



**VIDEOCON INDUSTRIES LIMITED**

Annual Report 2009-10

## VIDEOCON INDUSTRIES LIMITED

### BOARD OF DIRECTORS

|                          |                                |
|--------------------------|--------------------------------|
| Venugopal N. Dhoot       | Chairman & Managing Director   |
| Pradipkumar N. Dhoot     | Whole Time Director            |
| S. Padmanabhan           |                                |
| Satya Pal Talwar         |                                |
| Maj. Gen. S.C.N. Jatar   |                                |
| Arun Laxman Bongirwar    |                                |
| Radhey Shyam Agarwal     |                                |
| Karun Chandra Srivastava |                                |
| Girish Nayak             | Nominee - ICICI Bank Ltd.      |
| Gunilla Nordstrom        | Nominee - AB Electrolux (Publ) |

### REGISTERED OFFICE

14 K.M. Stone, Aurangabad - Paithan Road,  
Village: Chittegaon, Taluka: Paithan,  
Dist.: Aurangabad - 431 105 (Maharashtra)

### MANUFACTURING FACILITIES

14 K.M. Stone, Aurangabad - Paithan Road,  
Village: Chittegaon, Taluka: Paithan,  
Dist.: Aurangabad,  
Maharashtra

Village Chavaj, Via Society Area,  
Taluka & Dist. Bharuch  
(Gujarat)

Vigyan Nagar, RICO Industrial Area,  
Shajanpur, District Alwar,  
(Rajasthan)

### 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  
"Vedant", 8/9, Viraj Estate,  
Opp. Tarakpur Bus Stand,  
Ahmednagar - 414 003

### BANKERS

|                       |                         |
|-----------------------|-------------------------|
| State Bank of India   | State Bank of Hyderabad |
| Allahabad Bank        | Vijaya Bank             |
| Bank of India         | State Bank of Mysore    |
| Bank of Maharashtra   | State Bank of Patiala   |
| Central Bank of India | The Federal Bank Ltd.   |
| ICICI Bank Ltd.       | Union Bank of India     |
| Indian Bank           | IDBI Bank Ltd.          |
| Indian Overseas Bank  | Punjab National Bank    |

### COMPANY SECRETARY

Vinod Kumar Bohra

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## NOTICE

**NOTICE** is hereby given that the Twenty Second Annual General Meeting of the Members of **VIDEOCON INDUSTRIES LIMITED** (the "Company") will be held on Wednesday, 29th June, 2011, at the Registered Office of the Company at 14 K.M. Stone, Aurangabad - Paithan Road, Village: Chittegaon, Taluka: Paithan, Dist.: Aurangabad - 431 105 (Maharashtra) at 12.00 Noon to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the period ended 31st December, 2010 and the Balance Sheet as at that date together with the Report of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a director in place of Mr. Satya Pal Talwar who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. Radhey Shyam Agarwal who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a director in place of Ms. Gunilla Nordstrom who retires by rotation and having not offered herself for re-appointment.
6. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** M/s. Khandelwal Jain & Co., Chartered Accountants, Mumbai, (Firm Registration No. 105049W) and M/s. Kadam & Co., Chartered Accountants, Ahmednagar, (Firm Registration No. 104524W) be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

### SPECIAL BUSINESS

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

**"RESOLVED THAT** pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof for the time being in force), the Foreign Exchange Management Act, 1999, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, the notifications issued by the Reserve Bank of India ("RBI") and other applicable laws, listing agreements entered into by the Company with the stock exchanges where the shares of the Company are listed, Articles of Association and subject to all other statutory and regulatory approvals, consents, permissions and/or sanctions of the Government of India, Reserve Bank of India, Securities and Exchange Board of India ("SEBI") and all other concerned authorities (hereinafter singly or collectively referred to as the "Appropriate Authorities") as may be required, and subject to such terms, conditions and modifications as may be prescribed by any of the Appropriate Authorities while granting any such approval, consent, permission and/or sanction and agreed to by the Board of Directors of the Company (the "Board") (which term shall be deemed to include any committee(s) constituted/to be constituted by the Board to exercise its powers including powers conferred by this resolution, to the extent permitted by law), which the Board be and is hereby authorised to accept, if it thinks fit in the interest of the Company, the consent of the Company be and is hereby accorded to the Board to create, issue, offer and allot equity shares and/or other equity linked or convertible financial instruments ("OFIs") in one

