

# **VIDEOCON INDUSTRIES LIMITED**

## **ANNUAL REPORT 2013**



# **VIDEOCON**

# VIDEOCON INDUSTRIES LIMITED

## BOARD OF DIRECTORS

Venugopal N. Dhoot	Chairman & Managing Director
S. Padmanabhan	Independent Director
Maj Gen. S. C. N. Jatar	Independent Director
Radhey Shyam Agarwal	Independent Director
Anil G. Joshi	Independent Director
B. Ravindranath	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

Allahabad Bank	LIC of India
Andhra Bank	Punjab National Bank
Bank of Baroda	State Bank of Bikaner & Jaipur
Bank of India	State Bank of Hyderabad
Bank of Maharashtra	State Bank of India
Canara Bank	State Bank of Mysore
Central Bank of India	State Bank of Patiala
Corporation Bank	State Bank of Travancore
Dena Bank	Syndicate Bank
ICICI Bank Limited	The Federal Bank Limited
IDBI Bank Limited	UCO Bank
IFCI Limited	Union Bank of India
Indian Bank	United Bank of India
Indian Overseas Bank	Vijaya Bank

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## NOTICE

**NOTICE** is hereby given that the Twenty-Fourth Annual General Meeting of the Members of **VIDEOCON INDUSTRIES LIMITED** (the "Company") will be held on Saturday, 28th December, 2013 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 11.30 a.m. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the period ended 30th June, 2013 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 held by Non-Promoter Shareholders (Public Shareholders).
4. To appoint a director in place of Mr. Anil G. Joshi, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a director in place of Mr. S. Padmanabhan, 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."

### 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), 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 (herein after called 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 Indian 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 not exceeding ₹ 5,000 Crores (Rupees Five Thousand Crores Only) or its equivalent foreign currency, 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, 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)/("FII's")/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**

Place: Mumbai  
Date : 29th November, 2013

**VINOD KUMAR BOHRA  
COMPANY SECRETARY**

**Registered Office:**  
14 K. M. Stone, Aurangabad- Paithan Road,  
Village: Chittagaon, Taluka: Paithan,  
Dist.: 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. A PERSON CAN BE A PROXY FOR MEMBERS NOT EXCEEDING 50 (FIFTY) AS PER THE COMPANIES ACT, 2013.**
2. In terms of Section 102 of the Companies Act, 2013, a statement setting out the material facts concerning special business to be transacted at the Meeting is annexed and forms part of this Notice.
3. Corporate Members intending to send their authorized 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.
4. 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. Anil G. Joshi and Mr. S. Padmanabhan, Directors of the Company, are liable to retire by rotation at the ensuing Meeting. Being eligible, Mr. Anil G. Joshi and Mr. S. Padmanabhan, have offered themselves for re-appointment. A brief profile of the Directors seeking re-appointment; nature of their expertise in specific functional area; names of the 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. Anil G. Joshi and Mr. S. Padmanabhan, as the Directors of the Company.
5. 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.
6. 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.

7. 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.
8. The Register of Members and Share Transfer Books shall remain closed from Monday, 16th December, 2013 to Saturday, 28th December, 2013 (both days inclusive) for the purpose of the Meeting and for determining shareholders' entitlement for dividend.
9. The Dividend, as recommended by the Board of Directors, if declared at the Meeting, will be paid on or around Thursday, 2nd January, 2014, to those Members who hold shares in physical form and whose names appear in the Company's Register of Members on Monday, 16th December, 2013. As regards shares held in the electronic form, the dividend will be paid to those beneficial owners of the shares as at the close of business hours on Saturday, 14th December, 2013, 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 dividend for the financial year 2004-2005 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.
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 Share Transfer Agent of the Company, for consolidation into a single folio.
12. 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 address(es) to their respective Depository Participant.
13. Non-Resident Indian Members are requested to inform M/s. MCS Limited, the Registrar and Share Transfer Agent of the Company, immediately of 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.
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., 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.
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 Meeting.
16. 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.
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 : 29th November, 2013

**VINOD KUMAR BOHRA  
COMPANY SECRETARY**

**Registered Office:**

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

**A STATEMENT SETTING OUT THE MATERIAL FACTS PURSUANT  
TO SECTION 102 OF THE COMPANIES ACT, 2013**

**Item No. 7:**

The Company is evaluating different proposals to mobilize the funds, as and when required including by way of issue of debt instrument and instruments convertible into equity shares. The Company may, at an appropriate time, decide to augment its capital base. 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 ₹ 5,000 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 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) of the Companies Act, 1956, 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 and other Key Managerial Personnel of the Company and their relatives, are in any way, concerned or interested in the said resolution.

