



**VIDEOCON**



## BOARD OF DIRECTORS

Venugopal N. Dhoot  
Pradeepkumar N. Dhoot  
S. Padmanabhan  
Rajesh Rathi  
Yoshinori Maeda  
Naoki Saito  
Hisao Ishiyama  
Nagao Ibayashi  
S. S. Nabar  
A. K. Godika

*Nominee of IFCI*

## 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 Hyderabad  
Canara Bank  
Central Bank of India  
Global Trust Bank Limited  
Sumitomo Mitsui Banking Corporation  
The Vysya Bank Limited

## REGISTERED OFFICE & FACTORY

20 Km. Stone, Aurangabad - Beed Road  
Village Bhalgaon, Aurangabad (Maharashtra)

## ADMINISTRATIVE OFFICE

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

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## NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting of **VIDEOCON COMMUNICATIONS LIMITED** will be held on Thursday, March 27, 2003 at 3.30 P.M. at the Registered Office of the Company at 20 Km. Stone, Aurangabad - Beed Road, Village Bhalgaon, Aurangabad to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at September 30<sup>th</sup>, 2002 and the Profit and Loss Account for the year ended on that date together with reports of the Directors' and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a director in the place of Mr. P N Dhoot, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in the place of Mr. S Padmanabhan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a director in the place of Mr. Yoshinori Maeda, 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 a Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 255, 257 and other applicable provisions, if any, of the Companies Act, 1956 Mr. Subhash S. Nabar, retiring Additional Director be and is hereby appointed as a Director of the Company liable to retire by rotation."

### REGISTERED OFFICE

20 k.m. Stone,  
Aurangabad-Beed Road,  
Village - Bhalgaon,  
Aurangabad, Maharashtra

For and on behalf of the Board  
**VIDEOCON COMMUNICATIONS LIMITED**

**P. N. DHOOT**  
Director

Place: Ahmednagar  
Date: February 14, 2003

### 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. Explanatory Statement pursuant to Section 173(2) is enclosed and forms part of this notice.
3. The Register of Members and Share Transfer Books of the Company will remain closed from March 14, 2003 to March 27, 2003 (both days inclusive) for the purpose of Annual General Meeting.
4. Dividend, if declared at the Annual General Meeting, will be paid to those members whose names will appear in the Register of Members as on March 27, 2003.
5. Mr. Pradeepkumar N Dhoot, Mr. S Padmanabhan and Mr. Yoshinori Maeda retires by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Mr. Pradeepkumar N Dhoot is a commerce graduate and is a Industrialist. Mr. Pradeepkumar N Dhoot is also director on the 14 other Boards of Public Limited Companies. Mr. S Padmanabhan is retd IAS. Mr. S Padmanabhan is also director on the 10 other Boards of Public Limited Companies. Mr. Yoshinori Maeda is associated with worlds one of the renowned electronics company Mitsubishi Corporation. He is on the Board of the Company since 1997.
6. The members are requested to:
  - a) Intimate to the Company, their Depository Participant changes, if any, in their Registered Addresses at an early date.
  - b) Quote Ledger Folio/ Client ID numbers in all the correspondence.
  - c) Bring the Copy of the Annual Report and Attendance Slip with them to the Annual General Meeting.
7. Unpaid Dividend for the financial year 1994-1995 has been transferred to Investor Education and Protection Fund. Pursuant to the provisions contained in Section 205A of the Companies Act, 1956, as amended the dividend remaining unclaimed for a period of Seven Years from the date(s) that may first become due for payment will be transferred to the Investors' Education and Protection Fund of the Central Government. Shareholders who have not encashed their Dividend Warrants so far, for the financial year 1995-1996 onwards, are requested to encash the same after due revalidation by Registrar & Transfer Agents. No claims shall lie against the Company or Investor Education and Protection Fund, upon transfer of amounts to the Investor Education and Protection Fund.
8. As per the provisions of the Income-Tax Act, 1961 as amended by the Finance Act, 2002, tax shall be deducted at source if the gross dividend payable to Resident Individual Shareholder exceeds Rs.1000/- (Rupees One Thousand Only). Such tax shall not be deducted of those shareholders who furnishes declaration in Form 15G, in duplicate, if applicable, to the Registrar and Transfer Agents on or before March 15, 2003. Please note that it would not be possible for the Company to act upon 15G declarations received thereafter.
9. The company consequent upon the introduction of the Depository System, entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Members, therefore now have the option of holding and dealing in the shares of the Company in electronic form through NSDL or CDSL.

## EXPLANATORY STATEMENT (Pursuant to Section 173(2) of the Companies Act, 1956)

### ITEM NO. 7:

During the year Mr. Subhash S. Nabar was appointed as Additional Director on the Board. As per the provisions of Section 260 of the Companies Act, 1956, he is liable to retire at the ensuing Annual General Meeting. The Company has received notice in writing from members signifying his candidature for the office of the Board of Director of the Company pursuant to the provisions of Section 257 of the Companies Act, 1956.

