

# **15TH ANNUAL REPORT 1999-2000**



**VIDEOCON INTERNATIONAL LIMITED**

BOARD OF DIRECTORS	Venugopal N. Dhoot	<i>Chairman &amp; Managing Director</i>
	Vishnukumar Rathi	
	Lalchand Lalwani	
	Hariprasad Malpani	
	Raghunathdas Somani	
	K. M. Jaya Rao	<i>Nominee of ICICI</i>
	R. S. Agarwal	<i>Nominee of IDBI</i>
AUDITORS	Naveen B. Mandhana	<i>Technical Executive Director</i>
	<b>Khandelwal Jain &amp; Co.</b>	
	<i>Chartered Accountants</i>	
	12 - B Baldota Bhavan, 117, Maharshi Karve Road,	
	Opp. Churchgate Railway Station, Mumbai - 400 020	
	<b>Kadam &amp; Co.</b>	
	<i>Chartered Accountants</i>	
SOLICITORS	Ahmednagar College Road, Kothi,	
	Near Badve Petrol Pump, Ahmednagar - 414 001	
BANKERS	<b>M/s. Mulla &amp; Mulla &amp; Cragle &amp; Blunt &amp; Caroe</b>	
	<b>M/s. Kamal &amp; Co.</b>	
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.	
	Indian Overseas 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	
FACTORIES	<ul style="list-style-type: none"> <li>• 14 Km. Stone, Village Chittegaon, Taluka Paithan, Distt. Aurangabad, (Maharashtra)</li> <li>• Village : Chavaj, Via Society Area, Taluka &amp; Distt. Bharuch - 392 002, (Gujarat)</li> <li>• E 23 &amp; 24, Electronics Estate, G.I.D.C., Gandhinagar - 302 004, (Gujarat)</li> </ul>	



## NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of **VIDECON INTERNATIONAL LIMITED** will be held at Auto Cars Compound, Adalat Road, Aurangabad - 431 005 on Saturday, the 30th September, 2000 at 9.00 A.M. to transact the following business :

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance sheet as at March 31, 2000 and the Profit and Loss Account for the year ended on that and the reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in the place of Mr. Vishnukumar Rathi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr. Lalchand Lalwani, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in the place of Mr. Naveen B. Mandhana, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this Annual General Meeting upto 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 in accordance with the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals as may be necessary, the Company hereby accords its approval to the appointment of Mr. V.N. Dhoot as the Managing Director of the Company for a period of five years with effect from October 1, 2000 upon the following terms and conditions:

1. **Salary :**  
Rs.75,000/- (Rupees Seventy Five Thousand Only) per month.
2. **Commission :**  
At the rate of 1% of the net profits of the Company for the financial year subject to a maximum as may be laid down by the Board of Directors from time to time.
3. **Perquisites :**
  - i. Contribution to Provident Fund and Superannuation Fund singly or put together to the extent are not taxable under the Income-tax Act.
  - ii. Gratuity at the rate of one month's salary for each completed year of service.
  - iii. Leave with full pay as per the Rules of the Company, encashment of unavailed leave being allowed at the end of the tenure.
  - iv. Free furnished residential accommodation with gas, electricity, water and furnishings or un-furnished accommodation with gas, electricity and furnishings and Company's furniture on rental basis as per scheme applicable to the Senior Executives of the Company.
  - v. Reimbursement of medical expenses incurred in India or abroad and including hospitalization, nursing home and surgical charges for himself and family.
  - vi. Reimbursement of actual travelling expenses for proceeding on leave from Ahmednagar to any place in India and return therefrom once in a year in respect of himself and family.
  - vii. Reimbursement of servant's salary, subject to a maximum of two servants on a salary of upto Rs.2,000/- per servant per month.
  - viii. Reimbursement of membership fees for clubs.
  - ix. Personal accident insurance policy in accordance with the scheme applicable to senior employees.
  - x. Free use of Company's car for Company's work as well as for personal purposes along with driver.
  - xi. Telephone at residence at Company's cost.