or more tranches, whether denominated in rupee or foreign currency(ies), in the course of international and/or domestic offering(s) in one or more foreign market(s), for an amount equivalent to not exceeding ₹ 1,000 Crores (Rupees One Thousand Crores Only), inclusive of premium through a follow-on public offering ("FPO") to eligible investors, or through Global Depository Receipts ("GDRs"), American Depository Receipts ("ADRs"), Foreign Currency Convertible Bonds ("FCCBs"), any other Depository Receipt Mechanism convertible into Equity Shares (either at the option of the Company or the holders thereof) at a later date, any such instrument or security [including Debentures or Bonds or Foreign Currency Convertible Bonds ("FCCBs")] being either with or without detachable warrants attached thereto entitling the warrant holder to apply for Equity Shares/instruments or securities including GDRs and ADRs representing equity shares (hereinafter collectively referred to as the "Securities") or any combination of Equity Shares with or without premium, to be subscribed to in Indian and/or any foreign currency(ies) by resident or non-resident/foreign investors (whether institutions and/or incorporated bodies and/or individuals and/or trusts and/ or otherwise)/ Foreign Institutional Investors ("FIIs")/ Mutual Funds/ Pension Funds/ Venture Capital Funds/ Banks and such other persons or entities, whether or not such investors are members of the Company, to all or any of them, jointly or severally through prospectus, offer document and/ or other letter, placement document or circular ("Offer Document") and/ or on private placement basis, from time to time in one or more tranches as may be deemed appropriate by the Board and such issue and allotment to be made on such occasion or occasions, at such value or values, at a discount or at a premium to the market price prevailing at the time of the issue and in such form and manner and on such terms and conditions or such modifications thereto as the Board may determine in consultation with the Lead Manager(s) and/or Underwriters and/or other Advisors, with authority to retain oversubscription upto such percentage as may be permitted by the Appropriate Authorities, with or without voting rights in general meetings/ class meetings, at such price or prices, at such interest or additional interest, at a discount or at a premium on the market price or prices and in such form and manner and on such terms and conditions or such modifications thereto, including the number of Securities to be issued, face value, rate of interest, redemption period, manner of redemption, amount of premium on redemption/prepayment, number of further equity shares, to be allotted on conversion/ redemption/ extinguishment of debt(s), exercise of rights attached to the warrants, the ratio of exchange of shares and/or warrants and/or any other financial instrument, period of conversion, fixing of record date or book closure and all other related or incidental matters as the Board may in its absolute discretion think fit and decide in consultation with the appropriate authority(ies), the Merchant Banker(s) and/or Lead Manager(s) and/or Underwriter(s) and/or Advisor(s) and/or such other person(s), but without requiring any further approval or consent from the shareholders and also subject to the applicable regulations for the time being in force.

**RESOLVED FURTHER THAT** the Relevant Date for determining the pricing of the Securities or issue of Equity Shares underlying the GDRs /ADRs or securities issued on conversion of FCCBs is the date of the meeting in which the Board decides to open the proposed issue or such date, if any, as may be notified by SEBI or the RBI or any Appropriate Authority from time to time.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to enter into and execute all such agreements and arrangements with any Lead Manager(s), Co-Lead Manager(s), Manager(s), Advisor(s), Underwriter(s), Guarantor(s), Depository(ies), Custodian(s), Trustee, Stabilisation Agent,

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Banker/Escrow Banker to the Issue and all such agencies as may be involved or concerned in such offerings of Securities and to remunerate all such agencies by way of commission, brokerage, fees or the like, and also to seek the listing of such Securities in one or more Indian/International Stock Exchanges.

**RESOLVED FURTHER THAT** the Board and/or agency or body authorised by the Board may issue Depository Receipt(s) or Certificate(s), representing the underlying securities issued by the Company in registered or bearer form with such features and attributes as are prevalent in Indian and/or International Capital Markets for the instruments of this nature and to provide for the tradability or free transferability thereof, as per the Indian/ International practices and regulations and under the norms and practices prevalent in the Indian/International Markets.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to issue and allot such number of further Equity Shares as may be required to be issued and allotted upon conversion of any securities or as may be necessary in accordance with the terms of the offering, all such further Equity Shares ranking pari-passu with the existing fully paid equity shares of the Company in all respects except provided otherwise under the terms of issue and in the offer document.

**RESOLVED FURTHER THAT** subject to the existing law and regulations, such Securities to be issued, that are not subscribed, during the currency of the warrants or option or any right entitling the holder of security to subscribe for Equity Shares or any OFIs, may be disposed of by the Board to such person(s) and in such manner and on such terms as the Board may in its absolute discretion think most beneficial to the Company, including offering or placing them with resident or non-resident/ foreign investor(s) (whether institutions and/or incorporated bodies and/or individuals and/or trusts and/or otherwise)/Foreign Institutional Investors ("FIIs")/ Qualified Institutional Buyers ("QIBs")/Mutual Funds/ Pension Funds/ Venture Capital Funds/ Banks and/or Employees and Business Associates of the Company or such other person(s) or entity(ies) or otherwise, whether or not such investors are members of the Company, as the Board may in its absolute discretion decide.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolutions, the Board be and is hereby authorised on behalf of the Company to agree to and make and accept such conditions, modifications and alterations stipulated by any of the relevant authorities while according approvals, consents or permissions to the issue as may be considered necessary, proper and expedient and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation the entering into of underwriting, marketing, depository and custodian arrangements and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue(s)/ offer(s) or allotment(s) or otherwise and utilization of the issue proceeds and/ or otherwise to alter or modify the terms of issue, if any, as it may in its absolute discretion deem fit and proper without being required to seek any further consent or approval of the Company to the end and intent that the Company shall be deemed to have given its approval thereto expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers herein conferred by this resolution on it, to any Committee of Directors or any person or persons, as it may in its absolute discretion deem fit in order to give effect to this resolution."