Mr. Subhash S. Nabar is a Mechanical Engineer and is having more than 33 years experience to his credit. Mr. Subhash S Nabar was awarded Bharat Gaurav Award in 1996 by Industrial Economic Forum- New Delhi, for contribution to Industry and Exports. National Excellence Award 1997 by All India National Unity Conference for outstanding services, achievements and contribution in a particular field and Distinguish Leadership Award by American Biographical Institute. The Directors are of the opinion that his wide

knowledge and experience will prove beneficial for the future growth and development of the Company. The Board proposes his appointment on the Board.

None of the Directors except Mr. Subhash S. Nabar, is concerned or interested in this resolution.

### REGISTERED OFFICE

20 Km. Stone,  
Aurangabad-Beed Road,  
Village - Bhalgaon,  
Aurangabad, Maharashtra

For and on behalf of the Board  
**VIDEOCON COMMUNICATIONS LIMITED**

**P. N. DHOOT**  
Director

Place: Ahmednagar  
Date: February 14, 2003

**DIRECTORS' REPORT**

To the Shareholders of

**VIDEOCON COMMUNICATIONS LIMITED**

The Board of Directors of VIDEOCON COMMUNICATIONS LIMITED have pleasure in placing before the members the 13<sup>th</sup> Annual Report together with the Audited Accounts for the Financial Year ended September 30, 2002.

**FINANCIAL RESULTS:**

	(Rs. in Lacs)	
	For the period ended 30.09.2002	For the year ended 31.03.2001
Net Sales	80,760	49,998
Other Income	106	63
Profit before Interest Tax and Depreciation	6,514	4,267
Interest	2,707	2,007
Depreciation	1,875	1,228
Profit before Tax	1,932	1,032
Provision for Taxation	130	13
Profit after Tax	1,802	1,019
Proposed Dividend	38	38
Corporate Tax on Dividend	NIL	4
Transferred to General Reserve	900	900
Carried to Balance Sheet	1,191	575

**PERFORMANCE HIGHLIGHTS:**

During the period of 18 months, the Net Sales achieved by your company amounted to Rs.80,760 Lacs as against Rs. 49,998 Lacs for the previous year. Other Income amounted to Rs.106 Lacs as against Rs.63 Lacs for the previous year. The Net Profit after tax was Rs.1,802 Lacs as against Rs.1,019 for the previous year.

The Management is continuously striving to improve the performance of the Company by improvement in efficiency in its operations, quality of products, aggressive marketing strategy, better after sales services, consumer satisfaction, wide distribution network, use of advanced technology in the production, increase in the market share.

**DIVIDEND:**

Your directors are pleased to recommend a dividend of Re. 0.50 (Paise Fifty only) per equity share for the consideration of members. The equity dividend amounting to Rs. 37.50 Lacs, if approved by the shareholders at the ensuing Annual General Meeting, would be paid out of the profits for the year to the shareholders whose name will appear on the register of members on the date of Annual General Meeting. The dividend on Equity Shares is subject to deduction of applicable Income Tax at source as per provisions of Finance Act, 2002.

**FOREIGN EXCHANGE EARNINGS AND OUTGO:**

During the period under review your Company had no Foreign Exchange earnings as against a NIL for the previous year. The Foreign Exchange outgo amounted to Rs.4,230 Lacs towards import of raw materials, Components, Spares, Capital Goods and other expenditure as against Rs. 2,952 Lacs for the previous year.

**FIXED DEPOSITS:**

Your company has not accepted any deposits from the Public.

**CONSERVATION OF ENERGY:**

The company continues to take efforts to reduce the consumption of electric energy, power, oil, fuel, and other energy resources by way of the followings:

1. Improvement in the efficiency of the persons engaged in the production activity
2. Day to day maintenance of the equipment's
3. Time and motion study of the production activity
4. Improved House-Keeping
5. Maximum use of natural resources
6. Emphasis on non-conventional energy sources
7. Awareness in the persons engaged in the production activity for minimum use of energy and wastage
8. Use of advanced technology in the production

The Company has set up a team of the eminent people, which studies the possibilities of use of various methods of optimum use of energy without affecting the productivity. The team submits its report to the top management at regular intervals along with its findings and recommendations.

**RESEARCH & DEVELOPMENT (R&D) AND TECHNOLOGY ABSORPTION:**

Your Company is having a well-equipped R & D Center at its production plant. The R & D activities are carried out to satisfy the perceived needs of the Consumers. The main focus of the Research and Development activities is to:

1. Provide technical support services for solving problems related to the operations
2. provide data for optimising the process units
3. Increasing the productivity

4. Improvement in the quality of products
5. Design of Technologically upgraded products in line with the new trends
6. Launching innovative products to meet the perceived needs of consumers

**Benefits derived as a result of a Research and Development activities:**

Though, the consumer satisfaction is the ultimate goal of the R & D activities the other benefits derived as a result of R & D activities are:

1. Consumer satisfaction by development of the products best suited to the needs of the Indian consumers.
2. Launching products which with more features that are suitable to all income groups.
3. Providing consumers products having better features, better quality and improved reliability.
4. Increase in the market share.

