



VIDEOCON INTERNATIONAL LIMITED
14TH ANNUAL REPORT 1998 - 99

CONTENTS

	Page No.
Notice	2
Directors' Report	3
Auditors' Report	6
Balance Sheet	8
Profit and Loss Account	9
Schedules	10
Notes to Accounts	19
Balance Sheet Abstract & Company's General Business Profile	24
Cash Flow Statement	25
Accounts of Subsidiary Company	27



14th Annual Report 1998-99

BOARD OF DIRECTORS

Venugopal N. Dhoot
Rajkumar N. Dhoot
Vishnukumar Rathi
Lalchand Lalwani
Hariprasad Malpani
Raghunathdas Somani
G. V. Jagannatha Kumar
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

State Bank of India
Bank of India
Bank of Baroda
Allahabad Bank
Union Bank of India
State Bank of Mysore
Indian Bank
State Bank of Hyderabad
State Bank of Patiala
State Bank of Indore
ICICI Banking Corporation Ltd.
SBI Commercial & International Bank Ltd.
The Bank of Rajasthan Ltd.
Mashreq Bank Plc
The Federal Bank Ltd.
UTI 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 & 24, Electronics Estate, G.I.D.C. Gandhinagar - 302 004
(Gujarat)

Videocon International Ltd.

NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of VIDEOCON INTERNATIONAL LIMITED will be held on Monday the 27th day of September, 1999 at 10.00 A.M. at Auto Cars Compound, Adalat Road, Aurangabad, Maharashtra – 431 005 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 1999 and reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. 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. Vishnukumar Rathi, 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.

EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. The Register of Members and Share Transfer Books of the Company will remain closed from 25th September, 1999 to 30th September, 1999 (both days inclusive).
3. Dividend, if declared at the meeting, will be paid to those members whose names appear in the register of Members of the Company as on 30th September, 1999.
4. The members are requested to :
 - a. Intimate to the Registrar changes, if any, in their Registered Addresses at an early date.
 - b. Quote 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

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

By Order of the Board of Directors

Place: Ahmednagar
Date : July 30, 1999

V. N. DHOOT

Chairman & Managing Director





14th Annual Report 1998-99

DIRECTORS' REPORT

To

The Members of

VIDEOCON INTERNATIONAL LTD.

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

FINANCIAL RESULTS

	(Rs. in Million)	
	1998-99	1997-98
Sales & Other Income	24,224	21,095
Gross Profit Before Interest & Depreciation	3,011	3,249
Interest	1,475	1,290
Depreciation	1,745	675
Profit Before Taxation	1,307	1,283
Provision for Taxation	45	45
Profit After Taxes	1,341	1,238
Proposed Dividend	249	249
Corporate Tax on Proposed Dividend	27	25
Transferred to General Reserve	250	250
Carried to Balance Sheet	864	864

OPERATIONS

During the year under consideration, your Company achieved a turnover of Rs.24,224 Million as against Rs.21,078 Million for the previous year representing a growth of 14.93% over the previous year. The net profit after tax was Rs.1,341 Million as against Rs.1,238 Million for the previous year representing a growth of 8.32% over the previous year.

As a further step in globalising operations, your Company has opened an outfit through the wholly owned subsidiary in Dubai also. The office, presently acting as a marketing outlet, will start assembly operations in the current financial year. Also, the Company has plans to start marketing its production in European countries with the help of the JV partner Necchi in Italy. With the leading position in the domestic market and the globalisation plans under implementation, your Company is well poised to be amongst the top colour television manufacturers in the world in the years to come.

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, 1999.

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. Main emphasis has been on use of non conventional energy sources. The Company has set up a team which is studying the possibilities of use of various methods by which the Company optimises the use of energy without affecting the productivity. The main task of the team is to study from different angles such as cost benefit analysis, impact on productivity etc., various alternate proposals in this direction.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under consideration, your Company earned foreign exchange of Rs.176 Million out of exports and others. The total foreign exchange outgo during the year was Rs.3,260 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 prescribed limit under Section 224(1) of the Companies Act, 1956.

RESEARCH & DEVELOPMENT

Your Company is focussing on technological excellence through increased emphasis on Research & Development in order to maintain its competitive edge and thereby improve performance. Efforts are on to develop different products keeping in view specific requirement of different classes of customers both domestic and in international market.

DIRECTORS

Mr. Hariprasad Malpani, Mr. Raghunathdas Somani and Mr. Vishnukumar Rath, retire by rotation at the Annual General Meeting and being eligible, offer themselves for reappointment. During the year Mr. G. V. Jagannatha Kumar has been appointed as nominee director by ICICI Limited in place of Mr. N. J. Hatkar. Your Directors welcome the new director and extend its sincere appreciation to Mr. N. J. Hatkar for the valuable services given to the Board during his tenure.

