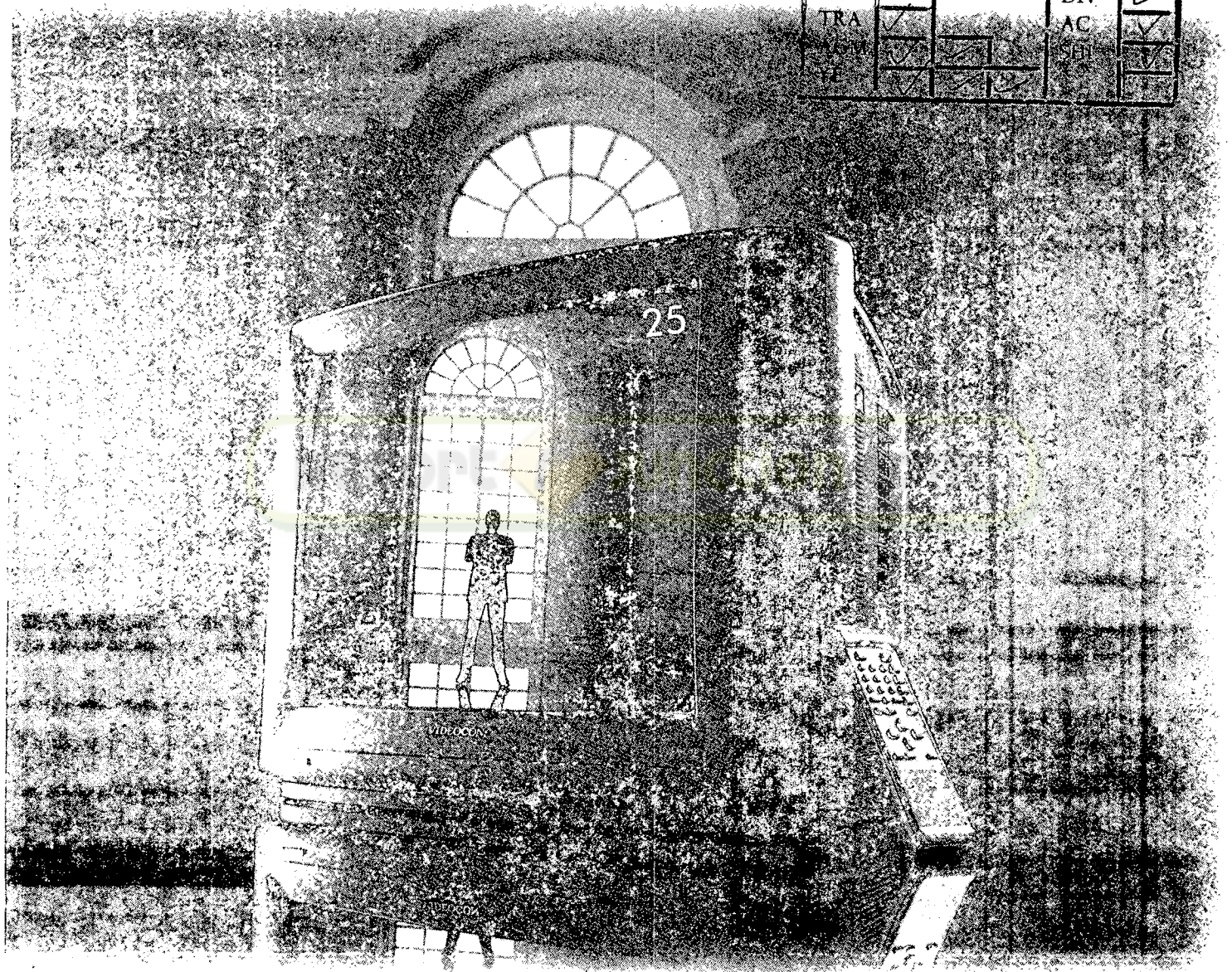


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CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
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VE	<input checked="" type="checkbox"/>			



VIDEOCON INTERNATIONAL LTD.

