



**VIDEOCON**

**VIDEOCON INDUSTRIES LIMITED**

ANNUAL REPORT 2011



# 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	
Radhey Shyam Agarwal	
Anil G. Joshi	
S. Ananthkrishnan	Nominee – IDBI Bank Limited

## 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

## COMPANY SECRETARY

Vinod Kumar Bohra

## 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 - 431 105  
(Maharashtra)

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

Vigyan Nagar, Industrial Area, Opp. RIICO Office,  
Shahjahanpur, Dist.: Alwar - 301 706  
(Rajasthan)

## BANKERS

State Bank of India  
Allahabad Bank  
Bank of India  
Bank of Maharashtra  
Central Bank of India  
ICICI Bank Ltd.  
Indian Bank  
Indian Overseas Bank

State Bank of Hyderabad  
Vijaya Bank  
State Bank of Mysore  
State Bank of Patiala  
The Federal Bank Ltd.  
Union Bank of India  
IDBI Bank Ltd.  
Punjab National Bank

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## NOTICE

**NOTICE** is hereby given that the Twenty-Third Annual General Meeting of the Members of **VIDEOCON INDUSTRIES LIMITED** (the "Company") will be held on Friday, 29th June, 2012 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 financial year ended 31st December, 2011 and the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on preference shares.
3. To declare dividend on equity shares.
4. To appoint a director in place of Mr. Pradipkumar N. Dhoot, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a director in place of Maj. Gen. Sudhir Chintamani Nilkanth Jatar, who retires by rotation and, being eligible, offers himself 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, (Firm Registration No. 105049W) and M/s. Kadam & Co., Chartered Accountants, (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."

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

Place: Mumbai  
Date : 26th May, 2012

**Vinod Kumar Bohra  
Company Secretary**

### Registered Office:

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

### NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY/PROXIES 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.**
2. Corporate Members intending to send their authorised representative(s) to attend the 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.
3. In terms of the provisions of Section 255, 256 of the Companies Act, 1956 and the provisions of the Articles of Association of the Company,

Mr. Pradipkumar N. Dhoot and Maj. Gen. Sudhir Chintamani Nilkanth Jatar, Directors of the Company, are liable to retire by rotation at the ensuing Meeting. Being eligible, Mr. Pradipkumar N. Dhoot and Maj. Gen. Sudhir Chintamani Nilkanth Jatar, have offered themselves for re-appointment. A brief profile of the Directors seeking re-appointment; nature of their expertise in specific functional areas; names of other public limited 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 recommend re-appointment of Mr. Pradipkumar N. Dhoot and Maj. Gen. Sudhir Chintamani Nilkanth Jatar, as the Directors of the Company.

4. For convenience of the 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.
5. Members who hold shares in dematerialized 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 on the attendance slip for attending the Meeting.
6. 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.
7. The Register of Members and Share Transfer Books shall remain closed from Saturday, 16th June, 2012 to Friday, 29th June, 2012 (both days inclusive) for the purpose of the Meeting and for determining the shareholders' entitlement for dividend.
8. The Dividend, as recommended by the Board of Directors, if declared at the Meeting, will be paid on or around Wednesday, 4th July, 2012, to those Members who hold shares in physical form and whose names appear in the Company's Register of Members on Saturday, 16th June, 2012. 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 Friday, 15th June, 2012, as per the particulars of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
9. Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, the Company has transferred the unclaimed dividend for the financial year 2003-04 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, M/s. MCS Limited, Registrar and Share Transfer Agent, 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 were unclaimed and unpaid for a period of seven years from the date they first became due for payment and no payment shall be made in respect of any such claims.
10. 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 Share Transfer Agent of the Company, for consolidation into a single folio.
11. Members holding shares in physical form are requested to kindly notify any change in their address(es) to the Company, so as to enable the Company to address future communications to their correct address(es). Members holding shares in electronic form are requested to notify any change in their addresses to their respective Depository Participant.