**HUMAN RESOURCES MANAGEMENT:**

The Management believes that the success of any Organisation mainly depends on how efficiently the management makes use of its human resource in the growth and development of the Organisation. Your Company continues to focus on training its employees on a continuing basis, both on the job and through training programs conducted by internal and external experts to face the emerging challenges in the day to day activities. Your Company continuously gives emphasis on use of the advance technology in the production. With a view to increase the productivity and output the management organizes training programs, lectures of experts, training camps, on regular basis, which boosts, motivates the employees to give their best to the Organisation.

**INDUSTRIAL RELATIONS:**

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

**APPOINTMENT/REAPPOINTMENT OF DIRECTORS:**

As per the provisions of Section 255 of the Companies Act, 1956 Mr. S. Padmanabhan, Mr. P. N. Dhoot and Mr. Yoshinori Maeda, Directors are liable to retire by rotation at the ensuing Annual General Meeting, being eligible they offer themselves for re-appointment.

During the period Mr. S. K. Shelgikar has resigned from the Board. The Board take this opportunity and place on record its sincere appreciation for the valuable contribution and guidance of Mr. S. K. Shelgikar in the growth and development and the Company.

Mr. Subhash S. Nabar was appointed as Additional Director on the Board. As per the provisions of Section 260 of the Companies Act, 1956, he is liable to retire at the ensuing Annual General Meeting. The Company has received notice in writing from members signifying his candidature for the office of the Board of Director of the Company pursuant to the provisions of Section 257 of the Companies Act, 1956. Mr. Subhash S. Nabar is Mechanical Engineer and is having more than 33 years experience to his credit. The Board is of the opinion that his knowledge and experience would be of immense help for the overall progress of the Company.

Mr. A. K. Godika was nominated by IFCI as Director on the Board of the Company in place of Mr. A. K. Ahuja and was co-opted on the Board. The Board welcome the new Director. The Board takes this opportunity and place on record its sincere appreciation for the valuable guidance and suggestion given by Mr. A. K. Ahuja during his tenure as Director.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

In terms of Section 217(2AA) of the Companies Act, 1956, we, the Directors of Videocon Communications Limited, state in respect of Financial Year 2001-02 that:

- a) in the preparation of annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a going concern basis;

**PARTICULARS OF EMPLOYEES:**

None of the employee is covered by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

**SUBSIDIARY COMPANIES:**

Pursuant to the requirements of Section 212 of the Companies Act, 1956, the Annual Reports and accounts of the subsidiary companies, viz., Videocon VCR Securities Limited for the Financial Year ended on September 30, 2002 and statements showing the extent of the company's interest therein have been attached to the Balance-Sheet

**CONSOLIDATED FINANCIAL STATEMENTS:**

In accordance with the requirements of Accounting Standards AS-21 prescribed by the Institute of Chartered Accountants of India, The Directors present the consolidated financial statements, duly incorporating the financial statements of the subsidiary viz., Videocon VCR Securities Limited.

**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 till 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(1B) of the Companies Act, 1956.

#### CASH FLOW STATEMENT:

In conformity with the provisions of Clause 32 of the Listing Agreement with Stock Exchanges, the cash flow statement for the year 2001-02 is annexed hereto.

#### CORPORATE GOVERNANCE:

As per the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges, Corporate Governance and Management Discussion and Analysis Report is enclosed and forms part of this Annual Report.

#### COMPLIANCE CERTIFICATE:

A certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

#### ACKNOWLEDGEMENTS:

The Board take this opportunity and place on record its sincere appreciation for the support and co-operation of Government Authorities, Banks, Financial Institutions and other Authorities and to the investors for their Trust and confidence on the management of the Company. The Directors take this opportunity and place on record their gratitude to the employees at all levels for their commitment and dedicated efforts.

For and on Behalf of the Board  
**VIDEOCON COMMUNICATIONS LIMITED**

**P. N. DHOOT**  
Director

Place : Ahmednagar  
Date : February 14, 2003

### CORPORATE GOVERNANCE

#### (As required under Clause 49 of the Listing Agreements entered into with the Stock Exchanges)

The basic fundamental principles enshrined in the concept of Corporate Governance are the transparency, integrity, accountability, responsibility, of the management by following the Laws, Procedures, Practices and rules determining the Company's ability to take managerial decisions with the objective of maximizing long term shareholder value keeping in mind the interests of other stakeholders. The growth and development of any Organisation depends on how the management give credence to professional values, R & D, professional Management, social responsibility vis-a-vis shareholders, customers and suppliers, lenders, employees, government, community, other bodies corporate. In the present socio-economic scenario Corporate Governance plays significant role in the economic development of the Nation.