Provided that in the event of absence or inadequacy or profit in any year, Mr. V.N. Dhoot will be paid the above remuneration except that:

- i. No Commission will be paid.
- ii. Gratuity will be allowed at the rate of 15 days' salary for every year of service, and

- iii. Monetary value of Perquisites at (iv) to (xi) above shall not exceed Rs.1,49,000/- in a financial year.

"RESOLVED FURTHER that the terms of the said appointment as set out in this Resolution and the Explanatory Statement submitted to this meeting is hereby specifically sanctioned with liberty to the Board of Directors to alter, vary and modify the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and Mr. V.N. Dhoot, subject to the same being in conformity with the provisions of Schedule XIII of the Companies Act for the time being in force and that the Board of Directors of the Company be and is hereby authorised to take such steps as would be expedient or desirable to give effect to this resolution including obtaining of the approval of the Central Government, if so required."

"RESOLVED FURTHER that Mr. V.N. Dhoot be entrusted with substantial powers of management and power perform such functions as may from time to time be decided by the Board of Directors."

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

"RESOLVED THAT pursuant to the provisions of Sections 16, 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.1,750,000,000/- (Rupees One Hundred and Seventy Five Crores only) divided into 85,000,000 (Eight Crores and Fifty Lakhs) Equity Shares of Rs.10/- (Rupees ten only) each and 9,000,000 (Ninety Lakh) Preference Shares of Rs.100/- (Rupees One Hundred Only) each to Rs.8,750,000,000/- (Rupees Six Hundred and Seventy Five Crores only) by creating additional 50,000,000 (Five Crores) Preference Shares of Rs.100/- (Rupees One Hundred Only) each and Clause V of the Memorandum of Association of the Company be altered accordingly to read as under:

"The authorised capital of the Company is Rs.8,750,000,000/- (Rupees Six Hundred and Seventy Five Crores only) divided into 85,000,000 (Eight Crores and Fifty Lakhs) equity shares of Rs.10/- (Rupees ten only) each and 59,000,000 (Five Crores and Ninety Lakhs) Preference Shares of Rs.100/- (Rupees One Hundred Only) each.

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

"RESOLVED THAT pursuant to the provisions of Section 80, Section 81 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the provisions of the Memorandum and Articles of Association of the Company and subject also to any approval, consent, permission and/or sanction of the Government of India, Reserve Bank of India and any other appropriate authorities, institutions or bodies, the Board of Directors (hereinafter referred to as "the Board") be and is hereby authorized to issue and allot, on behalf of the Company, through Prospectus, Offer Letter or Circular and/or on Private Placement Basis, Preference Shares of face value of Rs.100/- (Rupees One Hundred Only) for an aggregate value not exceeding Rs.500 Crores (Rupees Five Hundred Crores Only), exclusive of such premium as may be fixed on the said Securities to such of the institutions, banks, bodies corporate (including companies), trust, mutual fund, local bodies and/or any other person as the Board may desire in this behalf, whether or not such investor is a member of the Company and such issue/allotment shall be made at such time, price, manner and on such terms and conditions as the Board may, in its discretion deem fit and appropriate at the time of issue/allotment."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board of Directors of the Company be and is hereby authorised to do all acts, deeds and things and to take all steps and give such directions as may be necessary and to settle all questions or difficulties that may arise in such manner as the Board in its absolute discretion may deem fit."