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12. Non-Resident Indian Members are requested to inform M/s. MCS Limited, the Registrar and Share Transfer Agent of the Company, immediately of the change in their residential status on return to India for permanent settlement together with the 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.
13. The equity shares of the Company are tradable compulsorily in electronic form and your Company has established connectivity with both the Depositories i.e. NSDL and CDSL. 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.
14. 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 Meeting.
15. Members desiring any information as regards to the Accounts are requested to write to the Company at an early date so as to enable the Management to reply at the Meeting.
16. Members may address their queries/communications at [secretarial@videoconmail.com](mailto:secretarial@videoconmail.com)
17. 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**

**Vinod Kumar Bohra  
Company Secretary**

Place: Mumbai  
Date : 26th May, 2012

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

### **BRIEF PROFILE 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)**

Sr. No.	Particulars	Profile of the Director	
1.	Name of the Director	Mr. Pradipkumar N. Dhoot	Maj. Gen. Sudhir Chintamani Nilkanth Jatar
2.	Date of Birth	22nd March, 1960	3rd September, 1932
3.	Educational Qualification	Commerce Graduate	B.E. (Civil), FIE, MICA, Qualified from the Defence Services Staff College
4.	Date of appointment on the Board	16th February, 1991	1st June, 2005
5.	Category of the Director	Promoter – Executive (Whole-Time Director)	Non-Executive – Independent
6.	Area of Expertise/Senior Position Held/Work Experience	<ul style="list-style-type: none"> <li>Industrialist with more than two decades of experience to his credit in an array of fields such as consumer electronics and home appliances; and oil &amp; gas.</li> <li>One of the Promoters and Whole-Time Director of the Company.</li> </ul>	He has served as: <ul style="list-style-type: none"> <li>Consultant to ICICI Bank Limited (Upstream operations, Oil &amp; Natural Gas).</li> <li>Member of Industrial Council of Arbitration.</li> <li>Chairman &amp; Managing Director, ONGC Videsh Ltd.</li> <li>President, Petroleum Sports Control Board.</li> <li>Chairman &amp; Managing Director, Oil India Limited.</li> <li>Served with Indian Army and has vast Army profile to his credit.</li> </ul>
7.	Names of other Public Limited Companies in which the director also holds directorship	<ul style="list-style-type: none"> <li>Videocon Realty and Infrastructures Limited</li> <li>CE India Limited</li> <li>Videocon Telecommunications Limited</li> <li>Infodart Technologies India Limited</li> <li>Velologis - Net India Limited</li> <li>Maharashtra Semiconductor &amp; Displays Limited</li> <li>Unity Appliances Limited</li> <li>Datacom Telecommunications Private Limited</li> </ul>	NIL
8.	Names of the other Committees in which Chairman	NIL	NIL
9.	Names of the other Committees in which Member	Videocon Telecommunications Ltd. (Audit)	NIL
10.	Number of Shares Held	156,808	NIL

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the Twenty-Third Annual Report together with the Audited Accounts and Auditors' Report for the financial year ended on 31st December, 2011.

### PERFORMANCE REVIEW

The performance of the Company, on standalone basis, for the financial year ended on 31st December, 2011, is summarized below:

(₹ in Million)

Particulars	Year ended 31st Dec., 2011 (12 Months)	Period ended 31st Dec., 2010 (15 Months)
Net Sales	126,502.22	144,096.91
Other Income	1,063.12	429.86
Total Income	127,565.34	144,526.77
Profit before Interest, Depreciation and Tax	23,587.25	26,565.60
Interest and Finance charges	9,777.89	8,931.56
Depreciation, Amortization and Impairment	6,075.64	7,129.62
Profit Before Tax	7,733.72	10,504.42
Provision for Taxation	2,278.14	3,057.48
Profit after Tax	5,455.58	7,446.94

The figures for the current year are for a period of 12 months as against 15 months in the previous period and hence, are not comparable.

### OPERATIONS

#### CONSUMER ELECTRONICS & HOME APPLIANCES

During the year under review, your Company was able to post a stable performance in the consumer electronics and home appliances segment. However, the margins were under pressure in view of increase in the cost of raw materials and components and intense competition.

#### OIL & GAS

Your Company intensified its exploratory efforts. These efforts paid good dividends in terms of new discoveries and reserve accretion.

#### BRAZIL

**21st September, 2011** Petrobras, the Operator of the BM-SEAL- 11 Concession in the Sergipe Basin announced that the presence of oil and gas accumulations, confirmed after completing the drilling, logging, sampling fluid in a formation testing operations at Barra well (1-SES-158) with the presence of excellent reservoirs with good porosities and permeabilities at several depths.

#### MOZAMBIQUE

**7th February, 2011** Anadarko announced the latest in a string of major deepwater natural gas discoveries off the coast of Mozambique. The Tubarão discovery well encountered more than 110 net feet of natural gas pay.