Regulatory framework and its effective enforcement through mandatory provisions by incorporating Clause 49 in the Listing Agreement has been playing a vital role in influencing corporate behavior. Corporate Governance is the most appropriate tool for those Organisation whose goals is to achieve corporate excellence. The key elements to achieve eminence are the forward-looking attitude, vigilance in action, continuo alignment of business strategy and organizational structure with global standards.

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 by concentrating on greater consumer satisfaction, high employee morale and dedication and enhanced shareholder value. Corporate Governance is considered as an important tool for shareholder

protection and maximization of their long-term values. The cardinal principles such as accountability, responsibility, transparency and fair disclosure serve as the means for achieving these goals.

#### Company's Philosophy on Code of Governance:

The Company has always given importance to achieve excellence by implementing transparency, accountability, responsibility, and disclosures in its transactions, which are the fundamental principles of good Corporate Governance. The Company has also given importance to consumer satisfaction, building up of the confidence of investors by increasing the shareholders value, high employee morals, better compliance with statutory laws and regulations and social responsibilities.

In the era of globalization the Company gives emphasis on professional management and as a part of action towards achieving its goals has co-opted the experts from the field of Finance, Management, Technical, Marketing and Administration in its management team for implementation of good governance practice.

The management is always vigilant and active for consumer satisfaction and in increasing the shareholders value. The Company is disseminating all the important financial information at regular intervals as required by the provisions of the Companies Act, 1956, Listing Agreement with the Stock Exchanges, SEBI regulations and other Laws and regulation for accomplishing accountability and fair disclosures.

#### (I) BOARD OF DIRECTORS:

The Board of Directors of VIDEOCON COMMUNICATIONS LIMITED comprises of eminent people from different fields such as Finance, Marketing, Technical and Management skills.

The Board has strength of 10 (Ten) Directors including One Nominee Director of IFCI Ltd. The Board comprises of a majority of Independent/Non-Executive Directors with a balanced mix from the field of Finance, Marketing, Technical and Management skills.

The Board of Directors of the Company meets frequently at regular intervals for taking decisions on various aspects of the business like production, financial performance planning and budget, administration and management, marketing strategy, assessing, and evaluating all important businesses issues. With a view to efficiently handle the issues, the Board has constituted an Audit Committee, Share Transfer Committee and Remuneration Committee.

#### a) The composition of Board of Directors is as follows:

Sl. No.	Name of Director	Category	Whether attended AGM held on 29.9.2001	Attendance in Board Meetings		Other Board		
				Held	Attended	Directorship	Committee Chairmanship	Committee Membership
1	Mr. Venugopal N. Dhoot	Promoter Non-Executive	Yes	14	14	14	1	4
2	Mr. Pradeepkumar N. Dhoot	Promoter Executive	No	14	14	14	NIL	4
3	Mr. S. Padmanabhan	Independent Non-Executive	No	14	7	10	2	6
4	Mr. S. K. Shelgikar*	Independent Non-Executive	No	14	5	NIL	NIL	NIL
5	Mr. Subhash S. Nabar #	Independent Non-Executive	No	NIL	NIL	NIL	NIL	NIL
6	Mr. Rajesh Rathi	Independent Non-Executive	Yes	14	13	1	1	2
7	Mr. Yoshinori Maeda	Independent Non-Executive	No	14	NIL	NIL	NIL	NIL
8	Mr. Naoki Saito	Independent Non-Executive	No	14	NIL	NIL	NIL	NIL
9	Mr. Hisao Ishiyama	Independent Non-Executive	No	14	NIL	NIL	NIL	NIL
10	Mr. Nagao Ibayashi	Independent Non-Executive	No	14	NIL	NIL	NIL	NIL
11	Mr. A. K. Ahuja **	Nominee IFCI Ltd.	No	14	1	3	NIL	NIL
	Mr. A. K. Godika ***	Nominee IFCI Ltd.	No	0	0	NIL	NIL	NIL

\* Mr. S. K. Shelgikar has resigned from the Office of the Board of Directors w.e.f. November 3, 2001

# Mr. Subhash S. Nabar was appointed as Additional Director on the Board w.e.f. October 31, 2002

\*\* Mr. A. K. Ahuja was withdrawn from the Board by IFCI Ltd., as its Nominee on October 31, 2002

\*\*\* Mr. A. K. Godika was co-opted as Nominee Director of IFCI Ltd., in place of Mr. A. K. Ahuja on October 31, 2002

#### b) During the Financial Year 2001-2002, 14 (Fourteen) Meetings of the Board of Directors of the Company were held on the following dates:

23/04/2001, 30/04/2001, 31/07/2001, 27/08/2001, 31/10/2001, 26/12/2001, 31/01/2002, 22/02/2002, 26/02/2002, 23/03/2002, 30/04/2002, 27/07/2002, 19/08/2002, 26/08/2002.

#### c) During the Financial Year 2001-2002 the Company did not have any pecuniary relationship or transaction with Non-Executive Directors.