**By order of the Board of Directors of  
VIDEOCON INDUSTRIES LIMITED**

**Vinod Kumar Bohra  
Company Secretary**

Place: Mumbai  
Date : 26th May, 2011

**Registered Office:**  
14 K.M. Stone, Aurangabad- Paithan Road,  
Village: Chittegaon, Taluka: Paithan,  
District: Aurangabad - 431 105 (Maharashtra)

**NOTES**

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- Corporate Members intending to send authorised representative(s) to attend the Annual General Meeting are requested to send a certified copy of the Board Resolution authorizing such representative(s) to attend and vote on their behalf at the Meeting.
- In terms of the provisions of the Articles of Association of the Company, Mr. Satya Pal Talwar; Mr. Radhey Shyam Agarwal and Ms. Gunilla Nordstrom, Directors, are liable to retire by rotation at the ensuing Annual General Meeting. Being eligible, Mr. Satya Pal Talwar and Mr. Radhey Shyam Agarwal have offered themselves for re-appointment. Ms. Gunilla Nordstrom has not offered herself for re-appointment and shall accordingly retire at the ensuing Annual General Meeting of the Company. The Board of Directors have recommended appointment of Mr. Anil G. Joshi in place of Ms. Gunilla Nordstrom. The Company has received due notice under Section 257 of the Companies Act, 1956.

- A brief resume of the directors seeking appointment/re-appointment as per 3 above; nature of their expertise in specific functional areas, the names of other companies in which they hold directorship and membership/ chairmanship of the Committees of the Board of Directors, and particulars of their shareholding, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India is appended to the notice. The Board of Directors of your Company recommends re-appointment of Mr. Satya Pal Talwar, Mr. Radhey Shyam Agarwal and appointment of Mr. Anil G. Joshi as Directors of the Company.
- For convenience of Members and for proper conduct of the Meeting, entry to the place of Meeting will be regulated by attendance slip, which is annexed to the Annual Report. Members are requested to sign at the place provided on the attendance slip and hand it over at the entrance of the venue.
- Members who hold shares in dematerialised form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
- In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names shall be entitled to vote.
- The Register of Members and Share Transfer Books shall be closed from Thursday, 16th June, 2011 to Wednesday, 29th June, 2011, (both days inclusive) for determining the shareholders' entitlement for dividend on equity shares.

9. The dividend, as recommended by the Board of Directors, if declared at the Meeting, will be paid on or around Monday, 4th July, 2011 to those Members who hold shares in physical form and whose names appear on the Company's Register of Members on Thursday, 16th June, 2011. As regards, shares held in the electronic form, the dividend will be paid to the beneficial owners of the shares as at the close of business hours on Wednesday, 15th June, 2011, as per the particulars of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
10. Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, the Company has transferred the unclaimed dividends for the financial year 2002-2003 to the Investor Education and Protection Fund (IEPF) established by the Central Government. Members who have not encashed dividend warrant(s) for the subsequent years are requested to contact the Company's Registrar and Transfer Agent, M/s. MCS Limited for seeking issue of duplicate warrant(s). Members are requested to note that no claims shall lie against the Company or IEPF in respect of any amounts which remained unclaimed and unpaid for a period of seven years from the dates they first became due for payment; and no payment shall be made in respect of any such claims.
11. Members who hold shares in physical form, under multiple folios, in identical names or joint accounts in the same order or names, are requested to send the share certificates to M/s. MCS Limited, Registrar and Transfer Agent of the Company, for consolidation into a single folio.
12. Members holding shares in physical form are requested to kindly notify the Company of any change in their addresses so as to enable the Company to address future communication to their correct address. Members holding shares in electronic form are requested to notify their respective Depository Participant of any change in their addresses.
13. Non-Resident Indian Members are requested to inform M/s. MCS Limited, the Registrar & Transfer Agent of the Company, immediately of change in their residential status on return to India for permanent settlement and provide particulars of their Bank Account maintained in India with complete

name, branch, account type, account number and address of the Bank with Pin-Code Number, if not furnished earlier.

14. The equity shares of the Company are tradable compulsorily in electronic form and your Company has established connectivity with both the Depositories i.e., National Securities Depository Limited and Central Depository Services (India) Limited. Taking into consideration the enormous advantages offered by the Depository System, Members are requested to avail the facility of dematerialization of the Company's shares on either of the Depositories, as aforesaid.
15. The documents referred to in the accompanying notice are available for inspection at the Registered Office of the Company on all working days between 12.00 Noon to 3.00 p.m. upto the date of the Annual General Meeting.
16. Members desiring any information as regards to the Accounts are requested to write to the Company Secretary at an early date so as to enable the Management to reply at the Meeting.
17. Members may address their queries/communications at [secretarial@videoconmail.com](mailto:secretarial@videoconmail.com)
18. Members are requested to kindly bring their copy of the Annual Report to the Meeting.

**By order of the Board of Directors of  
VIDEOCON INDUSTRIES LIMITED**

Place : Mumbai  
Date : 26th May, 2011

**Vinod Kumar Bohra  
Company Secretary**

**Registered Office:**  
14 K.M. Stone, Aurangabad- Paithan Road,  
Village: Chittegaon, Taluka: Paithan,  
District: Aurangabad - 431 105 (Maharashtra)

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

### **Item No. 7:**

Over the years, the Company has consolidated its position in the Consumer Electronics and Home Appliances business. Further, over the last decade and especially the last 5 years, it has aggressively nurtured the new ventures of Oil and Gas and has strengthened its portfolio in oil and gas business with continuing exploration activities in the Australia, Brazil, Mozambique, East Timor and Indonesia. It has made foray into Power sector as well.

All this has opened up huge business opportunities domestically as also internationally resulting in substantial increase in fund requirements. On this background, the Company proposes to augment its capital base at an appropriate time.

