held with a Depository |

- 4A. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 16, 94(i)(a) and other applicable provisions, if any of the Companies Act, 1956, the Memorandum of Association of the Company be altered in respect of division of equity share capital. On to smaller denomination as may be decided by the Board of Directors subject to the approval of Security Exchange Board of India (SEBI) & Stock Exchange & other related statutory regulatory bodies & after approval the Memorandum of Association be altered in respect of share capital clause.

- 4B. "RESOLVED THAT pursuant to Section 31, 94(i)(a) and other applicable provision if any of the Companies Act, 1956, the Articles of Association of the Company be altered in respect of division of equity share capital in to smaller denomination as may be decided the Board of Directors, subject to approval of Stock Exchange Board of India (SEBI), stock exchange & other related statutory regulatory bodies & after approval the Articles of Association be altered in clause 3.

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

"RESOLVED THAT MR. STEFANO MARTINELLI, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and who holds office till the date of this Annual General Meeting, be and is hereby appointed a Director of the Company liable to retirement by rotation."

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

"RESOLVED THAT MR. CONRAD PHILIPS, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and who holds office till the date of this Annual General Meeting, be and is hereby appointed a Director of the Company liable to retirement by rotation."

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

"RESOLVED THAT MS. M.J. WILLIAMS, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and who holds office till the date of this Annual General Meeting, and is hereby appointed a Director of the Company liable to retirement by rotation."

8. To consider and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution.

"RESOLVED THAT in accordance with the provisions of Section 81(1A) and all other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), and subject to such conditions and modifications as may be prescribed by any authorities in granting such approval, consent, permission and/or sanction and which may be agreed to, by the Board of Directors (hereinafter referred to as the "Board") and/or duly authorised committee thereof for the time being exercising the powers conferred by the Board the consent of the Company be and is hereby accorded to the Board the consent of the Company be and is hereby accorded to the Board to issue/offer Equity Shares of Rs. 10/- each for an aggregate amount not exceeding Rs. 5000 crores (Rupees Five Thousand Crores Only) and/or as may be decided by the Board with or without detachable or non-detachable warrants or any other financial instruments (hereinafter for brevity's sake referred to as "Securities") as the Board at its sole discretion may at anytime or times hereafter decide, to the member, Debenture holders, Employees, Promoters, Directors, Banks, Insurance Companies, Financial Institutions, Investment Institutions, Mutual Funds, Companies and other bodies corporate, Non-Resident Indians, Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs) and to such other persons or class of persons whether through public issue, and/or rights issue, private placement, exchange of securities, conversion of loans or otherwise and in one or more branches, such price or prices, and on such terms and conditions including the number of shares to be issued, rate of dividend, redemption period, manner of redemption, and related or incidental matters as the Board/Committee thereof may in its absolute discretion think fit.

RESOLVED FURTHER THAT such of these securities to be issued, as are not subscribed may be disposed off by the Board/Committee thereof to such persons and in such manner and on such terms or the Board or Committee may in its absolute discretion think most beneficial to the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/Committee be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/issue, allotment and utilisation of the proceeds of issue of the Securities and to finalise and execute all documents and writings as may be necessary, desirable or expedient.

9. To consider and if thought fit to pass, with or without modification, the following resolution as a Special Resolution:

- a) "RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force) and subject to such approval, consent, permission and/or sanction, if any, as may be necessary and subject to such conditions and modifications as may be prescribed by any

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authorities in granting such approval, consent, permission, and/or sanction, and which may be agreed to by the Board of Directors (hereinafter referred to as the Board) and/or duly authorised Committee thereof for the time being exercising the powers conferred by the Board, the consent of the Company, be and is hereby accorded to issue, offer and allot, in the course of International Offerings in one or more foreign markets, equity shares/preference shares and/or any securities convertible into equity shares/preference shares at the option of the Company and/or at the option of the holder of the security and/or securities linked to equity shares/preference shares including Global Depository Receipts and/or any instrument or securities representing either equity shares/preference shares or convertible securities such as foreign currency/convertible bonds or warrants convertible to or representing equity shares/preference shares (hereinafter referred to as "Securities") to be subscribed in foreign currency (ies)/ Rupees by Foreign Investors/Non Resident Indians (Whether Institutions and/or incorporated bodies and/or individuals or otherwise, and whether or not such investors are members of the company) for (or which, upon conversion of all Securities so issued or allotted, would give rise to the issue to the issue of) an aggregate face value of equity shares/preference shares of upto the permissible limit as prescribed/may be prescribed by SEBI and/or any other statutory authorities, such issue and allotment to be made at such time or times and with or without voting rights in General Meetings/Class Meetings of the Company, in one or more tranche or tranches, at such price or prices, and otherwise on such terms and conditions and in consultation with the Lead Managers, Underwriters and Advisors as the Board may, in its absolute discretion think fit at the time of issue or allotment.