#### (II) AUDIT COMMITTEE:

The Audit Committee of the Board of Directors of the Company has been formed as per the requirement of Part II of Clause 49 of the Listing Agreement and the provisions of Section 292A of the Companies Act, 1956 under the Chairmanship of Mr. Rajesh Rathi, the other members of the Committee being Mr. Pradeepkumar N. Dhoot and Mr. S. Padmanabhan. During the year under review Mr. Rajesh Rathi was appointed as Chairman of the Audit Committee in place of Mr. S K Shelgikar.

The following areas are referred to the Audit Committee:

- Overall assessment of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the board, focusing primarily on;
  - Changes, if any, in accounting policies and practices.
  - Major accounting entries based on exercise of judgment by management.
  - Observations if any, in draft audit report.
  - Significant changes/amendments, if any, arising out of audit.
  - The going concern assumption.
  - Compliance with accounting standards.
  - Compliance with stock exchange and legal requirements concerning financial statements
  - Any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of company at large.
- Reviewing with the management, external and internal auditors, and adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors, any significant findings and follow up there on.
- Reviewing the findings, if any, of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussions with external auditors before the audit commence nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- Reviewing the company's financial and risk management policies.
- To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

The following additional powers have been given to the Audit Committee together with above-mentioned powers:

- to investigate any activity within its terms of reference;
- to seek information from any employee;
- to obtain outside legal or other professional advice; and
- to secure attendance of outsiders with relevant expertise, if it considers necessary.

During the financial year under consideration, Four meetings of the Audit Committee were held on 25.08.2001, 29.10.2001, 26.04.2002 and 29.07.2002. Mr. Rajesh Rathi, Mr. P. N. Dhoot and Mr. S. Padmanabhan attended the meetings. The Auditors of the Company were also present at the Meeting.

#### (III) REMUNERATION OF DIRECTORS:

Remuneration's of the Executive Directors is approved by the Board of Directors and thereafter approved by the members at the Annual/Extra-Ordinary General Meeting. In fixing remuneration, practices followed by the companies of size and standing similar to the Company and that of the industry standards are taken into consideration. However, no remuneration was paid to any of the directors during the year. The Company pays sitting fees of Rs.1000/- per meeting to Non- Executive Directors.

#### (IV) SHAREHOLDERS' COMMITTEE:

A Sub-committee of the Board of directors of the Company consisting of Mr. Rajesh Rathi (Chairman of the Committee), Mr. S. Padmanabhan and Mr. P. N. Dhoot has been constituted to administer the following activities:

- Transfer of Shares
- Transmission of shares
- Issue of Duplicate Share Certificates
- Split up of shares
- Change of Name
- Transposition of Shares
- Sub-division of Shares
- Consolidation of Folios
- Shareholders requests for Dematerialisation of shares
- Shareholders requests for Rematerialisation of shares; and
- Other matters relating to above activities

The Board has delegated the power of Share Transfer to Registrar & Share Transfer agents, viz. MCS Ltd., who process the transfers.

#### COMPLIANCE OFFICER:

Mr. Pradeepkumar N Dhoot, Director of the Company is the Compliance Officer.

#### SHARE TRANSFER DETAILS:

The number of Shares transferred during the last financial year is given below:

Sr. No.	Particulars	Nos.
A	No. of Transfers	1888
B	Average No. of Transfers per month	105
C	No. of Shares Transferred	193008

#### DEMATERIALISATION/REMATERIALISATION OF SHARES:

The shares of the Company have been activated for dematerialisation on National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) since March, 2002 under ISIN No. INE219F01017. Details of Shares Dematerialised /Rematerialised during the last financial year is given below:

Sr. No.	Particulars	Shares
1	No. of Demat; Transfers approved	2305
2	No. of Sub-committee Meetings held	21
3	No. of Shares Demated.	1245591
4	Percentage of Shares Demated.	16.61%
5	No. of Remat requests approved	NIL
6	No. of Shares Rematted.	NIL

#### DETAILS OF COMPLAINTS RECEIVED, REDRESSED AND PENDING DURING THE YEAR 2001 - 02:

Sl. No.	Particulars	Received	Redressed	Pending as on 30.09.2002
1	Non-receipt of Refund Orders	NIL	NIL	NIL
2	Non-receipt of Dividend Warrant	186	178	8
3	Non-receipt of Share Certificate	115	111	4
4	Others	61	58	3
	Total	362	347	15

#### Note:

- All the 15 complaints were outstanding for less than 30 days as on 30.09.2002 have been subsequently redressed.
- Representatives of your company are continuously in touch with MCS Limited, Share Transfer Agents of the Company, and review periodically the outstanding complaints.