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

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

"RESOLVED THAT the Company do hereby accord its consent under Section 293(1)(a) of the Companies Act, 1956, to mortgaging and/or charging by the Board of Directors of the Company of all or any of the immovable and movable properties of the Company, wherever situate, both present and

## VIDEOCON INTERNATIONAL LIMITED

future or the whole or substantially the whole of the undertaking or undertakings of the Company in such form and in such manner as the Board of Directors may think fit, together with power to take over the management of the business and concern of the Company in certain events for securing any loans and/or advances already obtained or that may be obtained from any financial institutions/Banks/Insurance companies or person or persons, and/or to secure any debentures issued and/or that may be issued and all interests, compound/additional interest, commitment charge, costs, charges, expenses and all other moneys payable by the Company to the concerned lenders within the overall limit of Rs.4,000 Crores (Rupees Four Thousand Crores Only)."

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

"RESOLVED THAT pursuant to Section 293(1)(d) and other applicable provisions of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any sum or sums of moneys on such terms and conditions and with or without security as the Board of Directors may think fit which, together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of money/moneys so borrowed by the Board shall not at any time exceed the limit of Rs.4,000 Crores (Rupees Four Thousand Crores Only)."

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

**Registered Office:**  
Auto Cars Compound  
Adalat Road  
Aurangabad - 431 005  
Maharashtra.

By Order of the Board of Directors

Place : Ahmednagar  
Date : August 31, 2000

**V. N. DHOOT**  
Chairman and Managing Director

**NOTES :**

1. Explanatory Statement pursuant to Section 173 (2) is enclosed and forms part of this notice.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT 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.
3. The Register of Members and Share Transfer Books of the Company will remain closed from September 7, 2000 to September 30, 2000 (both days inclusive).
4. Dividend, if declared at the meeting, will be paid to those members whose names appear in the Register of Members of the Company as on September 30, 2000.
5. The members are requested to:
  - a) Intimate to the Company changes, if any, in their Registered Addresses at an early date.
  - b) Quote Ledger Folio Numbers in all the correspondence.
  - c) Bring the Copy of the Annual Report and Attendance Slip with them to the Annual General Meeting.

**EXPLANATORY STATEMENT [Pursuant to Section 173 (2) of the Companies Act, 1956]****Item No.7 :**

The Company had appointed Mr. V.N. Dhoot as the Managing Director at the Tenth Annual General Meeting of the Company for a period of five years. The term of his appointment expires on September 30, 2000. The Board of Directors, at its meeting held on August 22, 2000 has reappointed Mr. V.N. Dhoot for a further period of five years from October 1, 2000. His appointment and remuneration fixed in accordance with Schedule XIII to the Companies Act, 1956 is subject to the approval of the shareholders for which purpose, the resolution, as set out in the Notice is proposed.

The draft agreements between the Company and Mr. V.N. Dhoot is available for inspection by the members at Registered Office of the Company between 11 A.M. and 1 P.M. on any working day.

None of the Directors except Mr. V.N. Dhoot is concerned or interested in the said Resolution.

**Item No.8 :**

In view of the proposed enhancement in volume of activities, your Company may have to go in for augmentations of the equity capital base to part finance the proposed projects. Hence the authorized capital of the Company should be adequately increased to accommodate the proposed augmentation of the capital base. The above change proposed will necessitate amendment to the Capital Clause of the Memorandum of Association of the Company.

Pursuant to Section 16 of the Companies Act, 1956 read with Section 94 of the said Act, the above said amendments should be approved by the General Body by way of a Special Resolution. Your Directors recommend the proposed resolutions giving effect to the above amendments for your approval.

None of the Directors of the Company is interested in the proposed resolution.

**Item No.9 :**

It is proposed to increase the authorized capital of the Company from Rs.175 Crores to Rs.675 Crores. The proposed increase in Authorised Capital will take care of any further issue of shares that the Company may wish to make in future.

Under Section 81(1) of the Companies Act, 1956, in the event of a Public Company proposing to increase its subscribed capital by the allotment of further shares in the circumstances specified therein, it is required to offer such further shares to its existing equity shareholders in the proportion of their respective equity shareholdings in the Company.

