

13<sup>th</sup>  
Annual Report  
1997-98

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	NA		DPY	NA
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		

**VIDEOCON**  
INTERNATIONAL LIMITED

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**VIDEOCON**

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# VIDEOCON INTERNATIONAL LIMITED

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## BOARD OF DIRECTORS

Venugopal N. Dhoot  
Rajkumar N. Dhoot  
Vishnukumar Rathi  
Lalchand Lalwani  
Hariprasad Malpani  
Raghunathdas Somani  
N. J. Hatkar  
N. Gupta  
Naveen B. Mandhana

*Chairman & Managing Director*

*Nominee of ICICI  
Director-Marketing & Sales  
Technical Executive Director*

## 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  
UTI Bank Ltd.  
Bank of Baroda  
Allahabad Bank  
State Bank of India  
State Bank of Indore  
Mashreq Bank Plc  
State Bank of Patiala  
Union Bank of India  
State Bank of Mysore  
State Bank of Hyderabad  
The Bank of Rajasthan Ltd.  
ICICI Banking Corporation Ltd.  
SBI Commercial & International Bank Ltd.

## 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).

Village : Chavaj, via Society Area,  
Taluka & Distt. Bharuch - 392 002 (Gujarat).

E 23 & E 24, Electronic Estate,  
G.I.D.C. Gandhinagar - 302 004 (Gujarat).

# VIDEOCON INTERNATIONAL LIMITED

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## NOTICE

NOTICE is hereby given that the Thirteenth Annual General Meeting of VIDEOCON INTERNATIONAL LIMITED will be held at MDC Hall, Adalat Road, Aurangabad on Wednesday the 30th 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.Vishnukumar Rathi, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr.Lalchand Lalwani, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr.Naveen B. Mandhana, 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.

### SPECIAL BUSINESS

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 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.85 crore divided into 85,000,000 Equity Shares to Rs.175 Crore by creating 90 lakh Preference Shares of Rs.100/- each and accordingly clause VI of the Memorandum of Association of the Company be amended."

"The Authorised Capital of the Company is Rs.175 Crore (One Hundred Seventy Five Crore) divided into 85,000,000 (Eight Crore Fifty lakh) equity shares of Rs.10/- (Rupees Ten) each and 9,000,000 (Ninety Lakh) Preference Shares of Rs.100/- (Rupees Hundred) each."

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

"RESOLVED that pursuant to Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment to or re-enactment thereof), the relevant provisions of the Memorandum of Association and Articles of Association of the Company and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies and subject to such conditions as may be prescribed by them while granting such approvals, consents, permissions and sanctions and subject to such terms, conditions and alterations which the Board of Directors of the Company (hereinafter referred to as "the Board"), be and is hereby authorised to accept, if it thinks fit in the interest of the Company, the Board be and is hereby authorised to issue, offer and allot Preference Shares of the face value of Rs.100/- each of an aggregate nominal value not exceeding Rs.90 crores (Rupees Ninety crores) exclusive of such premium, if any, as may be determined by the Board, in one or more private offerings including private placement, in Indian markets to Indian/foreign investors (whether institutions/banks and/or incorporated bodies (including companies) and/or any other body corporate and/or trusts and/or mutual funds and/or local bodies and/or any other person(s) and/or any combination thereof) and whether or not such investors are members of the Company, on such terms and conditions and in such tranches as may be decided by the Board in its absolute discretion".

"RESOLVED FURTHER that without prejudice to the generality of the above, the Board be and is hereby authorised to determine as to when the said Preference Shares are to be issued, the type or types of the Preference Shares to be issued, the types and classes of investors to whom the Preference Shares to be offered, the number and value of the Preference Shares to be issued in each tranche, the terms or combination of terms subject to which the Preference Shares to be issued (including combination of terms for Preference Shares issued at various points of time), including but not limited to terms relating to rate of dividend, period of redemption, manner of redemption, premium on redemption or premature or early redemption at the option of the Company and/or the investor, terms for cumulation or otherwise of dividends and all such terms as are provided in offerings of the like nature".

"RESOLVED FURTHER that for the purpose of giving effect to the above Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable and pay fees, commission and incur expenses in relation thereto".