**22nd August, 2011**

Anadarko announced that the Barquetine - 2 appraisal well, located in Mozambique's Offshore Area 1 of the Rovuma Basin, encountered more than 230 net feet (70 meters) of natural gas pay in high quality Oligocene-age reservoirs. Barquetine - 2 was the first appraisal well in the Windjammer, Barquentine and Lagosta complex, which is estimated to hold a minimum of 6 trillion cubic feet (Tcf) of recoverable natural gas resources.

**5th October, 2011**

Anadarko announced that the appraisal section of most recent exploration well at the Camarão prospect encountered approximately 240 net feet (73 meters) of natural gas pay in an excellent quality reservoir and confirmed static pressure connectivity with the partnerships' previously announced Windjammer and Lagosta discoveries. In addition, the Camarão well discovered approximately 140 net feet (43 meters) of natural gas pay in shallower Miocene and Oligocene sand packages not encountered in previous wells.

**28th November, 2011**

Barquetine-3 appraisal well encounters more than 662 net feet (202 meters) of natural gas pay in two high-quality Oligocene-aged fan systems, significantly expanding the estimated recoverable resource range to 15 to 30 + trillion cubic feet (Tcf) of natural gas, with an estimated 30 to 50 + Tcf of natural gas in place.

#### Post Balance Sheet date

**17th January, 2012**

Anadarko announced its seventh well in the discovery area offshore Mozambique successfully appraised previous discoveries at Lagosta and Camarão. The Lagosta-2 appraisal well, located about 4.4 miles (7 kilometers) north of the Lagosta discovery and 5.3 miles (8.5 kilometers) south of the Camarão well, encountered 777 total net feet (237 meters) of natural gas pay in multiple zones.

**12th March, 2012**

Anadarko announced the results of its first flow test offshore Mozambique. The Barquentine-2 well flowed at an equipment – constrained rate of 90 to 100 Million cubic feet per day (MMcf/d), with minimal pressure drawdown, providing confidence in well designs that are capable of 100 to 200 MMcf/d.

**4th April, 2012**

Anadarko announced the success of the Barquentine-4 appraisal well which encountered approximately 160 net meters of natural gas pay.

**15th May, 2012**

Anadarko announced that Golfinho exploration well discovered a new, major natural gas accumulation nearly 20 miles (32 kilometers) northwest of its Properidade complex within the Offshore Area 1 of the Rovuma Basin. The Golfinho discovery well encountered more than 193 net feet (59 net meters) of natural gas pay in two high-quality Oligocene fan systems that are age-equivalent to, but geologically distinct from, the previous discoveries in the Prosperidade complex.

Videocon Telecommunications Limited (VTL), a subsidiary of the Company, was granted Unified Access Services (UAS) Licenses in 21 circles and had also been allotted spectrum in 20 circles out of which it has launched its services in 16 circles.

The Hon'ble Supreme Court of India, vide its judgment dated 2nd February, 2012, in two separate writ petitions filed by Centre for Public Interest Litigations and by another, has quashed all the UAS Licenses granted on or after 10th January, 2008, pursuant to two press releases issued on 10th January, 2008 and the subsequent allocation of spectrum to the licencees. This includes 21 Licenses issued to the VTL and the spectrum allotted to it in 20 circles. The Hon'ble Supreme Court of India further directed that its Order of quashing the Telecom Licenses and the allocation of the spectrum shall be operative after four months from 2nd February, 2012. On 24th April, 2012, the Hon'ble Supreme Court of India modified its Order and postponed the operation of its Order of quashing of the Telecom Licenses and the allocation of the spectrum to 7th September, 2012. The Hon'ble Supreme Court of India had also directed, in its Judgement of 2nd February, 2012, Telecom Regulatory Authority of India (TRAI) to make fresh recommendations for grant of Licences and allocation of spectrum (TRAI has since issued its recommendations on 23rd April, 2012) and the Central Government to grant fresh Licenses and allocation of spectrum by auction thereafter. The Central Government has announced that it will complete the auction of Licenses and allocation of spectrum on or before 31st August, 2012. VTL has decided to participate in such auction.

## POWER

The Company commissioned 5.75 MWp Solar Photovoltaic Power Project at Village Majra, District Warora, Maharashtra, in the month of October 2011.