#### GENERAL BODY MEETINGS

##### a) Details of location, time and date of last three AGMs are given below:

AGM	AGM Date	Location	Time	No of Special Resolution Passed
10 <sup>th</sup> AGM	27.08.1999	20 km Stone, Aurangabad-Beed Road, Village Bhalgaon, Aurangabad, Maharashtra.	4.00 p.m.	1
11 <sup>th</sup> AGM	30.09.2000	20 km Stone, Aurangabad-Beed Road, Village Bhalgaon, Aurangabad, Maharashtra	12.30 p.m.	0
12 <sup>th</sup> AGM	29.09.2001	20 km Stone, Aurangabad-Beed Road, Village Bhalgaon, Aurangabad, Maharashtra	4.00 p.m.	2

##### b) Postal Ballot:

Postal ballot was not conducted in any of the general body meetings held so far by the Company. Presently, the Company does not have any proposal for postal ballot.

#### Disclosures

Materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of company at large:-

There are no transactions which may have potential conflicts with the interests of company at large. Transaction with related parties and disclosed in Note No. B(8) of Schedule 14 to the Accounts in the Annual Report.

#### Means of Communication

The un-audited financial Results on quarterly basis and the half-yearly results subjected to limited review by the auditors in the prescribed form, are taken on record by the Board of Directors at its meeting within one month of the close of every quarter/half-year respectively and the same are furnished to all the Stock Exchanges where the company's shares are listed. The results are also published within 48 hours in two newspapers, one in Free Press Journal or Times of India or Indian Express, English Daily and the other in Navshakti or Maharashtra Times, Regional Language.

#### General Shareholder Information

##### 1. Annual General Meeting

The 13<sup>th</sup> Annual General Meeting will be held on March 27, 2003 at 3.30 P.M. at the Registered Office of the Company at 20 Km. Stone, Aurangabad-Beed Road, Village Bhalgaon, Aurangabad, Maharashtra.

## ANNUAL REPORT 2001-2002

2. Financial Calendar 2001-2002  
April 2001- September 2002  
Financial Calendar for 2002-2003  
Financial Year : October 1, 2002 to September 30, 2002  
First Quarterly Result : Last Week of January 2003  
Second Quarterly Result : Last Week of April 2003  
Third Quarterly Result : Last Week of July 2003  
Fourth Quarterly Result : Last Week of October 2003  
Annual General Meeting for year ending September, 2003 : March, 2004
3. Date of Book Closure  
Friday, March 14, 2003 to Thursday, March 27, 2003 (both days inclusive)
4. Dividend Paymeht Date  
April 21, 2003 (Tentatively)
5. Listing on Stock Exchanges  
The equity shares of your company are listed on Seven Stock Exchanges namely Mumbai, Bangalore, Calcutta, Madras, Delhi, Ahmedabad and Pune Stock Exchanges. The company has paid Listing Fees for financial year 2002- 2003.

The name and address of the respective stock exchanges are given below:

**Sl. No. Name and Address of the Stock Exchange**

- The Stock Exchange  
1<sup>st</sup> Floor, New Trading Ring, Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai - 400 001.
- The Madras Stock Exchange Ltd.  
Exchange Building, Post Box No.183, 11, Second Line Beach,  
Chennai - 600 001
- Bangalore Stock Exchange Ltd.  
Stock Exchange Towers  
No.51, 1<sup>st</sup> Cross, J.C. Road, Bangalore - 560 052
- The Calcutta Stock Exchange Association Ltd.  
7, Lyons Range, Calcutta - 700 001
- Pune Stock Exchange Ltd.  
Shivleela Chambers, 752, Sadashiv Peth,  
R.B. Kumbhkar Marg, Pune - 411 030
- Delhi Stock Exchange Association Ltd.  
3&4/4B, Asraf Ali Road, New Delhi - 110 002
- The Stock Exchange  
Kamdheni Complex, Opp. Sahajanand College  
Panjarapole, Ahmedabad- 380 001

Stock Code at Mumbai Stock Exchange is: 517228

6. Market Price Data  
Average monthly High and Low prices are given below:

Month	High	Low
April, 2001	12.75	9.00
May, 2001	13.95	11.05
June, 2001	13.95	10.50
July, 2001	11.05	8.00
August, 2001	12.00	7.15
September, 2001	8.60	8.35
October, 2001	8.00	6.50
November, 2001	12.90	7.25
December, 2001	11.10	8.10
January, 2002	9.00	6.55
February, 2002	9.50	7.90
March, 2002	9.50	9.00
April, 2002	NA	NA
May, 2002	8.25	7.55
June, 2002	16.80	9.05
July, 2002	22.80	11.50
August, 2002	15.00	9.35
September, 2002	11.70	9.60

7. Registrar and Transfer Agents  
M/s. MCS Limited  
Sri Venkatesh Bhavan, Plot No.27, Phase II, Road No.11, MIDC Marol,  
Andheri(E), Mumbai - 400 093.  
Ph. : (022) 28321128, 28245988  
Fax : (022) 28350456
8. Share Transfer System  
Applications for transfer of shares held in physical form are received at the office of the Registrars and Share Transfer Agents of the Company. All valid transfers are processed within 15 days from the date of receipt.