Accordingly, it is proposed to seek shareholders' approval to issue, offer and allot equity shares and/or other equity linked financial instrument, in one or more tranches, for an amount not exceeding ₹ 1,000 Crores, inclusive of premium, through a follow-on public offering ("FPO"), Global Depository Receipts ("GDRs"), American Depository Receipts ("ADRs"), Foreign Currency Convertible Bonds ("FCCBs"), any other Depository Receipt Mechanism convertible into Equity Shares, or any such instrument or security [including Debentures or Bonds or Foreign Currency Convertible Bonds ("FCCBs")] being either with or without detachable warrants attached thereto entitling the warrant holder to apply for Equity Shares/instruments.

In terms of Section 81(1) of the Companies Act, 1956, in the event of a Public Company proposing to increase its subscribed capital by way of 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 Companies Act, 1956, 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.

The Board recommends the resolution set out at Item No. 7 of the notice for your approval. None of the directors of the Company, is in any way, concerned or interested in the said resolution.

**By order of the Board of Directors of  
VIDEOCON INDUSTRIES LIMITED**

Place : Mumbai  
Date : 26th May, 2011

**Vinod Kumar Bohra  
Company Secretary**

**Registered Office:**  
14 K.M. Stone, Aurangabad- Paithan Road,  
Village: Chittegaon, Taluka: Paithan,  
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BRIEF RESUME OF THE DIRECTORS SEEKING RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING  
(PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES IN INDIA)

| Profile of the Director |  |  |   |  |  |
|-------------------------|--|--|---|--|--|
| Sr. No.                 | Particulars  |  |   |  |  |
| 1.                      | Name of the Director                                       | Mr. Satya Pal Talwar   | Mr. Radhey Shyam Agarwal  | Mr. Anil Gopal Joshi   |  |
| 2.                      | Date of Birth  | 14th June, 1939  | 2nd October, 1942   | 17th December, 1943  |  |
| 3.                      | Educational Qualification                                  | B.A., LL.B, C.A.I.I.B  | B.Sc., BE (Chem. Engg)<br>Diploma in Industrial Engineering<br>Proficiency in Boiler Operation Engineering<br>30th March, 2009  | M.Sc.- Physics/Electronics,<br>P.G. Diploma-Business Management, C.A.I.I.B (Part I)  |  |
| 4.                      | Date of appointment on the Board                           | 8th December, 2005   |   | N.A.   |  |
| 5.                      | Category of the Director                                   | Independent  | Independent   | Independent  |  |
| 6.                      | Area of Expertise / Senior Position Held / Work Experience | He carries with him forty years of operational and policy formulation experience in Commercial and Central Banking. In the past, he has served on following positions:<br>Banking Sector: <ul style="list-style-type: none"><li>Deputy Governor, Reserve Bank of India.</li><li>Chairman, RBI Services Board, Reserve Bank of India, Mumbai.</li><li>Chairman, Advisory Board for Banking, Commercial &amp; Financial Frauds (appointed by Central Vigilance Commissioner of Government of India).</li><li>Chairman &amp; Managing Director, Bank of Baroda.</li><li>Chairman &amp; Managing Director, Union Bank of India.</li><li>Chairman &amp; Managing Director, Oriental Bank of Commerce.</li></ul> Other Positions Held: <ul style="list-style-type: none"><li>Chairman, Indian Banks Association (IBA).</li><li>Director, Securities and Exchange Board of India.</li><li>Director, Industrial Development Bank of India.</li><li>Director, Small Industries Development Bank of India.</li><li>Director, Oriental Insurance Company.</li><li>Director, Agricultural Finance Corporation Limited.</li><li>Director, IBU International Finance Limited, Hongkong.</li><li>Director, Master Card International, Asia Pacific (Regional Board, Singapore.)</li></ul> He is presently Senior Advisor, YES Bank Limited. | He carries with him vast experience in the Technical fields. Amongst other positions, he has served as Executive Director of IDBI for 3 years in his total service of 28 years with IDBI.   | He has over 32 years of experience and has worked with the Bank of Maharashtra. He was an Executive Director of Indian Bank and retired as the Chairman and Managing Director of Dena Bank. He is a member of Evaluation Committee of Maharashtra Airport Development Company Ltd.   |  |
| 7.                      | Details of Directorships in other Public Limited Companies | Reliance Life Insurance Company Limited<br>Reliance General Insurance Company Limited<br>Crompton Greaves Limited<br>Reliance Communications Limited<br>Housing Development And Infrastructure Limited<br>Reliance Infratel Limited<br>A. B. Hotels Limited<br>Kalpatru Power Transmission Limited<br>Uttam Galva Steels Limited<br>GTL Infrastructure Limited<br>SPS Ispat & Power Limited  | Madras Cements Limited<br>Ramco Industries Limited<br>Ramco Systems Limited<br>Deccan Cements Limited<br>Elegant Marbles And Granite Industries Limited<br>Suryalata Spinning Mills Limited<br>Surya Lakshmi Cotton Mills Limited<br>NRC Limited<br>Unimers India Limited<br>Liberty Videocon General Insurance Company Limited | Unity Infraprojects Limited<br>Roman Tarmat Limited<br>Aplab Limited<br>Sahil Resorts And Spa India Limited<br>GDA Trustee And Consultancy Limited<br>Phadnis Properties Limited<br>Phadnis Infrastructure Limited<br>Phadnis Infrastructure India Limited<br>Phadnis Power Projects Limited<br>Phadnis Telecom Limited<br>Sahil Hospitality Limited |  |
| 8.                      | Names of the other Committees in which Chairman            | Reliance Life Insurance Company Limited (Audit)<br>Reliance Communications Limited (Audit)<br>Housing Development And Infrastructure Limited (Audit)   | Madras Cements Limited (Audit)<br>Ramco Industries Limited (Audit)<br>Unimers India Limited (Audit)   | Aplab Limited (Audit)<br>Roman Tarmat Limited (Audit)<br>Unity Infraprojects Limited (Audit)   |  |
| 9.                      | Names of the other Committees in which Member              | Reliance General Insurance Company Limited (Audit)<br>Crompton Greaves Limited (Audit)<br>Reliance Communications Limited (Shareholders'/ Investors' Grievance)<br>Reliance Infratel Limited (Audit)   | Suryalata Spinning Mills Limited (Audit)<br>Surya Lakshmi Cotton Mills Limited (Audit)<br>NRC Limited (Audit)<br>Elegant Marbles And Granite Industries Limited (Audit)   | Aplab Limited (Investor Grievance)<br>Roman Tarmat Limited (Investor Grievance)<br>Sahil Resorts and Spa India Limited (Audit and Investor Grievance)  |  |
| 10.                     | Number of Shares Held                                      | Nil  | Nil   | Nil  |  |