Comet Power Private Limited, a step down subsidiary of the Company, commissioned 5.75 MWp Solar Photovoltaic Power Project at Village Betwasiya, Osiyan, District Jodhpur, Rajasthan, in the month of October 2011.

Unity Power Private Limited, a step down subsidiary of the Company, commissioned 5.50 MWp Solar Photovoltaic Power Project in the State of Gujarat, in the month of January, 2012.

There are two 1,200 MW coal-fired thermal electricity power projects which are under development. These projects are being undertaken by Pipavav Energy Private Limited and Chhattisgarh Power Ventures Private Limited, the subsidiaries of the Company in the state of Gujarat and Chhattisgarh respectively.

## INSURANCE

Your Company has entered into a joint venture with USA headquartered Liberty Mutual Insurance Group to setup a non-life insurance business in India. As per prevailing FDI Guidelines for the Insurance sector in India, Liberty Mutual Insurance Group will for the present hold a maximum of 26.0% of the equity interest in the Joint Venture Company and our Company will hold a minimum of 74.0%. The Joint Venture Company, Liberty Videocon General Insurance Company Limited, has received the Certificate of Registration as a General Insurance Company from the Insurance Regulatory and Development Authority (IRDA), under Section 3 of the Insurance Act, 1938.

As on the Balance Sheet date, the Joint Venture Company, was a wholly owned subsidiary of the Company. However, currently, the Company is holding 79.41% equity stake in the Joint Venture Company.

## ISSUES / ALLOTMENT

During the year under review, the Company has allotted 1,058,035 equity shares of ₹ 10/- each at a conversion price of ₹ 239.5265 per equity share, upon conversion of Foreign Currency Convertible Bonds. The details of conversion are set out hereunder:

Sr. No	Date of Allotment	No. of equity shares allotted	Principal Amount (US \$)
1.	27th July, 2011	491,230	2.6 Million
2.	22nd August, 2011	188,935	1.0 Million
3.	31st October, 2011	377,870	2.0 Million

### Material changes Post Balance Sheet date:

On 22nd May, 2012, the Company has allotted 15,750,000 equity shares of face value of ₹ 10/- each, represented by the issue of 15,750,000 Global Depository Receipts at a price of US \$ 3.2395 per GDR, equivalent to ₹ 174/- per equity share, aggregating to US \$ 51.02 Million to LLC S.a.r.l., on a private placement basis.

## DIVIDEND

Your Company follows a dividend policy by harmonizing the needs of the Company as well as the shareholders. Your Directors are pleased to recommend a dividend of ₹ 0.50 (Fifty paise only) per equity share for the financial year ended on 31st December, 2011.

The dividend, if approved, by the shareholders, will entail a payout of ₹ 185.24 Million including dividend distribution tax of ₹ 25.85 Million.

Your Directors recommend 8% dividend on the preference shares for the year ended 31st December, 2011.

The dividend is tax free in the hands of the shareholders.

## TRANSFER TO RESERVES

Your Directors propose to transfer ₹ 1,000 Million to the General Reserve and ₹ 150.83 Million to Capital Redemption Reserve. An amount of ₹ 34,680.55 Million is proposed to be retained in the Profit and Loss Account.

## TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The Company has transferred a sum of ₹ 2.91 Million in respect of unpaid/unclaimed dividend for the Financial Year 2003-04 to the Investor Education and 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

Human Capital is an important asset for the Company and the Company has taken and shall continue to take adequate steps towards education and enrichment of the human capital.

A Statement of the Particulars of Employees 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.



## CONSERVATION OF ENERGY

*Energy can neither be created nor destroyed by itself; it can only be transformed.*  
The conservation of energy is a need of the day. Your Company believes in the conservation of energy to meet the future demands. Your Company has made different policies and rules to save the energy and make optimum utilization of natural resources.

The Company has taken following key initiatives for conservation of energy:

- Use of hi-tech energy monitoring appliances and conservation systems to monitor usage, minimize wastage and increase overall efficiency at every stage of power consumption;
- Installation of energy saving lights;
- Reduction of energy consumption via behavioural modification of facility occupants, i.e. turning off lights, personal computers and other electronic equipments, when not in use;
- Installation of astronomical digital timers, occupancy sensors for better lighting control;
- Based on the outdoor temperature raising the air handler, supply air temperature to prevent over cooling and reduce the cooling coil load;
- Timely maintenance and up-gradation of machinery & equipments;
- Auto shut-off of air conditioners and other equipments during lunch breaks and during shift change;
- Plantation of trees at all the manufacturing facilities;
- Awareness programs towards optimum utilization of natural resources at managerial as well as employee level;
- Reduction in power consumption by taking opportunities of idle production hours, tea and lunch timings etc.; and
- Use of energy saving lighting arrangement on shop floors and on roads, inside the manufacturing facilities by using Electronics Ballet and CFL lamps.