- b) RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issue of Securities may have all or any terms or combination of terms in accordance with international practice including but not limited to conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt service payments, whatsoever, and all such terms as provided in International offerings of this nature including terms for issue of additional equity shares/preference shares or variation of the conversion price of the security during the duration of the Security and the Company is also entitled to enter into and execute all such arrangements/agreements as the case may be with any lead managers, managers, underwriters, advisors, guarantors, depositories, custodians and all such agencies as may be involved or concerned in such offerings of Securities and to remunerate all such agencies including the payment of commissions, brokerage, fees or the like, and also to seek the listing of such Securities or securities, representing the same in one or more International Stock Exchange.
- c) RESOLVED FURTHER THAT the Company may enter into any arrangement with any agency or body authorised by the Company for the issued of depository receipts representing the underlying equity shares/preference shares/other securities issued by the Company in registered or bearer form with such features and attributes as are prevalent in International capital markets for instruments of this nature and to provide for the tradeability or free transferability thereof as per the International practices and regulations, and under the forms and practices prevalent in the International markets.
- d) RESOLVED FURTHER THAT the Securities issued in foreign markets shall be deemed to have been made abroad and/or in the market and/or at the place or issue of the Securities in the International market and may be governed by applicable foreign laws.
- e) RESOLVED FURTHER THAT the Board/Committees be and is hereby authorised to issue and allot such number of equity shares/preference shares as may be required to be issued and allotted upon conversion of any Securities referred to in paragraph(s) above or as may be necessary in accordance with the terms of the offering, all such shares being pari passu with the existing equity shares/preference shares of the Company in all respects, excepting such right as to dividend as may be provided under the Terms of the issue and in offering document.
- f) RESOLVED FURTHER THAT for the purpose of giving effect to any issue allotment of equity shares/preference shares or Securities representing the same, as described in paragraph (a) above, the Board/Committee be and is hereby authorised to do all such acts, deeds, matters and things as it may at its discretion deem necessary, proper or desirable for such purpose, including without limitation the entering into of underwriting, marketing and depository arrangements and with power to settle any question, difficulty or doubt that may arise in regard to any such issue or allotment.
- g) 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 Managing Director or any wholetime Director or Directors or any other Officer or Officers of the Company to give effect to the aforesaid resolution."

By Order of the Board of Directors

PRADEEP VAKIL
Chairman

Registered Office:
Vatsa House, Fort,
Mumbai - 400 001. (India)

Mumbai,
Dated: 6th December, 1999.

VATSA CORPORATIONS LIMITED**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A 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 explanatory statement setting out the material facts concerning the special business mentioned under Item Nos. 4 to 11 of the Notice as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and the Share Transfer Registers of the Company will be closed from Monday the 6th December, 1999 to Wednesday 5th January, 2000.
4. The members are requested to:
 - a) Intimate to Company changes, if any, in their registered address, at an early date.
 - b) Quote ledger folio number in all their correspondence.
 - c) Approach the Company for consolidation of various ledger folio into one.
 - d) Bring their copy of the Annual Report and the Attendance Slip at the Annual General Meeting.

EXPLANATORY STATEMENT**Item No. 4**

The Explanatory Statement for Item Nos. 4 to 8 of the accompanying notice is as under:

Consequent to the passing of the Depositors Act, 1996 and with the introduction of the Depository System (the system), certain provisions of the Companies Act, 1956 (the Act) and the Securities Contracts (Regulation) Act have been amended to facilitate the implementation of the System. Suitable modifications accordingly require to be made in the Articles of Association of the Company pertaining to the issue, holding, transfer and transmission of Shares and other related matters. It is therefore proposed to pass a Special Resolution to give effect to the changes in Articles of Association as referred in Item No. 6.

The Board of Directors, therefore, recommend the shareholders approval of this item of the accompanying Notice.

None of the Directors is concerned or interested in passing of this Resolution.

Item No. 5

MR. STEFANO MARTINELLI was appointed as an Additional Director by the Board on 31st August, 99 as per Section 260 of the Companies Act, 1956 Mr. Stefano Martinelli hold office till the conclusion of this meeting: The Company has received notice pursuant to Section 257 of the Companies Act, 1956 from the member of the Company proposing his candidature for the office of the Director. Considering his qualifications, professional and outstanding experience, your Directors recommend his appointment as Director of the Company.

Accordingly the resolution is put for the approval of the shareholders.

Except Mr. Stefano Martinelli, none of the Directors of the Company is, in any way, concerned or interested in the resolution.

Item No. 6

MR. CONRAD PHILIPS was appointed as an Additional Director by the Board on 31st August, 99 as per Section 260 of the Companies Act, 1956 Mr. Conrad Philips hold office till the conclusion of this meeting. The company has received notice pursuant to Section 257 of the Companies Act, 1956 from the member of the Company proposing his candidature for the office of the director. Considering his qualifications, professional and outstanding experience, your Directors recommend his appointment as Director of the Company.