9. a) Shareholding Pattern as on 30.09.2002 is as given below:

SL NO.	CATEGORY	NO. OF SHARES HELD HOLDING	%AGE OF
A.	PROMOTERS HOLDING		
1.	PROMOTERS		
	Indian Promoters	1804690	24.06
	Foreign Promoters	1875000	25.00
2.	Persons acting in Concert	—	—
	Sub-Total	3679690	49.06
B.	Non-promoters Holding		
3.	Institutional Investors		
a)	Mutual Funds and UTI	702525	09.37
b)	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions, Non-Government Institutions), FIs	925	00.01
	Sub-Total	703450	09.38
4.	a) Private Corporate Bodies	85925	01.15
	b) Indian Public	2766585	36.89
	c) NRIs/OCBs	264350	03.52
	Sub-total	3116860	41.56
	Grand Total	7500000	100.00

- b) Distribution of Shareholding as on 30.09.2002 is as given below:

Share holding of	Number of	% to	No. of	Amount	% to
Nominal Value of Rs.	Share holders	Total	Shares	(In Rs.)	Total
1 TO 5,000	28634	98.40	2360544	23605440	31.47
5,001 TO 10,000	263	0.90	210220	2102200	2.80
10,001 TO 20,000	115	0.40	173132	1731320	2.31
20,001 TO 30,000	38	0.13	96525	965250	1.29
30,001 TO 40,000	17	0.06	57899	578990	0.77
40,001 TO 50,000	7	0.02	34000	340000	0.45
50,001 TO 1,00,000	11	0.04	74450	744500	0.99
1,00,000 AND ABOVE	14	0.05	4493230	44932300	59.91
TOTAL	29099	100.00	7500000	75000000	100.00

10. Dematerialization of Shares and liquidity  
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 became compulsory in demat format. As on 30.09.2002, 1245591 equity shares (16.61% of the total number of equity shares) have been dematerialized.

11. Outstanding GDRs/ ADRs/ Warrants or Nil  
Conversion Instruments, Conversion Date  
and like impact on equity
12. Plant locations  
20 Km. Stone, Aurangabad-Beed Road,  
Village Bhalgaon, Aurangabad,  
Maharashtra
13. Address for Correspondence  
20 Km. Stone, Aurangabad-Beed Road,  
Village Bhalgaon, Aurangabad,  
Maharashtra  
Tel: 0240- 2644507 Fax:0240- 2644505

**COMPLIANCE CERTIFICATE OF THE AUDITORS**

A certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

**MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT**

The Management Discussion and Analysis Report speaks about the overall management view about the organisation, its performance, future prospects, market, products, services, opportunities and threats and Management strategy. Your Directors are very vigilant and optimistic of grabbing every opportunity to increase the share in the market.

**Industry Structure and Developments:**

The development in the Advanced Technology has a great impact on the Consumer Electronics Goods industry. Advances in the science and technology have conferred many benefits on the society in the form of better and improved quality of products at comparatively reasonable prices and in large quantities.

The Consumer Electronics Industry is broadly divided into three distinct segments: viz. White Goods, Brown Goods and the Small Domestic Appliances. Brown Goods consist of Color TV's, Video Products and Home Entertainment products while Washing Machines, Refrigerators, Dishwashers, etc make up the White Goods. All other small appliances like Irons, Heaters, Vacuum Cleaners, Fans, Water purifiers, etc constitute the small appliances segment.



Your company has distinctive product ranges and a very strong direct selling network to cater to all the market and market segments. The company enjoys cost advantage vis-à-vis the competitors.

Overall growth of consumer durable market is expected due to the following factors:

- Change from one homogenous to several fragmented niche markets.
- Fragmentation of families into smaller units.
- Increasing trend towards double income families.
- Greater propensity for conspicuous consumption.
- Rising disposable income with greater propensity for consumption of consumer goods.
- Considerable latent demand, as penetration levels are low.
- Urbanization of attitude due to rapid expansion of TV coverage.
- Greater exposure in rural markets leading to consumption driven by desire.

The key elements, which will enable the Company to achieve greater progress and market share are:

- The brand 'VIDEOCON', under which virtually all of the company's products are marketed and distributed, is one of the well-recognised brand names in India.
- The company manufactures, markets or distributes a very wide range of models catering the needs of all sectors. Each and every product has cover the spectrum from the least to most expensive in their respective categories, thus meeting requirement of all class of customers.
- The company sells its products through a well expanded network of independent retail outlets located throughout India which are supported by the company's strong sales force.
- The Indian consumers place a high value on after sales service and support, since the purchase of a consumer durable product represents a high relative percentage of the average Indian consumers' income. The company, through its extensive service/support network located throughout India, provides services at the customer's doorstep.
- The company manufactures consumer electronics products in India in modern vertically integrated facilities.