To make available the resources for future generation is the ultimate responsibility of today's generation. Hence, your Company continues to lay emphasis on conservation of energy, power and other energy resources. Such measures for conservation of energy will ultimately reduce the cost of production by reducing maintenance cost and efficient use of resources.

## RESEARCH AND DEVELOPMENT (R & D) AND TECHNOLOGY ABSORPTION

The consumer electronics industry is one of the most dynamic industries in the world, undergoing seemingly continual change with changing lifestyle of the people thereby creating demand for meaningful innovations based on unique insights of the customers.

Technolgy and R & D go hand in hand. To compete with ever changing market conditions and fetch the technological advancement, your Company has set up a very dynamic and active R & D center. Your Company has built up strong R & D centers, having qualified staff working continuously for betterment of product and services. Our R & D team continuously does market research as well as customer survey to understand the needs and requirements of the consumers.

Your Company has launched variety of products in consumer electronics industry including wide range of Refrigerators, Washing Machines, Televisions, Air-Conditioners, Microwave Ovens etc. Your Company is committed towards introducing new models and improving existing products to meet the ever-increasing demands of the consumers by fully exploring technological options and advancements.

### R & D centers are operated for the following activities:

- To conduct market survey and ascertain the new trend;
- To foresight the consumer needs and modify the products to suit the consumer demands;
- To bring variety of products at an affordable price level;
- To generate new technologies and make adequate use of the same;
- To improve operational efficiency;
- To reduce cost of production;
- To improve quality of product; and
- To supply value-for-money products in the market with best aesthetics and advanced features.

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

- Maintenance of quality;
- Innovations in product designs and outlook;
- Efficient use of technological advancement;
- Cost reduction; and
- Optimum utilization of resources.

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

#### Televisions:

Consumer electronics market is majorly influenced by technology which is changing day by day with many innovations and continuous R & D. In this dynamic world, the Company is launching LED TVs, 3D TVs, DTH LED TVs, Internet TVs etc. with attractive designs and aesthetics, using latest technologies, to delight Indian consumers with wide range of products. These products will not only be technologically advanced but also be connected with consumers in their everyday lives.

Your Company has also introduced many unique selling propositions like models with brush and metal finish, slim TVs etc. Some of the unique models introduced are as follows :

- Integrated Digital TV with single chip solution with a built in DTH (Direct to Home) facility having MPEG 4 DVB-S2 Digital signal. Customer can enjoy the unmatched picture & audio quality of LCD TV & LED TV. This product has the following unique features:
  - MPEG-4 DVB-S2: Single Chip iDTV Solution with second generation MPEG- 4 DVB-S2 technology for enhanced picture quality.
  - FULL HD (1920 x 1080P): 100% Full HD Reception which improves the picture & sound quality.
  - H.264 Video Decoder: Excellent video quality across entire Bandwidth Spectrum as H.264 decoder is inside the single chip.