Accordingly, the resolution is put for the approval of the shareholders.

Except Mr. Conrad Philips, none of the Directors of the Company is, in any way, concerned or interested in the resolution.

Item No. 7

MS. M.J. WILLIAMS was appointed as an Additional Director by the Board on 31st August, 99 as per Section 260 of the Companies Act, 1956 Mr. M.J. Williams hold office till the conclusion of this meeting. The Company has received notice pursuant to Section 257 of the Companies Act, 1956 from the member of the Company proposing his candidature for the office of the director. Considering his qualifications, professional and outstanding experience, your Directors recommend his appointment as Director of the Company.

Accordingly, the resolution is put for the approval of the shareholders.

Except Ms. M.J. Williams, none of the Directors of the Company is, in any way, concerned or interested in the resolution.

Item No. 8

The Board of Directors of Company recommends to issue 5000 crores equity shares of Rs. 10/- each in consideration for cash and

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other than cash to augment the working capital requirement and for implementing new project of satellite television channel etc. In interest of growth of the Company and keeping in view interest of investors, directors seek the approval of shareholders.

In view of the foregoing consent of the Members is being sought in terms of Sections 80, 81(1A) and other applicable provisions of the Companies Act, 1956

The Directors recommend the Resolution for the approval of the members.

None of the Directors of the Company may be deemed to be concerned or interested in the Resolution except to the extent of the shares or the other securities, if any, that may be subscribed to by them or by the Companies/Institutions of which they are Directors, nominees or members.

Item No. 9

As the Members are aware that the Company has expanded its activities over couple of years, in order to implement its plans involving capital intensive projects requires large capital outlays and for working capital requirements, the company may have to raise finance, at appropriate time(s) by issue of appropriate instruments, at such price or prices, to such persons including financial and lending institutions/banks/mutual funds/other corporate bodies/investors in India and

outside India by way of International offer, and in such manner, as stated in the resolution.

In view of the foregoing consent of the Members is being sought in terms of Sections 80, 81(1A) and other applicable provisions of the Companies Act, 1956.

The Directors recommend the Resolution for the approval of the members.

None of the Directors of the Company may be deemed to be concerned or interested in the Resolution except to the extent of the shares or other securities, if any, that may be subscribed to by them or by the Companies/Institutions of which they are Directors, nominees or members.

By Order of the Board of Directors

PRADEEP VAKIL
Chairman

Registered Office:
Vatsa House, Fort,
Mumbai - 400 001. (India)

Place : Mumbai
Dated : 6th December, 1999.

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VATSA CORPORATIONS LIMITED**GROWTH OF VATSA AT A GLANCE**

(Rs. in lacs)

PARTICULARS	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94
SALES & EARNINGS						
SALES & OTHER INCOME	43,253.20	147,341.54	10,417.90	7,158.18	5,895.07	1,488.73
PROFIT BEFORE TAX	2,896.15	3,228.28	(5,088.45)	5,658.06	5,385.40	1,293.10
PROFIT AFTER TAX	2,592.06	3,228.28	(5,088.45)	5,658.06	5,250.40	1,293.10
RETAINED EARNING	2,592.06	3228.28	(5,088.45)	5,643.25	5,230.82	1,088.10

(Rs. in lacs)

PARTICULARS	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94
ASSETS & LIABILITIES						
FIXED ASSETS	321.54	379.25	408.22	17,067.25	17,935.16	357.87
INVESTMENTS	427,145.33	72,794.35	124,839.13	106,342.68	2,253.01	267.61
NET CURRENT ASSETS	360,723.34	150,336.58	9,907.27	28,798.02	20,602.50	2,301.59
MISC. EXPENDITURE	109.05	157.23	205.41	254.53	153.58	97.26
	788,299.26	223,667.41	135,360.03	152,462.48	40,944.25	3,024.33

(Rs. in lacs)

PARTICULARS	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94
REPRESENTED BY						
SHARE CAPITAL	759,332.43	197,594.63	50,000.00	18,454.39	4,613.60	987.04
RESERVES	28,284.88	25,692.82	22,464.54	22,821.15	31,018.69	1,162.07
NET WORTH	797,617.31	223,287.45	72,464.54	41,275.54	35,632.29	2,149.11
BORROWINGS	681.95	379.96	62,895.49	111,186.94	5,311.96	875.22
TOTAL FUNDS	788,299.26	223,667.41	135,360.13	152,462.48	40,944.25	3,024.33

PARTICULARS	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94
RATIOS						
EARNING PER SHARES (RS.)	0.034	0.163	(1.018)	3.066	11.380	13.101
DIVIDEND (%)	0.00	0.00	0.00	0.1%	1%	30%
DEBT. EQUITY RATIO @	0.001	0.002	0.868	2.694	0.149	0.407