Pursuant to Section 81(1A) of the Act a public company may offer its shares in any manner whatsoever to persons other than those mentioned in Section 81(1) if a special resolution to that effect is passed by it in general meeting.

Hence as per the provisions of Section 81 of the Act, the consent of the members is sought authorizing the Board to issue further shares to persons other than the existing shareholders.

The directors of the Company are interested in the Resolution to the extent of allotment to be made to them, their relatives and to the companies in which they are interested.

**Item No.10 :**

The company proposes a resolution authorizing Board to borrow loans upto maximum of Rs.4,000 Crores. In order to borrow loans from Banks/Institutions the Board needs authorization to mortgage/hypothecate the assets of the Company as security/collateral security. In order to mortgage or hypothecate the assets of the Company the consent of the shareholders in the General Body Meeting is required under Section 293(1)(a) of the Companies Act, 1956 authorising the Board of Directors with necessary powers. Hence the proposed resolution is recommended for the consent of the members.

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

**Item No.11 :**

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

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

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

**Registered Office:**

Auto Cars Compound  
Adalat Road  
Aurangabad - 431 005  
Maharashtra

By Order of the Board of Directors

Place : Ahmednagar  
Date : August 31, 2000

**V.N. DHOOT**  
Chairman and Managing Director





## DIRECTORS' REPORT

To  
The Shareholders of  
**Videcon International Limited**

The Board of Directors of Videcon International Limited have pleasure in placing before the shareholders the 15th Annual Report together with the Audited Accounts for the year ended March 31, 2000.

### FINANCIAL RESULTS

	(Rs. in Million)	
	1999-00	1998-99
Sales and Other Income	30,048	24,244
Profit before Interest, Tax and Depreciation	4,157	3,611
Interest	1,777	1,475
Depreciation	847	749
Profit before tax	1,533	1,387
Provision for Taxation	123	46
Profit after Tax	1,410	1,341
Proposed Dividend :		
– Equity	142	249
– Preference	9	—
Corporate Tax on Proposed Dividend	33	27
Transferred to General Reserve	300	800
Carried to Balance Sheet	1,780	961

### PERFORMANCE HIGHLIGHTS

During the year under consideration your Company achieved a turnover of Rs.30,030 Million as against Rs.24,224 Million for the previous year representing a growth of 23.97% over the previous year. The net profit after tax was Rs.1,410 Million as against Rs.1,341 Million for the previous year. Your Company has always focussed on enhancing its competitive edges in cost leadership, brand strength, wide distribution network and innovative product development to expand its market share.

### DIVIDEND

Your Directors are pleased to recommend a dividend of Rs.2/- per equity share for the consideration of members. The equity dividend amount of Rs.142.42 Million would be paid out of the profits for the year, if approved by the shareholders at the Annual General Meeting. The dividend is free of tax in the hands of the shareholders and the Company will also be paying Rs.31.33 Million towards Corporate Tax on this Dividend.

### CONSERVATION OF ENERGY

Various steps have been taken to reduce consumption of electrical energy by improved house-keeping, monitoring the use of solar lights and equipments, improvement of power factor, indoor shop lighting, etc. 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 optimizes 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.603 Million out of exports. The total foreign exchange outgo during the year was Rs.3,884 Million towards import of raw materials, Components, Spares, Capital Goods and other expenditure.

### FIXED DEPOSIT

Your Company has not accepted any deposits from the Public.

### INFORMATION TECHNOLOGY AND Y2K

To keep pace with the Technology Revolution in the world over, your Company has taken the desired steps to be part of the information super highway. Your Company is in tune with the changing trends of the modern communication and is pioneeringly utilizing the Information Technology to rapidly assimilate and interpret the tremendous information flow pertaining to its operations.

The Company took effective steps to address the Y2K issue and has achieved compliance in the millennium. The total amount spent for the compliance of Y2K was Rs.16 Million.