- **CPU Performance:** Dual core CPU with 450MHz which is controlled by Linux Operating System. It leads to high system performance with greater operational speed.
  - **Internal RAM:** 48-Bit DDR2/3 (384MB) Local Memory interfacing with the high speed accessing capability up to 1066Mbps (533MHz clock rate) for better frame rate performance.
  - **MADi Technology for Motion Control:** Crystal clear rendering on Full HD (1080p) displays using advanced motion control algorithms such as MADi technology inside.
  - **Advanced Video Post Processing:** Video is optimized with 14 - Bit Colour processing which leads high depth in picture, true colour enhancement with natural skin tone.
  - **Digital Noise reduction with 3D Comb filter:** Better noise reduction and signal conditioning using built-in 3D/TNR noise suppression, cross colour suppression, media noise suppression which includes 'Block noise' and 'Mosquito noise' reduction.
  - **Enriched Graphic On Screen Display (OSD):** Enriched & Animated Graphical OSD with WXGA resolution, Unique OSD for both in Analog & Digital with 14 Multi-Regional Languages.
  - **Silicon Hybrid Tuner:** As using Silicon Hybrid Tuner which is giving better picture, sound quality and high performance as compared to Dual Tuner and in the Dual Tuner insertion loss will be around 8~10dB.
- Unique "Android TV" - Videocon has set a platform for "Internet TV" to enjoy the live chatting, browsing, video conferencing, email access and enabling the customers to download and play lot of applications from Google Apps Market. Customer can download and store his preferred applications in TV memory. This product has various unique capability such as Android Market; Flicker Free 3D; QWERTY Remote; Web Browser; Facebook; You Tube/Picasa; Skype/Horoscope; Maps/Weather Updates; App Installer; Inbuilt Wi-Fi and Games.
- The new "DVBS (Digital Video Boosting Station) LED" series with Faroudja engine which brings life to every color with 120Hz refresh rate and FULL HD 1080P resolution with built in DTH service.
- "Persistence" (LED) TV with FULL HD 1080p resolution. It has a unique feature of MJC (Motion Judder Compensation). With this unique picture quality improvement algorithm, it reproduces e 1 Billion display colour for more natural, vivid and true to life colours.

### Refrigerators:

Your Company has variety of models in double door and single door refrigerators. With the help of R & D, the Company was able to introduce various models having the following features:

- High End Frost Free (FF) and Direct Cool (DC) range of refrigerators from 50L to 610L;
- High glass designer exterior panels in both DC and FF;
- Introduction of designer models like Lily, Rose, Bird in DC and Orion and Creeper series in FF;
- First time introduction of night vision FF refrigerator with ambient light sensing LED illumination in door handle;
- Introduction of very unique USPs like digital watch, crisper separator, cosmetic box in FF refrigerator;
- Developed & launched Side By Side refrigerator to enter into super luxury refrigerator segment;
- Introduction of FM radio in refrigerators;
- Introduction of new Metallic robust Bar handle for DC & FF refrigerators;
- Introduction of toughened glass shelves for DC refrigerators, which strengthened our market position in DC range;
- LED light implementation in both DC & FF refrigerators, which ultimately shows our commitment towards energy saving and new innovation;
- Introduction of the products on health platform with Deodorizer, which gives the solution to remove the odour created by rotten vegetables and fruits; and
- Introduction of high glass pre-coated material with new designs and attractive colours across refrigerator range for luxurious look.

### Washing Machines:

The following new models and technologies were introduced:

- Introduced five star rated models in top loading and four star rated models in front loading washing machines;
- Front loading machines with memory back up and "do it yourself" mechanism;
- Attractive design with 3 auxiliary programs i.e. pre-wash, eco wash and intensive wash technology;
- 15 degree tilted drum in Front loading machines for easy loading of clothes;
- Introduced dual element heater in dryer with drying efficiency greater than 97%;
- Introduced toughened glass tops, in semi automatic washing machine with floral printing and matching body graphics;
- Launched new variants with cosmetic changes including new vibrant colours, body graphics, chrome knobs, etc.; and
- Added air dry function in semi automatic washing machine to increase the drying efficiency.

### Air Conditioners:

Your Company has developed and improved its product range by introducing the following new technologies:

- Introduction of Videocon Copper Plus series which are equipped with 100% copper condenser which has inner grooved copper pipes;
- New models of Air Conditioners which are equipped with auto cleaning technology for the consumers' ease;
- Introduced PFC coil in AC Outdoor Unit. PFC technology is far better than conventional Cu-Al fin tube heat exchanger in terms of performance. Because of its high efficiency, PFC is 30% smaller in size (when compared to conventional condenser) and hence can be easily accommodated in smaller chassis. Overall size and weight of outdoor unit is reduced substantially. Being an all aluminum condenser, it gives better resistance to galvanic corrosion and is cost competitive and is able to meet revised energy star rating norms;



- Introduced new range and new indoor unit looks and upgraded all models by one step up to match new BEE (Bureau of Energy Efficiency) star rating norms to compete in revised market scenario;
- Introduced another variant of highly technological DC inverter AC, which has efficiency better than even revised 5 star rating norms. It moderates the compressor performance as per need and adjusts compressor rotation to operate with minimum power input and saves more than 40% power when compared to the conventional AC;
- Developed the AC with Vitamin C filter. This filter dispenses Vitamin C charged ions with the cool air, thereby boosts immunity, keeps skin glowing with its anti oxidant property hence keeps the user fresh and vibrant; and
- Added the Gold, Blue and Green Fin Evaporator for enhanced reliability and durability of AC. 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.