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

Place: Mumbai  
Date : 29th November, 2013

**VINOD KUMAR BOHRA  
COMPANY SECRETARY**

**Registered Office:**

14 K. M. Stone, Aurangabad- Paithan Road,  
Village: Chittegaon, Taluka: Paithan,  
Dist.: 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. Anil G. Joshi	Mr. S. Padmanabhan
2.	Date of Birth	17th December, 1943	1st September, 1939
3.	Education Qualification	M.Sc. Physics/Electronics, P.G. Diploma – Business Management, C.A.I.I.B (Part I)	IAS B.Sc. Physics (Honors), M.Sc. Physics, Bachelor of General Law, Diploma in Developmental Economics- University of Cambridge, Diploma in Management.
4.	Date of appointment on the Board	29th June, 2011	1st June, 2005
5.	Category of the Director	Non Executive- Independent Director	Non Executive- Independent Director
6.	Area of Expertise/Senior Position Held/ Work Experience	He has over 36 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.	Ex. IAS. In the past, he has held various prominent positions with Government Authorities <i>inter-alia</i> including following positions: <ul style="list-style-type: none"> <li>• Director-Department of Atomic Energy, Government of India, dealing with projects, power projects, Nuclear Power Stations, Purchase, Budget, Administration, Vigilance.</li> <li>• Managing Director- The State Industrial &amp; Investment Corporation of Maharashtra Ltd.</li> </ul> Apart from the above, he has been in this industry for more than 22 years as advisor and consultants to various corporates.
7.	Names of other directorships in Public Limited Companies in which the Director holds directorship	<ul style="list-style-type: none"> <li>• Phadnis Resorts &amp; Spa India Ltd</li> <li>• Aplab Ltd</li> <li>• Unity Infra Projects Ltd</li> <li>• Tarmat Ltd</li> <li>• GDA Trusteeship Ltd</li> </ul>	<ul style="list-style-type: none"> <li>• Videocon Power Ltd</li> <li>• Videocon Energy Holdings Ltd</li> <li>• Desai Brothers Ltd</li> <li>• Sudarshan Chemical Industries Ltd</li> <li>• Premier Ltd</li> <li>• Rajkumar Forge Ltd</li> <li>• Sanghvi Movers Ltd</li> <li>• Force Motors Ltd</li> <li>• Pipavav Energy P. Ltd</li> <li>• Chhattisgarh Power Ventures P. Ltd</li> </ul>
8.	Names of the other Committees in which Chairman	<ul style="list-style-type: none"> <li>• Aplab Ltd (Audit)</li> <li>• Unity Infra Projects Ltd (Audit)</li> <li>• Tarmat Ltd (Audit)</li> </ul>	Nil
9.	Names of the other Committees in which Member	<ul style="list-style-type: none"> <li>• Aplab Ltd (Shareholders' / Investors' Grievance)</li> <li>• Tarmat Ltd (Shareholders' / Investors' Grievance)</li> <li>• Phadnis Resorts and Spa India Ltd. (Audit, Shareholders' / Investors' Grievance)</li> </ul>	<ul style="list-style-type: none"> <li>• Videocon Power Ltd (Audit)</li> <li>• Premier Ltd (Audit)</li> <li>• Sanghvi Movers Ltd (Audit)</li> <li>• Force Motors Ltd (Audit)</li> <li>• Pipavav Energy P. Ltd (Audit)</li> </ul>
10.	Number of Shares Held	Nil	Nil

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the Twenty-Fourth Annual Report together with the Audited Accounts and Auditors' Report for the financial period ended on 30th June, 2013.