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the Twenty Second Annual Report together with the Audited Accounts and Auditors' Report of your Company for the period ended 31st December, 2010.

### PERFORMANCE REVIEW

A snapshot of the performance of the Company, on standalone basis, for the period ended on 31st December, 2010, is summarized below:

(₹ Million)

| Particulars  | Period Ended<br>31st December, 2010 | Year Ended<br>30th September, 2009 |
|--|-------------------------------------|------------------------------------|
| Net Sales  | 144,096.91                          | 91,630.41                          |
| Other Income   | 429.86                              | 340.15                             |
| Total Income   | 144,526.77                          | 91,970.56                          |
| Profit before Interest,<br>Depreciation and Taxation | 26,565.60                           | 17,918.57                          |
| Interest and Finance Charges                         | 8,931.56                            | 6,363.61                           |
| Depreciation, Amortisation<br>and Impairment         | 7,129.62                            | 5,771.52                           |
| Profit Before Tax                                    | 10,504.42                           | 5,783.44                           |
| Provision for Taxation                               | 3,057.48                            | 1,776.82                           |
| Profit after Tax                                     | 7,446.94                            | 4,006.62                           |

The Financial Year of the Company was extended by a period of three months. The Financial Year under review accordingly comprises of a period of 15 months commencing from 1st October, 2009 and ended on 31st December, 2010. Subsequent Financial Years shall be from 1st January to 31st December.

### OPERATIONS

#### CONSUMER ELECTRONICS & HOME APPLIANCES [CE&HA]:

The global economic recovery and improved markets were the welcome signs in the second half of the period under review. Your Company continued its growth in CE&HA Business backed by ongoing in-house technological advancement; aggressive marketing, distribution and advertising strategies with focused penetration in the key markets.

#### OIL & GAS:

Your Company intensified its exploratory efforts both in domestic and overseas basins to identify new oil and gas assets. These efforts paid good dividends in terms of new discoveries and reserve accretion.

#### MOZAMBIQUE

**February 2010:** Anadarko Mozambique announced a discovery in the exploration well, Windjammer. The drilling was completed in the first quarter of 2010 and reached an intermediate casing point encountering more than 480 net feet of natural gas pay in high-quality reservoir sands with a gross column of more than 1,200 feet.

#### March 2010:

Anadarko Mozambique announced that it had encountered an additional 75 net feet of natural gas pay. The additional pay intersected in the deeper objective brings the total net feet of natural gas pay in Windjammer to more than 555 feet.

#### October 2010:

Anadarko Mozambique announced a further discovery in the Barquentine exploration well, encountering a total of more than 416 net feet of natural gas in multiple high-quality sands.

#### November 2010:

Anadarko Mozambique announced a discovery of natural gas of more than 550 net pay feet in multiple high quality sands in Lagosta exploration well, approximately 16 miles to the south of the Barquentine discovery. After this discovery, Anadarko Mozambique estimates that there is adequate gas which has been discovered in the Rovuma Block to support a viable LNG facility.

#### BRAZIL

#### November 2009:

Anadarko, the Operator of block BM-C-30 offshore Brazil in the Campos Basin has announced the Wahoo #2 (also called Wahoo North) exploration well in the Campos Basin, offshore Brazil, has encountered more than 90 feet of high quality net oil pay in the same pre-salt interval, as the original Wahoo discovery. The Wahoo #2 is located in block BM-C-30, five miles to the north and down-dip from the original Wahoo Discovery well, which encountered more than 195 feet of net pay.

#### April 2010:

Anadarko, the Operator of block BM-C-30 offshore Brazil in the Campos Basin, has announced the results of the Wahoo-1 drillstem test in the Wahoo field, located in block BM-C-30, in the deepwater Campos Basin offshore Brazil. The Wahoo-1 well flowed at a test rate of approximately 7500 barrels per day of 31-degree API gravity crude oil and approximately 4 million cubic feet per day of associated natural gas.