"RESOLVED FURTHER that the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer, allotment or redemption of the Preference Shares and utilisation of the issue proceeds as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent and that the members shall be deemed to have given their approval thereto expressly by the authority of this Resolution".

"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 Executive Director or Director(s) or any other Officer or Officers of the Company to give effect to the aforesaid Resolution".

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

"RESOLVED that in supersession of the Resolution passed at the Annual General Meeting held on 30th September, 1995, the consent of the Company be and is hereby accorded under Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company (hereinafter referred to as "the Board") to mortgage and/or to charge on such terms and conditions as the Board may deem fit, all or any part of the movable and/or immovable properties of the Company, wheresoever situate, both present and future, and the whole of the undertaking of the Company (save and except the current assets that are or may be hypothecated and/or pledged in favour of the Company's bankers for securing borrowings for Working Capital Requirements) in favour of one or more Banks and/or Financial Institutions and/or Trustees of debentureholders and/or others to secure term loans borrowed/to be borrowed and/or debentures issued/to be issued whether on a rights basis to the shareholders of the Company and/or to the Public and/or to any other person or persons, or for Working Capital from banks or others for a sum not exceeding Rs.3,000 Crore (Rupees Three Thousand Crore) together with interest at the agreed rates and compounded/additional interest, commitment charges, premium on

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prepayment or on redemption, cost, charges, expenses and all other moneys payable by the Company in terms of any Loan Agreement/Head of Agreement/Letter of Sanction/Memorandum of the terms and conditions/Debenture Trust Deed entered into/to be entered into by the Company in respect of such term loans and/or Debentures and/or Guarantees/Counter Guarantees."

"RESOLVED FURTHER that the Board be and is hereby authorised to finalise with such Banks/Financial Institutions/Trustees of Debentureholders and/or any other person(s) the documents for creating the aforesaid mortgage and/or charge and to do all such acts, matters, deeds and things as may be necessary, usual or expedient for giving effect to this Resolution and also to agree to any amendments thereto from time to time as it may think fit."

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

"RESOLVED that in supersession of the Resolution passed at the Annual General Meeting held on 30th September, 1995, and pursuant to Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing money for the business of the Company from time to time notwithstanding that the money to be borrowed together with money already borrowed by the Company (apart from temporary loans obtained from Company's bankers in the ordinary course of business) will or may exceed an aggregate of the paid-up capital of the Company and its free reserves, but so that the total amount upto which money may be borrowed by the Board of Directors shall not at any time exceed Rs.3,000 Crore (Rupees Three Thousand Crore Only)".

## 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 30th 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 30th 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 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

Place: Ahmednagar

Date : 31st July, 1998

**V. N. DHOOT**

Chairman & Managing Director

## EXPLANATORY STATEMENT

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

## Item No. 7

The Authorised Share Capital of the Company presently stands at Rs.85 crore divided into 8,50,00,000 equity shares of Rs.10/- 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.175 Crore by creating 90 lakh Preference Shares of Rs.100 each.

## Item No. 8

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.90 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. 9 &amp; 10

In view of merger of Videocon Narmada Electronics Limited with the company and the requirements of additional funds to meet the company's Expenditure Programme as also additional Working Capital requirements of the Company, the consent of the Shareholders is, therefore, sought in accordance with the provisions of Section 293(1) (d) of the Act, to enable the Directors to borrow monies to the extent of Rs.3,000 crore.

In view of the above, it is proposed to delegate the authority as required under Sections 293(1)(a) and 293(1)(d) of the Companies Act, 1956 enabling your Directors to raise funds and to create securities as may be required.

None of the Directors of the Company is concerned or interested in the said Resolutions.

## Registered Office :

Auto Cars Compound  
Adalat Road, Aurangabad - 431 005,  
Maharashtra

By Order of the Board of Directors

Place: Ahmednagar

Date : 31st July, 1998

**V. N. DHOOT**

Chairman & Managing Director

# VIDEOCON INTERNATIONAL LIMITED

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## DIRECTORS' REPORT

To  
The Members of  
VIDEOCON INTERNATIONAL LTD.