### PERFORMANCE REVIEW

The performance of the Company, on standalone basis, for the financial period ended on 30th June, 2013, is summarized below:

(₹ in Million)

Particulars	Period Ended 30th June, 2013 (18 months)	Year Ended 31st December, 2011 (12 months)
Net Revenue from Operations	181,572.75	126,502.22
Other Income	4,182.66	1,063.12
Total Income	185,755.41	127,565.34
Profit Before Finance Costs, Depreciation and Tax	34,246.52	23,587.25
Finance Costs	27,148.18	9,777.89
Depreciation and Amortization	8,243.50	6,075.64
Profit /(Loss) Before Tax	(1,145.16)	7,733.72
Taxation Expenses	(428.84)	2,334.61
Profit /(Loss) for the Period	(716.32)	5,399.11

The financial year of the Company was extended by a period of 6 months. The financial year under review accordingly comprises of a period of 18 months commencing from 1st January, 2012 to 30th June, 2013. The figures for the current period are for 18 months as against 12 months in the previous year and hence, are not comparable.

### OPERATIONS

#### CONSUMER ELECTRONICS & HOME APPLIANCES:

The period was a very tough period marked by challenges in both internal and external environment and the Consumer Electronics & Home Appliances Industry was not an exception to this. The performance of the Company was affected due to economic slowdown, which resulted in lower business volumes. Even through thick and thin, the Company was able to deliver a stable performance.

#### OIL & GAS:

During the period under review, the wholly owned Mauritius based subsidiary named Videocon Mauritius Energy Limited has on 25<sup>th</sup> June, 2013 executed at Singapore, a Share Sale & Purchase Agreement with ONGC Videsh Limited and Oil India Limited for sale of its 100% stake in Videocon Mozambique Rovuma 1 Limited ("VMRL") for a consideration of US\$ 2.475 billion. VMRL holds 10% participating interest in the offshore Area 1 Block in Rovuma Basin in Mozambique (the "Offshore Area 1"), which has series of sizable natural gas discoveries. However, the financial results of the Company for the period do not include any revenue in respect of the same as the said transaction has not been yet consummated.

The Company continues to explore more opportunities in oil and gas sector in pursuance to its corporate objective and strategy to remain actively involved in E&P activities worldwide. The various discoveries and explorations made by the Company and through its wholly owned subsidiaries and/or joint ventures during the period under review have further added to the hydrocarbon resources already established in these Blocks.

#### BRAZIL

During the period under review, Petroleo Brasileiro SA, the Operator for Sergipe, Espirito Santos and Potiguar concessions, announced various discoveries in these Concessions. These discoveries and explorations further establishes and increases the prospectivity of various basins in which IBV Brasil Petroleo Limitada, a 50:50 joint venture of the Company, through its wholly owned subsidiary Videocon Energy Brazil Limited, with BPRL Ventures B.V., have concessions, adding to the discoveries already established. This further underlines our efforts in Brazil.

During the period under review, the exploration program in ES-M-661 block, BM-ES-24-A concession, in the Espirito Santo Basin, offshore Brazil was successfully completed. Exploration Well 1-ESS-209, known as "Grana Padano" was successfully drilled upto a depth of 2961 meters, in a water depth of 1208 meters by the consortium. Further, drilling of the second well in the area of Barra in the deep waters of the Sergipe-Alagoas Basin was also completed.

During the period under review, the existence of light hydrocarbons in the concession BM-SEAL-11, in ultradeep waters of the Sergipe-Alagoas basin offshore was discovered. This discovery was made during drilling of well 1-BRSA-1083-SES (1-SES-167) informally known as 'Farfan', situated in a water depth of 2720m, located 109 km from the city of Aracaju, located in ultra deep waters of Sergipe Alagoas Basin. The well proved presence of sandstone reservoirs saturated with light hydrocarbons in the Maastrichtian and Campanian sections with gross pay thickness of 98m in intervals of 4578m to 4605m (net pay of 17 m) and 5321 to 5365m (net pay of 24m) respectively.

#### After the Balance Sheet date:

Petroleo Brasileiro SA ("Petrobras"), the Operator, confirmed the existence of light hydrocarbons in the Appraisal Well currently drilled in the 'Farfan Discovery Area', in Concession BM-SEAL-11, in ultradeep waters of the Sergipe-Alagoas basin Offshore. Further, formation test in Well (3-SES-176D) informally known as Farfan#1, the first to evaluate the production capacity of the accumulation located in the concession area BM-SEAL-11, Block SEAL-M-426 in ultra deep waters of the Sergipe-Alagoas basin offshore was completed. Petrobras further confirmed that the test evaluated 30 meters of turbidite sandstones formation and confirmed good reservoir characteristics featuring excellent productivity of good quality oil.