#### **Opportunities, Threats and Initiatives:**

The market being thrown open and lots of multinationals coming in variety of product ranges introduced by them and aggressive pricing and Marketing, there is a need to have a look on the product ranges offered by the company including quality, price, marketing etc.. The consumers in rural areas are showing the preferences for the branded goods instead of local made products. With the increase in income level and purchasing power and consequent changes in the aspiration levels of the people, there is likely an upward trend in the demand for consumer electronic goods. Particularly those who are going for household appliances are likely to increase many folds in the near future. The Consumer electronics market is very price-sensitive.

The players are operating on thin margins and it could be possible that their investments in brands would reduce sharply. Lower priced products with basic features account for a major market share of the domestic market on account of large number of households in middle to lower income segments.

The Following initiatives are being taken by the Company:

- The Company is concentrating its efforts on reduction of costs.
- Focusing on further modernization of manufacturing process to improvise quality and reduction of costs.
- More stress on after sales services
- Reaching the rural market and targeting rural customers
- The employees at all levels are being imparted training and continuous education.
- Company has launched many new models and hopeful of launching many more models with the continued research and development.
- The Company is quite confident that the overall productivity, profitability would improve in a sustainable manner, as a result of this program.

#### **Performance and Outlook:**

The performance of the company in different areas during the period was as under:

During the period of 18 months, the Gross sales were Rs.85,912 Lacs as against Rs.52,638 Lacs for the previous financial year end. The Net sales were Rs.80,760 Lacs and Rs.49,998 Lacs respectively. The other incomes were Rs.106 Lacs as against Rs.63 lacs for the previous financial year. The Net Profit after tax was Rs.1,802 Lacs as against Rs.1019 Lacs for the previous year.

Due to the various factors mentioned earlier, the overall margins in the industry are under pressure. However, the Company expects that it can meet the challenges posed by the deregulation scenario with its strength in marketing network, its strategic alliance with lead players in the sector, productivity improvement, and cost reduction exercises, which have already been launched in right earnestness. The Company is also expanding its manufacturing capacities to achieve economies of scale and global competitiveness.

#### **Risks and concerns:**

In the era of globalization the Multinational Companies from all over the world are launching their products in the Indian market having high technology with aggressive marketing and at a competitive prices. There is a cut through competition in the market.

The Company is striving for launching variety of hi-tech products in the market. Every new model launch in the market is manufactured taking into consideration the needs of the consumers and the purchasing capacity of the different class of consumers. The Company is grabbing every opportunity to increase the market share.

#### **Internal Control Systems and their adequacy:**

There is a well-established Internal Audit Department with clearly laid down powers and responsibilities that are required to ensure the adequacy of the Internal Control System. Internal checks and controls are exercised by strictly adhering to the various procedures laid at the time of Delegation of Authorities and other Procedures. The delegation clearly indicates the powers along with the monetary limits, wherever necessary, that can be exercised by various levels of the Managers in the Company.

#### **Material Developments in Human Resources / Industrial Relations front, including number of people employed:**

The Company lays significant emphasis in nurturing the all-round development of Human Resources with special emphasis on training its employees to equip themselves to face the challenges in the competitive business environment and achieve the desired goals. In line with this objective, the performance evaluation processes are being redefined to provide dynamic interventions in assessing and developing the individual targets and synchronizing these targets to the Company's objectives and mission.

The Company has developed a HRD Plan with the parameters to achieve Excellent Rank. Steps have been taken to create a sense of belongingness in the minds of the employees, which in turn gives maximum contribution per employee.

With a committed work force, of 118 Supervisory Employees and 214 Non-Supervisory Employees, the Company is poised to take on the challenges in the business environment and march towards achieving its mission with success.

#### **CAUTIONARY STATEMENT:**

This management Discussion and Analysis Statements of the Annual Report has been included in adherence to the spirit enunciated in the code of Corporate Governance approved by the Securities and Exchange Board of India. Statement in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward-looking Statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operation include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors. Further, the discussion following herein reflects the perceptions on major issues as on date and the opinions expressed here are subject to change without notice. The Company undertakes no obligation to publicly update or revise any of the opinions or forward looking statements expressed in this report, consequent to new information, future events, or otherwise. Readers are hence cautioned not to place undue reliance on these statements, and are advised to conduct their own investigation and analysis of the information contained or referred to in this statement before taking any action with regard to specific objectives.

### **AUDITORS' REPORT ON CORPORATE GOVERNANCE**

To the Members of  
Videocon Communications Limited

We have examined the compliance of conditions of Corporate Governance by the Videocon Communications Limited, for the period ended on 30<sup>th</sup> September, 2002, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the certificate of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with, in all material respect, the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the company, as per the records maintained by the Investor Grievance Committee and as per the certificate of the Registrars and Transfer Agents of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

**MANOJ DAGA**  
Partner

Place : Ahmednagar  
Date : February 14, 2003

**KADAM & CO.**  
Chartered Accountants

**U.S.KADAM**  
Proprietor