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

### FINANCIAL RESULTS

	(Rs. in Million)	
	1997-98	1996-97
Sales & Other Income	21,095	17,243
Gross Profit Before Interest & Depreciation	3,249	1,776
Interest	1,290	580
Depreciation	675	250
Profit before Taxation	1,283	946
Provision for Taxation	45	125
Income - Tax Refund/(Payment)	(23)	63
Profit available for Appropriation	1,447	884
Debenture Redemption Reserve	14	53
Bond Redemption Reserve	45	50
Proposed Dividend	249	181
Corporate Tax on Proposed Dividend	25	18
Transferred to General Reserve	250	582
Carried to Balance Sheet	864	NIL

### OPERATIONS

During the year under consideration, your Company crossed the Rs.21 Billion turnover mark. The total turnover for the year was Rs.21,077 Million as against Rs.17,151 Million for the previous year representing a growth of 22.89% over the previous year. The net profit after tax was Rs.1,238 Million as against Rs.821 Million for the previous year representing a growth of 50.76% over the previous year.

### MERGER OF VIDEOCON NARMADA ELECTRONICS LTD.

Videocon Narmada Electronics Limited has been amalgamated with the Company on and from 4th December, 1997 with effect from 30th March, 1996 (the effective date) in terms of the Scheme of Amalgamation sanctioned by the High Courts of judicature at Bombay & Gujarat vide their orders dated 20th October, 1997 and 23rd October, 1997 respectively.

### JOINT VENTURE WITH NECCHI, ITALY

Your Company has entered into joint venture with the Necchi Group - one of the largest manufacturers of Compressors and White Goods in the world. As per the terms of the arrangement a new company under the name and style Mecne S.p.A. was established and your company had acquired 26% equity stake in the Company. During the year, further 24% stake was acquired by your company to become equal partner in the Joint Venture.

### DIVIDEND

Your Directors have pleasure in recommending for consideration of the Shareholders at the Annual General Meeting, payment of Dividend of 35% to be paid on the paid up Equity Share Capital of the Company for the year ended 31st March, 1998.

### 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.796 Million out of exports and others. The total foreign exchange outgo during the year was Rs.3,480 Million towards import of raw materials, 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 the prescribed limit under Section 224(1) of the Companies Act, 1956.

### RESEARCH & DEVELOPMENT

During the year under consideration, continuous efforts were made 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 international standards.

### DIRECTORS

Mr. Vishnukumar Rath, Mr. Lalchand Lalwani and Mr. Naveen B. Mandhana, Directors of the Company are liable for retirement by rotation and being eligible, offer 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

Chairman & Managing Director

Place : Ahmednagar

Date : July 31, 1998



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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 DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 1998.