### RESEARCH AND DEVELOPMENT (R & D)

Your Company continued to give utmost importance to the R & D activities carried on in the in-house R & D Centre. The R & D centre has been providing technical support services for solving problems related to the operations and are being extensively used to provide data for optimising the process units. Your Company has a well-equipped research and development team, which always strives better to introduce the products that will have overwhelming response from the market. Your Company always goes for the launch of products that are innovative, quality and trendy products.

### HUMAN RESOURCES MANAGEMENT

Your Company continued to lay emphasis on the development of Human resources. The main focus of training activities during the year had been to orient the employees to effectively face the new and emerging challenges

emanating from the competitive environment and liberalization in the consumer goods sector.

### INDUSTRIAL RELATIONS

Relations with the staff members and the workforce continued to be cordial and satisfactory during the year under consideration.

### DEPOSITORY SYSTEM

Your Company entered into an agreement with the National Securities Depository Limited (NSDL) to facilitate the holding and settlement of trades in the securities in the electronic form. 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 become compulsory in demat format. During the year 26.91% of the shares were converted into electronic form.

### CORPORATE GOVERNANCE

The development of capital market is always dependent on good Corporate Governance and hence there is a need for setting up of high standards of Corporate Governance. Your Company always gives importance for the building of the confidence of investors on the Brand of the Company and thereby increase the shareholder value.

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

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

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

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

Though the code of Corporate Governance introduced by the Securities and Exchange Board of India is required to be implemented in terms of the Listing agreement with the Stock Exchanges with effect from the financial year 2000-01, your Company has already taken initiatives to comply with the substantial portion of the Code from now onwards.

### PARTICULARS OF EMPLOYEES

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

### AUDITORS' REPORT

The observations 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 re-appointment, if made, would be within prescribed limit under Section 224(1-B) of the Companies Act, 1956.

### DIRECTORS

Mr. Naveen B. Mandhana, Mr. Vishnukumar Rathi and Mr. Lalchand Lalwani retire by rotation at the Annual General Meeting and being eligible, offers themselves for re-appointment. During the year Mr. R.S. Agarwal has been nominated as director on the Board by IDBI Also, Mr. K.M. Jaya Rao has been nominated as a director on the Board by ICICI Limited in the place of Mr. G. V. Jagannatha Kumar. Your Directors welcome the new Directors and extend their sincere appreciation to Mr. G. V. Jagannatha Kumar for the valuable guidance extended to the Board during his tenure.

### CASH FLOW STATEMENT

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

### ACKNOWLEDGEMENT

Your Directors are happy to place on record their gratitude to the employees at all levels for their commitment and dedicated efforts. The Directors are also thankful to the shareholders for their continued support to the Company.

For and on Behalf of the Board of Directors

V. N. DHOOT  
Chairman and Managing Director

Place : Ahmednagar  
Date : July 28, 2000

**VIDEOCON INTERNATIONAL LIMITED****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, 2000.**

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. N. Gupta	Director (Marketing & Sales)	2,090,726	B. Tech	51	29 years	01.05.89	Philips (India) Ltd.	Marketing Manager
2. Eric A. Braganza	Vice President (Marketing & Sales)	1,122,463	B.A.	44	22 years	18.05.87	Sylvania & Laxman Ltd.	Area Sales Manager
3. Satish P. Molasi	Vice President (International Operation)	1,103,462	B. Com. D.B.M.	44	21 years	01.12.84	Lakhanpal Pvt. Ltd.	Sales Supervisor
4. Jacob Mathew	Country Manager (Bangladesh)	1,620,208	B.Com.	44	25 years	21.10.86	Atlas Sales Corporation	Sr. Sales Officer
5. Rahul Sethi	Vice President	958,738	B.Com.	48	21 years	01.02.87	Gedore Limited	Comm. Manager
6. S. S. Nabar	Vice President	792,291	BE. Mech.	53	29 years	01.07.97	Videocon Communications Ltd.	General Manager
7. Rukmesh Jakhotia	Chief Executive	836,807	B.Sc. Tech.	45	21 years	04.01.99	MTZ Polyesters Ltd.	Executive Director