#### October 2010:

PETROBRAS, the Operator of the BM-SEAL-11 Concession Block in the Sergipe-Alagoas Basin of the Brazilian Offshore, announced that the drilling of first ultra deep water (2321m) well, designated as 1-SES-158, on "Barra" structure, located 58 km off the Coast of Brazil and 90 km from city Aracaju, in Atlantic Ocean, discovered hydrocarbon in Cretaceous turbidite fan system.

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## INDONESIA

**November 2010:** Anadarko, the Operator, announced the Badik Discovery located in the Tarakan Basin of Indonesia. The well encountered approximately 133 net feet of oil and gas pay.

These world-class finds have positioned your Company as one of the most successful private Indian explorer globally.

## TELECOM

Videocon Telecommunications Limited ("VTL"), a subsidiary of the Company, has been awarded licences to provide Unified Access Services in 21 circles in India with effect from January 25, 2008 which is valid for 20 years. VTL has been allotted spectrum in 20 circles and has launched its services in 16 circles as on the Balance Sheet Date.

## POWER

Pipavav Energy Private Limited ("PEPL") and Chhattisgarh Power Ventures Private Limited ("CPVPL"), subsidiaries of the Company are assigned to implement Power Projects in the State of Gujarat and Chhattisgarh respectively. Status brief of these projects:

**Pipavav Energy Private Limited:** The Power Project in Gujarat is a thermal power project with a capacity of 1,200 MW comprising of two units of 600 MW each based on sub-critical technology. PEPL has signed the necessary Memorandum of Understanding with the Government of Gujarat and has also obtained necessary approvals to commence construction including the environmental clearances from Gujarat Pollution Control Board and the Ministry of Environment and Forests. Notice to Proceed has already been issued to BHEL, the BTG Contractor.

**Chhattisgarh Power Ventures Private Limited:** The Chhattisgarh Power Project is also a thermal power project with a capacity of 1,200 MW and is located in District Champa- Janjgir in Chhattisgarh. It will consist of two units of 600 MW each. The Company has signed an Implementation Agreement with the Government of Chhattisgarh with respect to the said project. The Government of Chhattisgarh has agreed to facilitate the process of obtaining statutory clearances as well as help in acquisition of land for setting up the Chhattisgarh Power Project and provide the incentives available under the industrial policy of Chhattisgarh for similar projects. The Company has already obtained coal linkage from the Ministry of Coal for 600 MW whereas an application seeking coal linkage for the balance quantity has already been filed.

Further, your Company has also undertaken few solar power projects in the other parts of the country through step-down subsidiaries.

## ISSUES / ALLOTMENT

**9th December, 2009:** The Company issued and allotted 1,858,275 Equity Shares, on preferential basis, at a price of ₹ 242.16 per Equity Share inclusive of a premium of ₹ 232.16 per Equity Share to Infotel Telecom Infrastructure Private Limited.

**22nd April, 2010:** The Company allotted 51,392,243 partly paid Equity Shares of ₹ 10/- each at ₹ 225/- consisting of premium of ₹ 215/- per Equity Share, aggregating to ₹ 1,156.33 Crores, on rights basis, to the successful applicants. As per the terms of the rights issue, an amount of ₹ 112.50 per Equity Share was payable on application; and the balance on the first and the final call. The first and the final call was made; and was payable by 15th June, 2010. Subsequently, the Company sent the reminders to the shareholders who failed to make payment by the due date. As on 31st December, 2010, the Company received the first and the final call money in respect of 51,361,328 Equity Shares which were confirmed as fully paid whereas 30,915 partly paid Equity Shares remained outstanding as on the same date.

**7th July, 2010:** The Company issued and allotted 7,541,300 Equity Shares, on preferential basis, at a price of ₹ 211.96 per Equity Share inclusive of a premium of ₹ 201.96 per Equity Share to IDBI Bank Limited, ING Vysya Bank Limited, Oriental Bank of Commerce Limited, State Bank of Patiala and Life Insurance Corporation of India.

**7th December, 2010:** The Company allotted 11,765,000 equity shares, at a price of ₹ 170/- per Equity Share, to Bennett, Coleman & Company Ltd. ("BCCL") pursuant to option exercised by BCCL to subscribe to 1 (One) Equity Share of the Company per warrant. These warrants were allotted on preferential basis on 1st June, 2009.

**15th December, 2010:** The Company issued Foreign Currency Convertible Bonds (the "FCCBs") amounting to USD 200 Million. These FCCBs are convertible, by the exercise of option by Bondholders, into fully paid equity shares of the Company at any time between 25th January, 2011 to 7 days before maturity date i.e. 16th December, 2015. The initial conversion price is ₹ 239.5265 per Equity Share.

## DIVIDEND

Your Company follows a policy to pay sustainable dividend considering its projected growth plans; internal accruals, the potential requirements of funds for capex and working capital and the existing financial arrangements.

Your directors are pleased to recommend a Dividend of Re. 1/- (Rupee One only) per equity share for the period ended on 31st December, 2010.

The dividend, if approved by the shareholders in the Annual General Meeting shall entail a payout of ₹ 352.13 million including dividend distribution tax of ₹ 50.16 million. The dividend is free of tax in the hands of the shareholders.



### TRANSFER TO GENERAL RESERVE

Your directors propose to transfer ₹1,000.00 million to the General Reserve. An amount of ₹ 28,680.29 million is proposed to be retained in the Profit and Loss Account accordingly.