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
<b>(A) Employed throughout the financial year</b>								
1. Ajit Inamdar	General Manager (Finance)	405,855	B.Sc. (Hons.), AICWA, DBM	46	24	29/04/91	JCT Electronics Ltd.	Manager
2. A. K. Dashora	Dy. General Manager	393,592	BE	44	15	16/05/90	Videocon India	Manager
3. A. K. Dubey	General Manager	409,120	B. Tech. M Tech. (Ceramic)	49	25	19/09/90	Guj. Narmada Valley Fertilizer Co. Ltd.	Chief Project Manager
4. A. K. Sumithran	DGM (Marketing & Sales) (HR & Admin.)	373,711	B.A. PG. D.T.D., PG.D.M.	52	22	01/08/94	Ceat Ltd.	Training Manager
5. A. L. Keshwani	Dy General Manager	369,064	B.E. Mech	43	21	01/10/90	Qualitron Comp.Ltd.	Project Manager
6. A. N. Sreenivasan	Dy General Manager, Unit Incharge	355,616	B.E. Elect.	54	35		TVS Electronics	Manager
7. Abhay M. Bhatawadekar	Asst. General Manager (Marketing & Sales-H.A.Divn.)	330,413	B.E. MBA	51	22	01/08/87	A R LL Ltd.	Manager (Marketing)
8. Ajit Gupte	Asst. General Manager (Marketing & Sales-H.A.Divn.)	310,946	BE MMS	40	11	01/09/95	Voltas Ltd.	Manager (Marketing)
9. B.C. Patel	General Manager	643,000	BE (Civil), A.M.I.E.	65	43	01/02/95	M.M. Dastoor & Co.	Technical Director
10. B. K. Chopra	General Manager	348,773	BE (ELECT.)	63	39	01/07/92	Videocon VCR Ltd.	Vice President
11. Chetan R. Mankermi	General Manager (Project)	594,827	B.Tech (Chem Engg.), D.M.M.	47	25	10/10/91	Agrima Consultants Intl. Pvt. Ltd.	Vice President
12. Capt. B. Bates	Chief Executive	453,448	B.Sc. (NDA) B.E., MBA	54	34	23/07/94	Uni-Network Pvt Ltd.	General Manager
13. Capt.A.K.Mookherjee	Chief Adviser Aviation	725,000	Graduate A.F.E.C.	62	44	29/06/94	Mahindra & Mahindra	Chief Executive
14. Capt. M. Ambady	General Manager	795,200	A.L.T.P.	60	44	01/08/94	Raymonds	Sr. Pilot
15. Dr. P. Elengovan	Dy. General Manager	355,785	BSC,BE,MBA,PHD	52	21	08/12/90	Bharat Electronics	Manager
16. Eric A. Braganza	Vice President (Mktg & Sales-CE Divn.)	589,126	B.A.	42	20	18/05/87	Sylvania & Laxman Ltd.	Area Sales Manager
17. J. Arvind	Dy. Gen.Manager (Mktg & Sales-Brand Dev.)	396,557	B.E. EL PG.DID	47	22	07/10/96	Philips (India) Ltd.	General Manager
18. K. Rajendran	General Manager	288,014	B.E. Elect.	48	23	31/05/90	Philips (India) Ltd.	Manager Development Lab.
19. M. S. Sreedhran	Vice President	418,880	B.E. Elect.	54	24	19/10/89	Philips (India) Ltd.	Manager Engg.
20. M. Vishwanathan	Corporate Excise Advisor	333,251	B.Com ICA	45	12	15/03/88	Delstar Pvt. Ltd.	Chief Accountant
21. M. K. Mehrotra	Asst. General Manager (Export)	500,000	B.E. Electronics	36	15	01/08/89	Philips (India) Ltd.	Techno Commercial Manager
22. N. Gupta	Director(Marketing & Sales)	1,221,901	B.Tech	49	27	01/05/89	Philips (India) Ltd.	Marketing Manager
23. P. B. Gupta	General Manager	409,120	B.Sc. B.E.(Mech.)	50	26	01/08/92	Triveni Sheet Glass	Project Manager
24. Pradeep Ramanathan	Sr. Manager (Marketing & Sales-H.A.Divn.)	321,889	B.E. M.M.S., Post. Dip. Computer	34	10	03/06/94	Cears International Co. Ltd.	Sales Manager
25. R. Subramanian	Dy. Gen. Manager (Mktg & Sales-Accounts)	345,956	M.Com, ACA, AICWA, Inter C.S.	44	19	01/10/96	Godrej Soaps Ltd.	Dy. General Manager
26. Rahul Sethi	Vice President	598,608	B.Com	46	19	01/02/87	Gedore Ltd.	Commercial Manager
27. Rakesh Kumar	Dy. Gen. Manager (Mktg & Sales-H.A.Divn.)	324,759	B. Tech.	47	26	24/02/97	Voltas Ltd.	Service Manager
28. S. S. Yadav	Dy. General Manager	363,230	BE	57	32	01/04/93	Philips (India) Ltd.	Sr. Manager
29. Satish P. Molasi	Vice President (Mktg & Sales-H.A.Divn.)	618,467	B.Com. D.B.M.	42	19	01/12/84	Lakhanpal Pvt. Ltd.	Sales Supervisor
30. V.V. Swadas	Dy. General Manager	337,289	PP DIE	53	22	27/01/92	Philips (India) Ltd	Manager
<b>(B) Employed for part of the financial year</b>								
1. H.C. Gole	General Manager	307,286	BE (ELECT), MMS	49	22	01/05/97	Rajkumar Engg. Pvt. Ltd.	G M
2. S.S. Nabar	Vice President	254,936	BE (MECH), DBM	51	27	01/07/97	Videocon VCR Ltd.	Vice President

a) Remuneration includes Salary, Ex-gratia, H.R.A. L.T.A. & Contribution to Provident Fund.