- a) Under Serial Number 4 remuneration of Rs.9,94,146 includes allowances paid Overseas  
b) Remuneration includes Basic Salary, Ex-Gratia, H.R.A., Marketing Allowance, Special Allowance, C.C.A. L.T.A. Leave Encashment, Medical Reimbursement Contribution to Provident Fund  
c) The employees are 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 28, 2000

**V. N. DHOOT**  
Chairman & Managing Director

**AUDITORS' REPORT**

To

The Members of

**VIDEOCON INTERNATIONAL LIMITED**

We have audited the attached Balance Sheet of **VIDEOCON INTERNATIONAL LTD.**, as at 31st March, 2000 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that:-

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks as considered appropriate and according to the information and explanations given to us during the course of the audit, we annex hereto a Statement on the matters specified in Paragraphs 4 and 5 of the said Order.
2. Further to our comments in Annexure referred to in paragraph 1 above, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) 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 B-10, Schedule 14 regarding accounting for royalty and technical know-how fees on payment basis on receipt of RBI approval and read with Note B-7, Schedule 14 regarding change in method of valuation of quoted investments and the other notes and the accounting policies thereon, give the information required by the Companies Act, 1956 in the manner so required and present a true and fair view :
  - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2000; and
  - (ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date.

For and on behalf of

**KADAM & CO.**  
Chartered Accountants

**U.S. KADAM**  
Proprietor

Place : Ahmednagar  
Date : July 28, 2000

**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 Videcon International Limited on the accounts for the year ended 31st March 2000.

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 except to the extent as stated in Note No. B-5, Schedule 14, 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.
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, 2000 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 (O) 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, the Company has not 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 not dealt or traded in shares, debentures and other securities. The investments in shares, debentures and other securities have been held by the Company in its own name.

For and on behalf of

**KADAM & CO.**  
Chartered Accountants

**U.S. KADAM**  
Proprietor

Place : Ahmednagar  
Date : July 28, 2000

**KHANDELWAL JAIN & CO.**  
Chartered Accountants

**MANOJ DAGA**  
Partner



## VIDEOCON INTERNATIONAL LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2000

Particulars	Schedule	(Rupees)	As at 31st March, 2000 (Rupees)	As at 31st March, 1999 (Rupees)
<b>I. SOURCES OF FUNDS :</b>				
1. <b>Shareholders' Funds</b>				
Share Capital - Equity	1		710,639,270	710,639,270
Share Capital - Preference	1		701,250,000	NIL
Reserves & Surplus	2		15,376,569,182	14,696,863,851
2. <b>Share Application Money Pending Allotment</b>			50,000,000	NIL
3. <b>Loan Funds</b>				
Secured Loans	3		9,963,234,453	8,841,002,264
Unsecured Loans	4		5,967,986,990	5,000,775,990
<b>TOTAL</b>			<b>32,769,679,895</b>	<b>29,249,281,375</b>
<b>II. APPLICATION OF FUNDS</b>				
1. <b>Fixed Assets</b>	5			
Gross Block		19,159,040,094		16,785,450,808
Less : Depreciation		5,242,401,147		4,045,786,219
Net Block		13,916,638,947		12,739,664,589
Less : Lease Adjustment Account		(4,126,880)		(44,879,626)
Capital Work-in-Progress		3,231,299,408		1,322,292,054
Technical Know-how Fees		69,213,324		82,518,476
			17,213,024,799	14,099,595,493
2. <b>Investments</b>	6		1,989,711,600	2,455,650,597
3. <b>Current Assets, Loans &amp; Advances</b>	7			
Inventories		6,164,770,632		4,722,841,306
Sundry Debtors		5,801,549,222		5,396,332,742
Cash and Bank Balances		1,986,846,448		1,649,984,399
Other Current Assets		423,950,939		311,078,239
Loans and Advances		3,763,393,959		4,038,046,993
		18,140,511,200		16,118,283,679
<b>Less : Current Liabilities &amp; Provisions</b>	8			
Current Liabilities		4,375,816,111		3,101,773,676
Provisions		197,751,593		322,474,718
		4,573,567,704		3,424,248,394
<b>Net Current Assets</b>			<b>13,566,943,496</b>	<b>12,694,035,285</b>
<b>TOTAL</b>			<b>32,769,679,895</b>	<b>29,249,281,375</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