#### Microwave Ovens:

Your Company has made innovations in number of products to suit the market demand. Products contain innovative technologies like:

- Auto Deodorizer which helps in removing odour vapours, leftover oil and food particles immediately by just pressing a button providing ease and convenience of cleaning and maintaining the machine;
- Anti Bacterial Coating which helps to reduce bacterial growth inside the microwave up to 99.99%;
- Lemon Clean Function which helps to remove leftover oil, odour and food particles from microwave cavity;
- Express cooking which helps to heat-up the food quickly; to prepare it faster and ultimately saves time;
- Multi-Stage Cooking which allows cooking food at different heat levels ensuring preparation of delicious dishes;
- Clock Setting Timer which allows setting the desired cooking times as per the requirement;
- Enhanced Auto Cook Recipe to customize 251 functions with categorization like sweets, beverages, snacks, meal, child favourite etc. Special focus is being given to Indian dishes covering major parts of India;
- Introduced Tandoori heater, which intelligently adjusts the cycle time of grill operation to give a flavour of grilling like in Indian tandoor;
- Developed special coating to prevent bacterial growth and is applied to cavity to retard the growth of bacteria and make food healthy to eat. Even if some food particle is left over in Microwave Oven, no microbial growth sustain due to anti bacterial cavity;
- Modified the software program & introduced one touch Indian Preset Menu which cooks the food more efficiently and retains the nutritive value;
- Developed the timers and preset timer to help the customer to cook as per their convenience even if they are away; and
- Models revamped with new floral design on glass and control panel aesthetics.

#### Future plan of action:

Your Company is committed to provide variety of products at an affordable prices. Your Company is looking forward to take an advantage of technological changes and compete efficiently with multinational players.

The future plan of action includes:

- Introduction of new models in LED and LCD TV. "Elena" model in LED TV is coming up with 2D to 3D conversion, Flicker Free 3D, Full HD services. "Smart TV" model in LCD TV is coming up with full fledged high speed internet, Skype, Twitter, You Tube, Picasa etc.;
- Implementation of new technology;
- Making variations in designs and making the product attractive; and
- Manufacturing of environmental friendly products keeping in mind the green initiative steps taken by the Company.

During the year under review, the Company has incurred ₹ 86.67 Million, representing 0.07% of the turnover towards recurring R & D expenses.

#### FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars of Foreign Exchange Earnings and Outgo during the financial year ended on 31st December, 2011, are set out hereunder:

(₹ in Million)

Particulars	Year ended 31st December, 2011 (12 Months)	Period ended 31st December, 2010 (15 Months)
Foreign Exchange Earnings	3,840.53	5,240.64
Foreign Exchange Outgo	16,745.84	23,721.69

Your Company is taking various initiatives for development of export markets for Consumer Electronics and Home Appliances to increase its foreign exchange earnings.

#### INFORMATION TECHNOLOGY

Information Technology and Business are becoming inextricably interwoven. Nobody can meaningfully talk about one without talking about the other. Indeed, the growing influence of Information Technology as an enabler of business in today's time has made use of Information Technology indispensable. Information Technology, having made inroads into major industries, has left no aspect of our business and life untouched. Your Company firmly believes that an organization needs to have a "Digital Nervous System" for sustaining the cut-throat competition and for achieving the "Numero Uno" status in any sector of economy.

In due recognition of the key role played by Information Technology in revolutionizing the world, your Company has re-engineered its processes by leveraging Information Technology for building, sustaining and expanding its competitive edge.

Your Company has designed and implemented web based Customer Relationship Management (CRM) application. The robust and stable CRM application with comprehensive support enables handling of larger call volumes resulting into speedy response and prompt resolving of customer queries. This is tightly integrated with all other systems like Enterprise Resource Planning (ERP), Business Intelligence (BI) and so on to have one consolidated system.

Your Company has established facilities for customers such as call centres, connect through SMS, websites etc., to provide speedy customer services.

SAP Solution has enabled your Company to leverage the benefits of integration in business operations, optimization of enterprise resources, standardized business processes, thereby enabling standard operating practices with well-established controls. This has enabled the Company to adopt best and standardized business processes across the functions. It has also benefited the management at all levels with business information which is available online and reliable to control the business operations in a well informed manner.