b) The employee is 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 31, 1998

**V. N. DHOOT**  
Chairman & 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, 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) The report on the accounts of branch office at Dhaka, Bangladesh, audited under section 228 of the Companies Act, 1956 by person other than ourselves has been forwarded to us, as required under clause (c) Sub-Section 3 of the said Section and that we have taken due notice of the same.
  - c) 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;
  - d) The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the Books of Account of the Company;
  - 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 No.5a regarding amalgamation of erstwhile Videocon Narmada Electronics Ltd. (VNEL), Note No.5d regarding recasting of certain accounting policies of erstwhile VNEL to achieve uniformity, Note No.6 regarding change in method of providing depreciation, Note No.7 regarding change in method of accounting for liability towards leave encashment, Note No.15 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 **KADAM & CO.**  
Chartered Accountants

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

Place : Ahmednagar  
Date : July 31, 1998

**U.S.KADAM**  
Proprietor

**MANOJ DAGA**  
Partner

## ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in paragraph 1 of our Report of even date to the Members of the Videocon International 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 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. 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

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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.

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. As per the information furnished, 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, 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 **KADAM & CO.**  
Chartered Accountants

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

**U.S.KADAM**  
Proprietor

**MANOJ DAGA**  
Partner

Place : Ahmednagar  
Date : July 31, 1998

# VIDEOCON

## INTERNATIONAL LIMITED

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### BALANCE SHEET

As at 31st March, 1998

Particulars	Schedule		As at 31st March, 98	As at 31st March, 97
		(Rupees)	(Rupees)	(Rupees)
<b>I. SOURCES OF FUNDS</b>				
(1) <b>Shareholders' Funds</b>				
(a) Share Capital	1		710,632,020	516,706,870
(b) Reserves & Surplus	2		12,513,389,857	8,739,021,363
(2) <b>Loan Funds</b>				
(a) Secured Loans	3		8,277,328,694	3,157,514,478
(b) Unsecured Loans	4		4,949,670,000	3,844,062,662
<b>TOTAL</b>			<b>26,451,020,571</b>	<b>16,257,305,373</b>
<b>II. APPLICATION OF FUNDS</b>				
(1) <b>Fixed Assets</b>	5			
(a) Gross Block		11,970,783,282		5,653,830,486
(b) Less : Depreciation		3,011,995,264		900,002,303
(c) Net Block		8,958,788,018		4,753,828,183
(d) Add/(Less) : Lease Adjustment Account		(28,636,397)		41,156,156
(e) Capital Work-in-progress		2,741,424,033		1,898,579,383
(f) Technical know-how fees		92,340,633		38,039,207
			11,763,916,287	6,731,602,929
(2) <b>Investments</b>	6		2,589,532,146	1,637,713,802
(3) <b>Current Assets, Loans &amp; Advances</b>	7			
(a) Inventories		4,659,046,820		3,714,181,490
(b) Sundry Debtors		4,499,628,387		3,327,195,322
(c) Cash and Bank Balances		1,547,830,951		1,213,622,680
(d) Other Current Assets		485,013,827		287,097,970
(e) Loans and Advances		4,658,738,527		2,959,219,740
		15,850,258,512		11,501,317,202
<b>Less : Current Liabilities &amp; Provisions</b>	8			
(a) Current Liabilities		3,955,778,685		3,413,322,603
(b) Provisions		296,628,947		286,484,081
		4,252,407,632		3,699,806,684
<b>Net Current Assets</b>			11,597,850,880	7,801,510,518
(4) <b>Miscellaneous Expenditure</b>	9		499,721,258	86,478,124
(To the extent not written off or adjusted)				
<b>TOTAL</b>			<b>26,451,020,571</b>	<b>16,257,305,373</b>
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** Chairman &  
Managing Director  
**R. N. DHOOT** Director

**U. S. KADAM**  
Proprietor  
Place : Ahmednagar  
Dated : July 31, 1998

**MANOJ DAGA**  
Partner

**HARIPRASAD MALPANI** Director