### TRANSFER TO INVESTOR EDUCATION AND PROVIDENT FUND

The Company has transferred a sum of ₹ 3.58 Million in respect of unpaid/unclaimed dividend for the Financial Year 2002-03 to Investor Education Protection Fund.

### FIXED DEPOSITS

Your Company has not accepted any Fixed Deposit within the meaning of Section 58A of the Companies Act, 1956; and as such, no amount of principal or interest was outstanding as on the Balance Sheet date.

### PERSONNEL

A Statement of the Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended is annexed and forms part of this Report.

Effective development of Human Resources is key to several learning processes and initiatives have been designed and delivered in this area keeping in view the need to cultivate a workforce that offers true competitive advantage.

### CONSERVATION OF ENERGY

Your Company believes in sustainable consumption of natural resources. Conservation of Energy is a focus area. Some of the energy conservation initiatives adopted by the Company are as under:

1. Process improvement to eliminate/minimize the aging process of CTV Line leading to reduction in power consumption during aging.
2. Energy checks performed at all manufacturing units ensuring efficient energy management.
3. Replacement of electrical tools by pneumatic tools and conversion of continuous power to intermittent power consumption.
4. Automation to stop freewheeling of machines during no production / less production hours. Servo controlled mechanisms and parts are being used and replaced in older machines to get better energy efficiencies.
5. Improvement of per hour production to reduce power burning hours for the same production quantity.
6. Improve process to reduce freewheeling of machines due to waiting time at work stations.
7. Awareness programs of energy savings; and utilization of natural resources.
8. Implementation of advance technology; and continuous innovations at manufacturing processes /plants in the form of energy efficient equipments.
9. Improved awareness amongst employees by effective communications and trainings.
10. Increased usage of energy saving lighting arrangement in shop floor and on roads inside the facilities by using Electronics Ballasts and CFL lamps.
11. Plantation of trees at all the manufacturing plants.

Further, the Company has formed "Quality Circles" and "Team of Experts" comprising of selected employees engaged in manufacturing activities to perform time and motion study of the overall manufacturing process and recommend ways and means for conservation of energy and power.

The noted initiatives leading to optimal consumption of resources have resulted in an overall improvement in efficiency.

### RESEARCH & DEVELOPMENT [R & D]

The Company aims to inspire consumers around the world with innovation and fun through its unique combination of technology and entertainment based on its consumer electronics and home appliances businesses.

The Company continues to give utmost importance to R & D. Our focus on developing existing technologies and product engineering innovation, aimed at improving production efficiency leading to lowering cost of production. The Company has R & D centres located at Aurangabad, Gurgaon; and in China with skilled engineers/experts working continuously on new products development. With the R & D centres working non-stop, your Company launched several products in CTVs, FPDs, refrigerators and fully automatic washing machines.

#### R & D activities include:

- Market Trend analysis;
- Study/Analyse Customer's demands and changing needs; and
- Design/Develop products suitable for Indian climatic conditions as well as same for Export market.

#### Benefits derived from the R & D Activities:

- Development of high end products;
- Introduction of Integrated Digital TV (iDTV) with a built in DTH facility with MPEG 4 DVB-S2 Digital signal;
- Introduction of LED TV with "Nano Pixels" for immense picture performance and razor slim design; and
- Introduction of unique "SMART TV" with a platform for "Internet TV" to enjoy Live Chatting, Browsing, Video Conferencing, Email Access, Blue Tooth Connectivity and many more applications to make LCD TV a real "SMART TV".

To align the Global needs and Company's Vision of being committed to "Eco Logic": Technology for Sustainable Life, R&D has developed:

- Star Rated Products in Consumer Electronics and Home Appliances: This technology offers energy savings of 15 % of power consumption approximately to the benefit of consumers; and leading to effective utilization of power resources.
- Introduction of further paint less product with a unique Hot and Cold Technology for moulding of part: This helps to reduce pollution generated due to hazardous chemicals used in plastic paints and its process. Customer can enjoy the high glossy finish with ultimate scratch resistance.
- State of art technology LED illumination in Refrigerators: This gives better illumination with lowest energy consumption.
- New concept for PCM (Pre-Coated Material) finish with floral design for Refrigerators.
- Introduction of State of Art technology – Ioniser in Refrigerators: It is a first time introduction in Indian market to kill the bacteria and offer hygienic fruits and vegetables.
- "Centre Water Fall Technology" for Dolphin washing machine: This technology saves water when directed to spin side.
- "UV cleaning" technique eliminates any bacteria contents in clothes.

R & D activities carried out in various consumer electronic products and benefits derived from these activities:

#### Televisions:

- Introduced new "Titanium LED" Series with NANOPIX Engine with 120Hz refresh rate and FULL HD 1080P resolution.