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VIDEOCON
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BOARD OF DIRECTORS

Venugopal N. Dhoot	<i>Managing Director</i>
Rajkumar N. Dhoot	
Vishnukumar Rathi	
Lalchand Lalwani	
Hariprasad Malpani	
Raghunathdas Somani	
N. J. Hatkar	<i>Nominee of ICICI</i>
V. R. Mehta	<i>Nominee of IDBI</i>
N. Gupta	<i>Director-Marketing & Sales</i>
Naveen B. Mandhana	<i>Technical Executive Director</i>

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 India
State Bank of Patiala
State Bank of Mysore
State Bank of Hyderabad
Bank of India
Bank of Baroda
Union Bank of India
Indian Bank
Allahabad Bank
ICICI Banking Corporation Ltd.
UTI Bank Ltd.
Mashreq Bank

REGISTERED OFFICE

Auto Cars Compound, Adalat Road, Aurangabad 431 005
Maharashtra, India.

ADMINISTRATIVE OFFICE

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

FACTORY

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

E-24, G.I.D.C. Gandhinagar,
Gujarat.

VIDEOCON

INTERNATIONAL LIMITED

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NOTICE

NOTICE is hereby given that the Twelfth Annual General Meeting of VIDEOCON INTERNATIONAL LIMITED will be held at MDC Hall, Adalat Road, Aurangabad on Friday the 26th day of September, 1997 at 11.00 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, 1997 and reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Hariprasad Malpani, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Raghunathdas Somani, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. Lalchand Lalwani, who retires by rotation and being eligible, offers himself for reappointment.
6. 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 20th September, 1997 to 26th September, 1997 (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 26th September, 1997.
4. 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 and Attendance Slip to the Annual General Meeting.

Registered Office :

Auto Cars Compound
Adalat Road
Aurangabad - 431 005
Maharashtra

By Order of the Board of Directors

V. N. DHOOT
Managing Director

Place : Ahmednagar
Date : July 28, 1997

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DIRECTORS' REPORT

To
The Members of
VIDEOCON INTERNATIONAL 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, 1997.

FINANCIAL RESULTS

	(Rs. in Crores)	
	1996-97	1995-96
Sales & Other Income	1,724.36	1,646.88
Gross Profit Before Interest & Depreciation	177.58	141.36
Interest	58.02	26.79
Depreciation	24.99	17.21
Profit before Taxation	94.57	97.36
Provision for Taxation	12.45	9.00
Income – Tax Refund	6.28	2.08
Profit available for Appropriation	88.40	90.44
Debenture Redemption Reserve	5.25	6.25
Bond Redemption Reserve	5.00	5.00
Proposed Dividend	18.14	18.14
Corporate Tax on Proposed Dividend	1.81	NIL
Balance Carried to General Reserve	58.20	61.05

OPERATIONS

During the year under consideration, your Company crossed the Rs. 1,700.00 Crores turnover marks. The total turnover for the year was Rs. 1,715.13 Crores as against Rs. 1,638.75 Crores for the previous year representing a growth of 4.66% over the previous year. The net profit after tax was Rs. 82.13 Crores as against Rs. 88.36 Crores for the previous year.

DIVIDEND

Your Directors have recommend a dividend of Rs. 3.50 per share (35%). The dividend payout for the year will be Rs. 18.14 crores. In addition to this the company shall also pay tax on dividend amounting to Rs. 1.81 crore under the amended law relating to taxation of dividends, taking the total payout of Rs. 19.95 crores. Consequently members will receive entire dividend free of any tax.

MERGER OF VIDEOCON NARMADA ELECTRONICS LTD.

As you are aware, with a view to achieve fullest possible backward integration coupled with the benefits of the high equity gearing and large depreciation benefits, it was decided to merge Videocon Narmada Electronics Limited (VNEL) with the Company. The scheme of merger, as approved by you at the Extra Ordinary General Meeting of the Company held on 5th June, 1997, and by the Creditors of the Company at their meeting held on 6th June, 1997, is now pending before the Bombay High Court for the final Order. The Scheme is also approved by the Shareholders and Creditors of VNEL at their meetings held on 30th June, 1997. Final Order of the Gujarat High Court in this regard is also awaited.

JOINT VENTURE IN ITALY

As a step towards globalising operations of the Company, during the year under consideration, your Company entered into a joint Venture with the Necchi Group of Italy, which is one of the largest manufacturers of Compressors in the World. A joint venture company under the name and style Mecne S.p.A. has been formed with the Necchi Group. Your Company has acquired 26% stake in the equity of the JV Company, which, further, has acquired 73.73% equity stake in Necchi Compressori S.p.A. As per the terms decided, Necchi will now extend full technology support without any further costs. The Company has received approval from Reserve Bank of India for acquiring further 24% equity of Mecne S.p.A.