Further, the Wahoo-5 appraisal well in BM-C-30 Concession, wherein Anadarko Petroleum Corporation, USA, through its Brazilian subsidiary, is acting as the Operator, drilled in the eastern flank of the Wahoo structure and encountered more than 200 net feet of high-quality pay in a pre-salt reservoir, with a total hydrocarbon column now established at 460 feet. The drilling result

of the well has proved beyond doubt the extent of the Upper Sag pay towards the NE of the Wahoo main structure. During drilling, oil and gas shows have been reported within the Coquina section, below the upper sag.

### **MOZAMBIQUE**

During the period under review, Anadarko Petroleum Corporation, USA ("Anadarko") announced its seventh well in the discovery area offshore Mozambique successfully appraised previous discoveries at Lagosta and Camarao. The Lagosta-2 appraisal well, located about 4.4 miles north of the Lagosta discovery and 5.3 miles south of the Camarao well, encountered 777 total net feet (237 meters) of natural gas pay in multiple zones.

Further, Anadarko also 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 of gas per day (MMcf/d), with minimal pressure drawdown, providing confidence in well designs that are capable of 100 to 200 MMcf/d.

During the period under review, Barquentine-4 well encountered approximately 160 net meters of natural gas pay. The Barquentine-4 well is the ninth successful well in the complex that includes the earlier Windjammer, Barquentine, Lagosta and Camarao discoveries and the five subsequent appraisal wells in the block.

During the period under review, the Golfinho exploration well discovered a new, major natural gas accumulation nearly 20 miles northwest of its Prosperidade 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 system. Further, the Atum exploration well discovered another significant natural gas accumulation within the Offshore Area 1 of the Rovuma Basin. The Atum discovery well encountered more than 300 net feet (92 meters) of natural gas pay in two high-quality Oligocene fan systems. Similarly, The Orca-1 discovery well encountered approximately 190 net feet (58 meters) of natural gas pay in a Paleocene fan system.

#### **After the Balance Sheet date:**

Espadarte Well encountered approximately 280 net feet of natural gas pay in Oligocene and Miocene sands.

Also, Golfinho-5 and Golfinho-6 wells drilled in Mozambique during the third quarter 2013, encountered approximately 330 net feet and approximately 240 net feet pay of natural gas pay, respectively.

### **TELECOM:**

Videocon Telecommunications Limited (VTL), a subsidiary of the Company had been awarded licenses by the Department of Telecommunications ("DoT") to provide Unified Access Services ("UAS") in 21 telecom circles in India with effect from 25th January, 2008 which were valid for a period of 20 years. VTL had also been allocated spectrum in 20 circles and had launched its commercial operations in 17 circles.

The Hon'ble Supreme Court of India, vide its order and judgment dated 2nd February, 2012 ("Judgment") in two separate writ petitions, quashed 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

licensees which included the 21 UAS licenses issued and allocation of spectrum to VTL. The Hon'ble Supreme Court of India's judgment reasoned that the allocation of 2G spectrum pursuant to the UAS License was unconstitutional and arbitrary. The order quashing the UAS licenses and the allocation of spectrum was to be operative after four months from the date of the Judgment. By subsequent orders dated 24th April, 2012 and 27th August, 2012, the Hon'ble Supreme Court directed that the licensees whose licenses had been cancelled were to continue their operations until 18th January 2013. This order was modified by a subsequent order dated 15th February 2013, whereby it was directed that the licensees have to stop operations with immediate effect.

The Hon'ble Supreme Court of India vide its Judgment had also directed the Central Government to grant fresh UAS licenses and spectrum allocation by auction. The DoT, had issued a Notice Inviting Applications (bearing file no. 3-16/2012- Fin./Auction) dated 28th September, 2012 for auction of spectrum in 1800 MHz and 800 MHz bands.

VTL participated in the aforesaid auction and was declared as a successful bidder of spectrum in six circles in 1800 MHz, namely, Bihar, Gujarat, Haryana, Madhya Pradesh, Uttar Pradesh (East) and Uttar Pradesh (West). On 3rd March, 2013, VTL was awarded the Unified Licenses (Access Services) for these six circles with effect from 16th February, 2013 which are valid for a period of 20 years. VTL has also been allotted 5Mhz spectrum in 1800Mhz category in each of these 6 circles out of which, VTL is already providing its commercial services in 3 circles i.e. Gujarat, Haryana and Madhya Pradesh.