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- Introduced "3D LED TV" which enhances the viewing experience.
- Introduced "Titanium", "Hurricane" and "Tornado" Series of LCD TV with FULL HD 1080p resolution: It has a unique feature of DCRE (Digital Cinema Reality Engine). With this unique picture quality improvement algorithm, it reproduces 1 Billion display colour for more natural, vivid and true to life colours. "Titanium" series of LCD TV has a DVBS (Digital Video Boosting Station) with 1,00,000: 1 Super Contrast Ratio to give crisper image and dramatic picture quality. It has an advance function of "Energy Meter" for efficient energy utilization while viewing. Its 10 Bit advanced Scalar Video Data processing gives the flicker free images & optimal video fidelity to provide most natural and Cinema Quality Video Images. With boot capture logo function user can view his family photo every time when TV is switched on. With the multimedia port user can watch photos/movies/ songs stored in USB device. With Multi Function Monitor concept in LCD TV and USB / Multi Media connectivity the viewer can enjoy maximum connectivity to the Digital World. Its Natural Easy View Panel provides ultra wide viewing angle with enhanced picture quality and antireflective coating to make black more darker with low reflection for very clear images. PIP (Picture in Picture) feature enables the user to watch TV programme and movie simultaneously.
- Introduction of Blue Tooth Function in TV enables a user to transfer photos/songs stored on his mobile to TV sets wirelessly.
- Introduced unique RF remote control technology in its product where customer can operate TV from any angle (360 degree). Conventional remote operates only when it is keep in line with TV sets (+/- 30 Degree).
- Introduced touch control function in CRT TV segment.
- Introduced "Hot and Cold" moulding technology in TV.
- Introduced SRS technology in LED Series to improve the acoustic performance of sets.
- Introduced "MAGNUM" LCD Series with unique metallic finish and glass front.
- Introduced "Titanium iye" LCD series with brush finish.
- Introduced new segment of 14" Ultra Slim TV in market.
- Introduced new range of products viz : Universal Media player, Solar Mobile Charger, High End Home Theatre and new range of LCD TV's.

**Refrigerators:**

- Developed new range of Direct Cool as well as Frost Free refrigerators like Ecocool, Ecocool Plus, Ecofresh, Deofresh, Nutricool, Nutricool Plus, Powercool.
- Developed 4 & 5 Star Rated refrigerators with new exterior finish i.e. PCM.
- Introduction of new base stand with smart VEGI TRAY which is unique and give convenience to customer in day to day usage.
- Introduction of new looks of refrigerators, which strengthen our market position in Direct Cool range.
- Introduction of new economic series of Direct Cool Refrigerator as "Bharat Series", which has given cutting edge solution for the competitors on the price factor.
- Introduction of the products on health platform with Deodorizer which gives the solution to remove the odour created by rotten vegetables and fruits.
- Enhanced Frost Free refrigerator series with introduction of LED & LEDI technology.
- Introduction of 3 & 4 Star Rated Refrigerators, with high energy efficient compressors.

To enhance the brand image, the Company re-engineered number of models with new packing design such as:

- 50 Powder coated models with catchy & smooth colours; and
- Introduction of Black colour refrigerators.

**Washing Machines:**

- Developed higher capacity Washing Machines to be offered to Indian market with Hand Wash and UV light technology.
- Digi-Aqua and Digi-Pacific series of 5.5 kg Fully Automatic (FA) Washing Machines with 8 Wash Programs, 8 Water levels, Child lock feature resulting in less water consumption.
- Introduced Digi-Wave and Digi-Atlantic series of 6.0kg FA Machines with 8 Wash Programs, 8 Water levels, Child lock feature and Special Air Dry features.
- Introduced India's first UV light technology Washing Machine, Digi-Marine and Digi-Ocean. This has other features like Hand Wash, LCD Display, Delay Time setting etc. for user convenience.
- Developed 6kg Semi Automatic (SA) Washing Machine "Aqua and Pacific".
- Developed Dolphin, Atlantic, Marine series of 7.0kg SA Washing Machines with Gear Drive for improved wash ability and efficiency.
- Introduced SA 7.0kg Spring with Decorative Transparent Panels, Roller Coster Pulsator, centre water fall & Chrome Knobs. Delight to watch and efficient in use.
- Centre Water Fall Technology for Dolphin which saves water when directed to spin side.
- Features like Magic Filter for Dolphin and Atlantic series, which are better lint collectors and user friendly.
- Introduction of designer Floral patterns with blazing top colours which will give attractive look to Washing Machine in the 6kg & above FA category.
- Focusing on Environmental friendly technologies: R&D is working on series of FA & SA machines which are energy efficient, use lesser water and detergents.
- Introduced Digi Dolphin Dlx with Direct Drive technology along with enhanced features like "Do It Yourself" program. This has multi spin speed, 8 Water levels and dynamic soak features.
- Developed 6.5Kg FA TILT Drum Careen Plus with Direct Drive Motor: This has advanced features like Sterilization program, Aero Wash technology and self cleaning of Tub.

**Air Conditioners:**

- Introduced highly technological AC DC inverter AC: This has efficiency better than even current 5 star as stated and set by Bureau of Energy Efficiency (BEE). It moderates the compressor performance as per need and adjusts compressor rotation to operate with minimum power input, hereby saving more than 40% power saving than the conventional AC.
- Introduced Vitamin C filter: This Filter dispenses Vitamin C charged ions with the cool air. Thereby boosts immunity, keeps skin glowing with its antioxidant property hence keeps the user fresh and vibrant.
- Added the Gold Fin Evaporator for enhanced reliability and durability of Air Conditioner. The indoor unit cooling coil is coated with Gold anti corrosive agent which keeps the cooling coil in excellent and efficient working condition for a long time.
- Developed multi utility Universal Remote: This remote can operate AC (Videocon brand) and CE products like LCD/LED TV, Set top box, DVD player etc (LG/SS/Philips/Videocon/Akai etc) thereby providing multiple solutions with a single remote.