Recently, Company has upgraded SAP from ECC 5.0 to ECC 6.0 to get benefits of technology and processes which are new in ECC 6.0. This upgradation of SAP will give immense benefits to the Company leading into more stringent business processes and practices.

Your Company has scale-up data center infrastructure to cater the business requirements. During the year under review, SAP BI Tool was upgraded from 3.5 to 7 for providing intelligent and advance reporting functionality. There is secured and point to point Virtual Private Network (VPN) connectivity in most of the branches and warehouses of the Company.

Your Company has bagged SAP ACE Award, twice in a row for "Best Consumer Sector Implementation" and "Excellence in Implementation of various SAP Modules".

Your Company has also implemented couple of sales automation system which are mobile based application which helps sales force to enter dealer, distributor, sub dealer grievances / requirements from the dealer shop and also enables real time tracking of information.

Your Company has also implemented couple of strong system like VQINS which helps in production defect analysis and helps to increase quality of product.

Your Company has always focused all its Information Technology system to help its employees to maximize their productivity for enhancing quality and higher customer satisfaction.

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### HEALTH AND SAFETY

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The safety and security of the workers are important things for building healthy work environment. Your Company has taken effective measures in the field of healthcare and safety. Your Company has conducted following activities for building healthy work culture:

- Regular medical checkups;
- Medical aid facility for the workers and their family members and placement of First-Aid boxes at several places;
- Ensuring safety of the workers by displaying signs, cautionary boards, emergency phone calling system;
- Vaccination facility for contagious diseases;
- Conducting training programs for all employees on the job and off the job;
- Conducting lectures and seminars to create awareness for hygiene and cleanliness;
- Implementation of night manager concept;
- Conducting regular safety audit & mock drill;
- Doing "HIRA" (Hazard Identification Risk Assessments) of the critical activity to eliminate the risk;
- Availability of occupational health centre and ambulance with all medical devices, in case of emergency;
- Fire tender modified from water monitor to multipurpose use (water and foam), to handle the situation in case of emergency;

- Training given to fire marshals and display their contact number at various locations; and
- MSDS (Material Safety Data Sheet) displayed at chemical storage places.

Your Company believes that healthy and happy working environment is the fundamental right of every employee and to provide the same is a duty of the Company. Your Company is committed towards providing a healthy working environment in every possible way.

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### ENVIRONMENTAL PROTECTION

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With the increase in awareness of global warming, consumers are becoming more and more conscious about the energy efficiency of the products they use. Consumers in India are taking lead in prompting the manufacturers to adopt technologies to manufacture eco-friendly products. There is an increase in consumer preference towards environment friendly products.

Your Company believes that clean surrounding and healthy environment adds to the efficiency of workers. Your Company believes that it is the responsibility of the Company to maintain the ecological balance for sustainable development. Your Company aims towards maintaining the harmony and rhythm of the eco-system.

The eco friendly initiatives adopted by your Company include:

- Optimum use of natural resources;
- Implementing the 3R system – Reduce, Reuse & Recycle;
- Tree plantation campaigns;
- Upgradation of effluent treatment and sewage treatment plants from manual to automation;
- Regular internal environmental check;
- Reduction in process waste;
- Storage and disposal of hazardous waste as per statutory requirements;
- Celebration of world environment day, to increase the awareness among the employees;
- Follows National Ambient Air Quality Standards - 2010 (NAAQS – 2010 standards) for checking of stack emission and ambient air monitoring;
- Certification of ISO-14001, for environment management system; and
- Conduct sustainability audit from SGS.

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### CORPORATE SOCIAL RESPONSIBILITY

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Corporate Social Responsibility (CSR) is not a new concept in India. The only new is that the focus has been shifted from making profits to meeting societal challenges.

Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

Your Company is dedicated to serve the society at large. Commitment towards health, safety and environment protection are the core values of the Company. The Company is continuously making efforts to preserve the environment by undertaking various measures such as plantation of trees, encouraging paperless transactions, optimum use of natural resources etc..

Your Company shall continue to undertake more activities and initiatives to improve the quality of life and society at large.

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### APPOINTMENT/ RE-APPOINTMENT OF DIRECTORS

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During the year, Mr. Sushil Muhnot, Nominee of IDBI Bank Limited, on the Board of Directors of the Company, resigned from the Board of the Company consequent