SUBSIDIARY

A statement relating to subsidiary Company Paramount Global Limited, pursuant to Section 212 of the Companies Act, 1956 is attached to the Balance Sheet.

Videocon International Ltd.

CASH FLOW STATEMENT

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

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.

YEAR 2000

The millennium bug is about to arrive and expected with a set of problems for the computer world. Your Company, with extensive computer network throughout the country, has identified the key areas and already taken effective steps to overcome the problem. As regards the manufacturing set up, most of the equipments have been confirmed to be Y2K compliant. The financial accounting and other data processing systems are operating on Y2K compliant systems. The efforts for making the entire set up Y2K compliant are on under the leadership of the special team constituted for this purpose.

DEPOSITORY SYSTEM

Your Company entered into an agreement with the National Securities Depository Limited. This will facilitate holding and settlement of trades in the securities in the electronic form. 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 by institutional investors became compulsory in demat format with effect from 5th April, 1999.

CORPORATE GOVERNANCE

Corporate governance is not a new concept for the Indian corporates. Although, not much talked about on a broader platform, it has been followed by many of them in one form or the other. The concept mainly deals with the accountability of the management of the Company towards the shareholders as also the financiers.

Your Company, keeping in view shareholders' benefit as the main focal point, has been much aware about corporate governance. Also, the basic principles followed by the management of your Company aim at bringing about confidence of not only the shareholders but also the customers, suppliers and investors.

Activities of the Company are also assessed by an Audit Committee headed by Mr. P. N. Dhoot, President. The Committee meets once in two months. The main tasks of the Committee include supervision over the internal audits, stock audits, analysis of the costing systems of the Company and scrutiny of the receivables and payables. The Committee also co-ordinates activities of various sub-committees such as the Budget Committee, Sales Committee, Accounts Committee, Human Resource Development Committee.

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

Place: Ahmednagar

Date : July 30, 1999

V. N. DHOOT

Chairman & Managing Director

14th Annual Report 1998-99

**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, 1999.

Name of the Employee	Designation/ Nature of Duties	Remuneration Rs.	Qualifications	Age	Experience	Date of Commencement of Employment	Last Employment	
							Name of the Employer	Position Held
1. Chetan R. Mankermi	Vice President (Project)	613,176	B.Tech. (Chem. Engg.) D.M.M.	48	26 years	10.10.91	Agrima Consultants Intl. Pvt. Ltd.	Vice President
2. Eric A. Braganza	Vice President (Marketing & Sales)	770,051	B.A.	43	21 years	18.05.87	Sylvania & Laxman Ltd.	Area Sales Manager
3. Jacob Mathew	Country Manager (Bangladesh)	1,297,822	B.Com.	43	24 years	27.10.86	Atlas Sales Corporation	Sr. Sales Officer
4. N. Gupta	Director (Marketing & Sales)	2,371,941	B. Tech.	50	28 years	01.05.89	Philips (India) Ltd.	Marketing Manager
5. O. P. Singhal	General Manager	662,308	M.Com., C.A.	51	23 years	29.04.98	Indo Bharat Rayon Ltd., Jakarta	Sr. Vice President (Finance)
6. Rahul Sethi	Vice President	969,449	B.Com.	47	20 years	01.02.87	Gedore Limited	Comm. Manager
7. Satish P. Molasi	Vice President (International Operation)	703,726	B.Com. D.B.M.	43	20 years	01.12.84	Lakhanpal Pvt. Ltd.	Sales Supervisor

- a) Under Serial Number 3 remuneration of Rs.12,97,822 includes allowances paid Overseas.
b) Remuneration includes Basic Salary, Ex-Gratia, H.R.A., L.T.A., Mktg. Allowance, C.C.A., Contribution to Provident Fund
c) The employees is in wholetime employment of the Company and the employment is contractual in nature.
d) 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 30, 1999

V. N. DHOOT
Chairman & Managing Director

Videocon International Ltd.

AUDITORS' REPORT

To

The Members of

VIDEOCON INTERNATIONAL LIMITED

We have audited the attached Balance Sheet of **VIDEOCON INTERNATIONAL LTD.**, as at 31st March, 1999 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, 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.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to note 10 Schedule 15B regarding accounting for royalty and technical know-how fees on payment basis on receipt of RBI approval 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, 1999; 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
Date : July 30, 1999

KHANDELWAL JAIN & CO.
Chartered Accountants

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, 1999.

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. During the year revaluation of plant and machinery other than those of Glass Shell Division has been carried out.
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 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 the Section 370 (1-B) of the Companies Act, 1956.



14th Annual Report 1998-99

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, 1999 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 and on behalf of

KADAM & CO.
Chartered Accountants

KHANDELWAL JAIN & CO.
Chartered Accountants

U. S. KADAM
Proprietor

MANOJ DAGA
Partner

Place: Ahmednagar
Date: July 30, 1999