VIDEOCON

INTERNATIONAL LIMITED

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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.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under consideration, your Company earned foreign exchange of Rs. 201.63 Crores out of exports. The total foreign exchange outgo during the year was Rs. 231.02 Crores towards import of raw material, Components, Spares, Capital goods and other expenditure.

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.

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.

RESEARCH & DEVELOPMENT

During the year under consideration, continuous efforts were continued for upgradation of different products. The Research & Development Division of your Company continued to work on modification of the products to suit the requirements of export market.

DIRECTORS

Mr. Hariprasad Malpani, Mr. Raghunathdas Somani and Mr. Lalchand Lalwani, Directors of the Company are liable for retirement by rotation and being eligible, offers themselves for reappointment.

PARTICULARS OF EMPLOYEES

As required by the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the information required in respect of employees of the Company 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 Banks in India and abroad. The Board also appreciates energetic performance of the employees at all levels.

On behalf of the Board of Directors

V. N. DHOOT
Managing Director

Place : Ahmednagar
Date : July 28, 1997

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ANNEXURE TO DIRECTOR'S 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 DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST MARCH, 1997.

Name of the employee	Designation/ Nature of duties	Remuneration (Rs.)	Qualification	Age	Experi- ence	Date of commence- ment of employment	Last Employment	
							Name of the employer	Position held
(A) Employed throughout the financial year								
1. Abhay M. Bhatawdekar	Asst. General Manager	341,557	B.E. MBA	50	21 Yrs.	01/08/87	A R L L Ltd.	Manager (Marketing)
2. Capt. A. K. Mukherjee	Chief Advisor Aviation	356,816	Graduate A. F. F. C.	61	43 Yrs.	08/06/94	Mahindra & Mahindra	Chief Executive
3. A. K. Sumithran	Dy. General Manager (H.R. & Admin.)	306,727	BA PD DTD PGDM	51	21 Yrs.	01/08/94	Ceat Ltd.	Training Manager
4. B. C. Patel	General Manager	343,487	B.E. Civil AMIE	55	42 Yrs.	01/02/95	M N Dastur & Co. Ltd.	Technical Director
5. B. K. Chopra	Vice President	330,854	B.E. Elect.	62	38 Yrs.	01/07/92	Videocon VCR Ltd.	General Manager
6. Chetan R. Mankermi	General Manager	431,215	B.Tech. (Chem. Engg) D.M.M.	46	24 Yrs.	10/10/91	Agrima Consultants Intl. (P) Ltd.	Vice President
7. Eric A. Braganza	General Manager (Marketing & Sales)	458,333	B.A.	41	19 Yrs.	18/05/87	Sylvania & Laxman Ltd.	Area Sales Manager
8. M. K. Mehrotra	Asst. General Manager	301,807	B.E.	34	13 Yrs.	01/08/89	Philips (India) Ltd.	Techno Commercial
9. N. Gupta	Director (Marketing & Sales)	668,972	B.Tech.	48	26 Yrs.	01/05/89	Philips (India) Ltd.	Marketing Manager
10. Rahul Sethi	Vice President	490,825	B.Com	45	18 Yrs.	01/02/87	Gedore Ltd.	Commercial Manager
11. Satish P. Molasi	General Manager (Marketing & Sales)	421,583	B.Com. D.B.M.	41	18 Yrs.	01/12/84	Lakhanpal Pvt. Ltd.	Sales Supervisor
12. S. S. Yadav	Dy. General Manager	313,516	B.E.	56	31 Yrs.	01/04/93	Philips (India) Ltd.	Senior Manager
(B) Employed for part of the financial year								
J. Arvind	Dy. General Manager	151,580	B.E. El. PGDTD	46	21 Yrs.	07/10/96	Philips (India) Ltd.	General Manager (Marketing)

- a) Gross Remuneration includes Salary, Ex-gratia, H.R.A, L.T.A, & Contribution to Provident Fund.
b) All the employees are in wholetime employment of the Company and the employment is contractual in nature.
c) None of the employees listed above is a relative of any Director of the Company.