**U. S. KADAM**  
Proprietor

Place : Ahmednagar  
Date : July 28, 2000

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

**MANOJ DAGA**  
Partner

For and on behalf of the board  
**V. N. DHOOT**  
Chairman & Managing Director

**N. B. MANDHANA**  
Director





### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2000

Particulars	Schedule	(Rupees)	Current year ended on 31st March, 2000 (Rupees)	Previous year ended on 31st March, 1999 (Rupees)
<b>I. INCOME</b>				
Sales/Income from Operations			30,030,036,788	24,224,442,569
Other Income	9		18,252,201	19,716,251
<b>TOTAL</b>			<b>30,048,288,989</b>	<b>24,244,158,820</b>
<b>II. EXPENDITURE</b>				
Cost of Goods Consumed/Sold	10		19,585,738,402	15,479,820,180
Salaries, Wages & Employees' Benefits	11		447,347,769	388,052,063
Manufacturing & Other Expenses	12	5,863,036,219		5,101,863,609
Less : Transferred from General Reserve [Refer Note 4 (b), Schedule 14B]		5,000,000		503,721,258
Interest & Finance Charges	13	1,780,779,221	5,858,036,219	4,598,142,351
Less : Transferred from General Reserve [Refer Note 3 (b), Schedule 14B]		3,924,842		1,560,836,559
Depreciation		1,215,964,600	1,776,854,379	86,232,000
Less : Transferred from General Reserve [Refer Note 4 (a), Schedule 14B]		368,931,029		1,474,604,559
<b>TOTAL</b>			<b>28,515,010,340</b>	<b>22,689,458,515</b>
<b>Profit before Extra Ordinary Items</b>			<b>1,533,278,649</b>	<b>1,554,700,305</b>
Less : Extra Ordinary Item : Promotion of new Corporate Logo			—	167,641,117
<b>III. Profit before Tax</b>			<b>1,533,278,649</b>	<b>1,387,059,188</b>
Less : Provision for Taxation			123,000,000	46,000,000
<b>IV. Profit for the year</b>			<b>1,410,278,649</b>	<b>1,341,059,188</b>
Refund/(Payment) of Income Tax for earlier years			(41,475,440)	21,183,921
Transferred from Bond Redemption Reserve			1,000,000	94,190,000
Balance brought forward			960,743,137	864,022,789
<b>V. Balance available for appropriation</b>			<b>2,330,546,346</b>	<b>2,320,455,898</b>
<b>VI. APPROPRIATIONS</b>				
Debenture Redemption Reserve			66,292,329	283,052,427
Proposed Dividend - Equity			142,424,882	249,243,544
Proposed Dividend - Preference			8,845,890	NIL
Corporate Tax on Proposed Dividend			33,279,570	27,416,790
Transfer to General Reserve			300,000,000	800,000,000
Balance Carried to Balance Sheet			1,779,703,676	960,743,137
<b>TOTAL</b>			<b>2,330,546,346</b>	<b>2,320,455,898</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

**U. S. KADAM**  
Proprietor

Place : Ahmednagar  
Date : July 28, 2000

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

**MANOJ DAGA**  
Partner

For and on behalf of the board  
**V. N. DHOOT**  
Chairman & Managing Director

**N. B. MANDHANA**  
Director