By the order dated 15th February, 2013, the Hon'ble Supreme Court of India has, inter-alia, held that the successful applicants in the auction should be allowed to operate in those circles in which they have been successful. VTL is continuing its commercial operations in 3 circles viz. Gujarat, Haryana and Madhya Pradesh. VTL shall be launching, subject to receipt of the necessary approvals from DoT, its commercial operations in remaining 3 circles viz. Bihar, Uttar Pradesh (East) and Uttar Pradesh (West) shortly.

### **POWER:**

5.75 MWp Solar Photovoltaic Power Project commissioned by the Company in October, 2011 at Village: Majra, Taluka: Warora, Dist.: Chandrapur, Maharashtra; 5.75 MWp Solar Photovoltaic Power Project commissioned by Comet Power Private Limited, a step down subsidiary of the Company; and 5.50 MWp Solar Photovoltaic Power Project commissioned by Unity Power Private Limited, a step down subsidiary of the Company; are operating at full capacities and are generating electricity.

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 global insurance company, 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 new joint venture 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 to operate as a General Insurance Company from the Insurance Regulatory and Development Authority (IRDA), under Section 3 of the Insurance Act, 1938, in July, 2012.

Currently, our Company is holding 77.90% equity stake in the Joint Venture Company.

Post receipt of the necessary license from IRDA to commence its operations and after the requisite set up of manpower, technology, distribution arrangements & product approvals from IRDA, the Joint Venture Company has launched the Non-Life Insurance business in India in January, 2013. It has now commenced business operations from 8 branches across India and plans to expand its product suite and geographical presence nationally.

### DIVIDEND

Your Directors are pleased to recommend a dividend of ₹ 2/- (Rupees Two only) per equity share, to the Non-Promoter Shareholders (Public Shareholders).

The dividend, if approved, by the shareholders, will entail a payout of ₹ 232.55 Million including dividend distribution tax of ₹ 33.78 Million.

Your Directors recommend 8% dividend on the preference shares for the period ended 30th June, 2013.

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

### TRANSFER TO RESERVES

Your Directors propose to transfer ₹ 300.00 Million to the General Reserve, ₹ 155.96 Million to Capital Redemption Reserve and ₹ 1,909.34 Million to Bond/Debt Redemption Reserve.

### TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The Company has transferred a sum of ₹ 15.39 Million in respect of unpaid /unclaimed dividend for the Financial Year 2004-05 to the Investor Education And Protection Fund.

### ISSUES/ALLOTMENT

During the period under review, 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 LLIC S.a.r.l., on a private placement basis.

### 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 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

Sustainable development is an integral part what your Company does. Your Company's commitment to sustainable development is reflected in its ambitious targets to reduce consumption footprints in energy, water and waste. Your Company has shifted energy management parameters from the 'can do' alternative to the 'must do'. It strives to conserve energy on a perpetual basis in order to meet the future demands.

Your Company is striving continuously to conserve energy by adopting innovative measures to reduce wastage and optimize consumption. Some of the specific measures undertaken are:

- Mutual utilization of energy among adjacent factories and workplaces/inter-industry collaboration;
- Development of practical application of technologies to rationalize energy utilization;
- Lighting energy savers have been installed at various units which have led to significant savings in power usage;
- Installation of astronomical digital timers, occupancy sensors for better lighting control;
- Use of natural air ventilators which does not consume power;
- Induction of Energy Audit at the manufacturing facilities;
- Rain water harvesting to reduce water consumption at factory;
- Installation of Energy Efficient Motors at all the manufacturing units;
- Introduction of additional machinery with improved technology which results in reducing the cycle time and power saving;
- Increased awareness among the employees through visual management;
- Conducting energy saving training sessions;
- Replacement of pneumatic tools by energy efficient electrical tools and converted continuous power to intermittent power consumption; and
- 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.

The adoption of the above energy conservation measures have helped to curtail the proportionate increase in total energy usage consequent to overall increase in production. This has made it possible to maintain cost of production at optimum levels.

During the period under review:

- Your Company was conferred with the prestigious National Energy Conservation Award for 2011 by the Bureau of Energy Efficiency (BEE), a part of the Central Electricity Authority, Ministry of Power, Government of India.
- Your Company has been awarded the first prize in the Manufacturers of BEE Star Labeled Appliances (Refrigerator) sector for strict adherence to the BEE standards set up by the Bureau of Energy Efficiency. The Award for 2011 was given by honorable Union Minister for Power.

## RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

Research & Development (R & D) is a scientific investigation that explores the development of new goods and services, new inputs into production, new methods of producing goods and services, or new ways of operating and managing organizations.

"Research" aims to generate knowledge in the hope that it will help create or improve a product, process or service. "Development" converts research findings or other knowledge into a new or improved product, process or service.

In concrete terms, R & D brings new knowledge and processes to a business, the new higher value-added products, processes and services that company needs in order to thrive in a knowledge intensive market.

R & D allows your Company to participate in new markets and industries and offer their customers new or improved products, processes and services.

In order to compete with the ever changing market and to fetch the benefits of technological advancement, your Company has set up a dynamic and active R & D Centre. The R & D Centre has qualified staff working continuously on new products, process etc.

Your Company has launched number of products in Consumer Electronics Industry with a wide range of Refrigerators, Washing Machines, Air Conditioners, Televisions, etc.

R & D involves constant revitalization of knowledge and expertise, and could result in developments such as:

- New / Improved products;
- Improved operational process;
- Meeting the changing requirements of customers;
- Cost reduction;
- Meeting the changing social and environmental needs; and
- Maintenance of quality.

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

- Development and production of Digital Direct Broadcast (DDB) technology in India with a broader convergence of TV, D2H, Internet and Cloud Computing.
- DDB TV with single chip solution with built in DTH facility having MPEG4 DVB-S2 digital signal. Customer can enjoy the unmatched picture & audio quality of LCD/LED TV. This product has various features such as Dual Core Processor, 14-Bit Video Processor, Faroudja Video and Audit Optimization, 10-Band Graphics Equalizer, STRATA certified audio, Flicker Free 3D, 2D to 3D conversion, Internet etc.
- The large screen LED TVs i.e. 80", 65", 58", 55" LED TVs have been launched with the incredible DDB Technology.
- 58" cinema scope TV having an aspect ratio of 21:9 which is altogether a different segment than the conventional LED TVs. It enables users to experience a theatre like environment at home.

- Your Company has set a platform for "Internet TV" based on Android Operating System having DTH facility. This advancement completes the need of today with digital signal reception and internet accessibility. This platform gives freedom for live chatting, video conferencing, browsing, email accessing etc.
- PIXUS LED is again advancement in display technology which has direct LEDs in it instead of complete display unit. This integrated module is a revolutionary product which has more colours, vivid pictures and better viewing angle. The in-house designed audio system "BOOM BOX" adds much value to this TV.
- Metallica Series: As aesthetical advancement in display technology, the real metal finish LED has altogether a sophisticated look with advance TV algorithms for vivid picture and sound. The lustrous look and slim design has made them pioneers in market.
- Introduction of Digi Gracia Series of 6.5kg, 6.0kg, 5.5kg FA Washing Machines with 10 Wash Programs, 10 Water levels, rinse hold feature resulting in less water consumption.
- Introduction of Digi Rio series of 6.5kg FA Machines with 8 Wash Programs, 8 Water levels, Child lock feature and Special Air Dry feature.
- Introduced Digi Pearl series of 6.5kg FA Machines with 10 Wash Programs, 10 Water levels, Air Dry features, Eco wash program.
- Introduction of designer series in Semi Auto and Fully automatic washing machines with blazing colour in the Semi auto & fully auto category.
- Introduced India's first 9 Wash and 9 Spin Program in Semi-Automatic Washing Machine.
- Introduced India's first 4 Wash Program Semi-Automatic Washing Machine.
- Introduced various Air Conditioners with various features viz, auto clean function, introduction of PFC or MC condenser, Vita Air Technology, Vitamin C Filters, Gold and Blue Fin evaporator etc.
- Launched various models of refrigerators with smart features such as digital sensor, electronic display control, new looks etc.

### **Future plan of action:**

In near future, the Company shall focus on environment friendly products and also focus efforts on new technologies which could offer better products in the domestic as well as international market. The Company has the following plans through R & D:

- Introducing new technology called 4K2K or Ultra HD TV. 4K2K in short is 4 times High Definition pixel image and the term 4K refers to the horizontal resolution of formats which are all on the order 4,000 pixels;
- Increase in the market share and enhance the Brand Value; and
- Bring in best features of various products together.

During the period under review, the Company has incurred ₹ 155.46 Million, representing 0.08% of the turnover towards recurring R & D expenses.