On behalf of the Board of Directors

Place : Ahmednagar
Date : July 28, 1997

V. N. DHOOT
Managing Director

VIDEOCON INTERNATIONAL LIMITED

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AUDITORS' REPORT

To
The Members of
VIDEOCON INTERNATIONAL LIMITED

We have audited the attached Balance Sheet of VIDEOCON INTERNATIONAL LTD., as at 31st March, 1997 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that :-

- I. 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, 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 I above, we report that:
 - i) 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;
 - ii) 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;
 - iii) The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the Books of Account of the Company;
 - iv) The Company has accounted for Royalty and Technical Know-how Fees on payment basis (refer note no.B-14) subject to which in our opinion and to the best of the information and explanations given to us, the accounts read together with note no.B-12 relating to revised policy of income recognition in respect of Company's Leasing Activities and Other Notes thereon give the information required by the Companies Act 1956, in the manner so required and present a true and fair view :-
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1997; and
 - (b) In the case of the Profit and Loss Account of the Profit for the year ended on that date.

For **KADAM & CO.**
Chartered Accountants

For **KHANDELWAL JAIN & CO.**
Chartered Accountants

U.S.KADAM
Proprietor

VISHWAS V. MEHENDALE
Partner

Place : Ahmednagar
Date : July 28, 1997

ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in paragraph I of our Report of even date to the Members of the Videocon International Limited on the accounts for the year ended 31st March 1997.

1. The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets including leased 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. 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, 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. The Company has not taken/granted loans, secured or unsecured, from/to companies, firms or other parties listed in the register maintained

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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 informed to us, 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 informed to us, 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 31st March, 1997 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 **KADAM & CO.**
Chartered Accountants

U.S.KADAM
Proprietor

For **KHANDELWAL JAIN & CO.**
Chartered Accountants

VISHWAS V. MEHENDALE
Partner

Place : Ahmednagar
Date : July 28, 1997

VIDEOCON

INTERNATIONAL LIMITED

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BALANCE SHEET

As at 31st March, 1997

Particulars	Schedule		As at 31st March, 97	As at 31st March, 96
		(Rupees)	(Rupees)	(Rupees)
I. SOURCES OF FUNDS				
(1) Shareholders' Funds				
(a) Share Capital	1		516,706,870	516,687,870
(b) Reserves & Surplus	2		8,739,021,363	8,054,299,178
(2) Loan Funds				
(a) Secured Loans	3		3,157,514,478	3,399,452,288
(b) Unsecured Loans	4		3,844,062,662	2,536,832,683
TOTAL			<u>16,257,305,373</u>	<u>14,507,272,019</u>
II. APPLICATION OF FUNDS				
(1) Fixed Assets	5			
(a) Gross Block		5,653,830,486		4,884,603,545
(b) Less : Depreciation		900,002,303		676,410,394
(c) Net Block		4,753,828,183		4,208,193,151
(d) Add : Lease Adjustment Account		41,156,156		Nil
		4,794,984,339		4,208,193,151
(e) Capital Work-in-progress		1,898,579,383		1,384,432,687
(f) Technical know-how		38,039,207		37,751,042
			6,731,602,929	5,630,376,880
(2) Investments	6		1,637,713,802	1,399,699,732
(3) Current Assets, Loans & Advances	7			
(a) Inventories		3,714,181,490		3,244,417,683
(b) Sundry Debtors		3,327,195,322		2,929,100,796
(c) Cash and Bank Balances		1,213,622,680		1,546,303,956
(d) Other Current Assets		287,097,970		162,777,879
(e) Loans and Advances		2,959,219,740		2,807,996,243
		11,501,317,202		10,690,596,557
Less : Current Liabilities & Provisions	8			
(a) Current Liabilities		3,401,921,116		3,054,104,267
(b) Provisions		297,885,568		208,816,225
		3,699,806,684		3,262,920,492
Net Current Assets			7,801,510,518	7,427,676,065
(4) Miscellaneous Expenditure	9		86,478,124	49,519,342
(To the extent not written off or adjusted)				
TOTAL			<u>16,257,305,373</u>	<u>14,507,272,019</u>
Significant Accounting Policies and Notes on Accounts	14			

As per our report of even date

For and on behalf of
KADAM & CO.
Chartered Accountants

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

For and on behalf of the Board
V. N. DHOOT Managing Director

R. N. DHOOT Director

N. B. MANDHANA Director

U. S. KADAM
Proprietor

VISHWAS V. MEHENDALE
Partner

Place : Ahmednagar
Dated : July 28, 1997