



**VIDEOCON**

**VIDEOCON INDUSTRIES LIMITED**

Annual Report 2009-10

# VIDEOCON INDUSTRIES LIMITED

## BOARD OF DIRECTORS

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

## 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,  
Maharashtra

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

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

## BANKERS

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

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## DIRECTORS' REPORT

Dear Shareholders,

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

### PERFORMANCE REVIEW

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

(₹ Million)

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

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

### OPERATIONS

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

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

#### OIL & GAS:

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

#### MOZAMBIQUE

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

#### March 2010:

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

#### October 2010:

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

#### November 2010:

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

#### BRAZIL

#### November 2009:

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

#### April 2010:

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

#### October 2010:

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

## INDONESIA

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

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

## TELECOM

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

## POWER

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

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

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

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

## ISSUES / ALLOTMENT

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

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

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

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

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

## DIVIDEND

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

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

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

### TRANSFER TO GENERAL RESERVE

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

### TRANSFER TO INVESTOR EDUCATION AND PROVIDENT FUND

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

### FIXED DEPOSITS

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

### PERSONNEL

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

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

### CONSERVATION OF ENERGY

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

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

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

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

### RESEARCH & DEVELOPMENT [R & D]

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

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

#### R & D activities include:

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

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

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

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

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

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

#### Televisions:

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

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

### Refrigerators:

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

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

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

### Washing Machines:

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

### Air Conditioners:

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



### Microwave Ovens:

- Introduction of Auto Cook Recipe Function with categorization like Sweets, Beverages, Snacks, Meals, etc. For the ease of cooking, pre-programmed menu enables microwave to do all the functions with a single touch.
- Developed Sensi Grill Function which senses the cooking cycle in between of cycle to turn over and give a home cooking taste. This function gives an alarm after completion of half cycle to turn your food in Grill Model.
- Added Deodorizer feature which helps in removing post cooking odour from microwave. This way the odour does not mix with next recipe and makes it healthy and tasty.
- Introduced Lemon Clean feature to remove all odour after cooking. With this all the oil and food particles can be cleaned easily.
- Developed an Anti Bacterial Cavity to retard the growth of bacteria and make your food healthy to eat. Even if some food particle is left over in Microwave Oven no microbial growth sustains due to anti bacterial cavity.
- Developed a range of touch screen microwaves which cooks better keeping food nutrients intact with multi stage & express cooking.

### Future Plan of Action:

In near future, the Company shall continue to focus on all the areas mentioned earlier and also aims to offer new technologies and processes to provide better products at affordable prices to the customers.

The Company proposes the following R & D activities in near future:

- To bring in features of various products together;
- Continuous upgradation of technologies for better features, better quality and improved reliability for reduced/low prices; and
- Reducing the electricity consumption for consumer electronics and home appliances.

### R & D Expenditure:

During the period, your Company has incurred an expenditure of ₹ 120.50 Million representing 0.08% of the turnover towards R & D, to enhance the competitiveness of our core business and develop tomorrow's technologies.

### Recognitions:

- Integrated Digital TV (iDTV) product with a built in DTH facility having MPEG 4 DVB-S2 Digital Signal has been awarded as "Product of the Year 2011" by Nelson Survey. Your Company being the first company to launch this patented product in Indian market.
- 6kg SA Washing Machine "Aqua and Pacific" is judged as the best drying machine in its category by Consumer's Voice.
- The Company has received 5-star BEE rating for its top loading model Digi Dolphin Dlx Washing Machine.
- The Company has received 4-star BEE rating for Careen Plus washing machine which comes with tilt drum.

### FOREIGN EXCHANGE INFLOW & OUTGO

The particulars of Foreign Exchange Earnings and Outgo during the period are set out as under:

(₹ Million)

Particulars	For the period ended 31st December, 2010	For the year ended 30th September, 2009
Foreign Exchange Earned	5,240.64	5,226.24
Foreign Exchange Used	23,721.69	13,922.44

The Company has undertaken various initiatives for exports and 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. 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 for the "Numero Uno" position 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 with an eye building, sustaining and expanding its competitive edge.

Your Company has designed and implemented web based CRM application using ASP.Net 3.5 and SQL server 2005. The robust and stable CRM application with comprehensive support enables handling of larger call volumes resulting into speedy response and prompt resolution of customers' queries.

Company has established facilities for customers like call center, connect through SMS, Web-sites so on to have best and speedy customer interaction.

SAP Solutions have enabled your Company to leverage the benefits of integration in business operations, optimization of enterprise resources, standardized business processes and 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 on-line reliable business information to control the business operations in a well-informed manner. Your Company has scale-up data center infrastructure to cater to the business requirements. There is secured as well as point to point VPN connectivity in most of its branches and warehouses.

### HEALTH AND SAFETY

The Company is committed towards health and safety of the employees at all levels. Healthy atmosphere and safe working conditions increases employee's motivation and satisfaction thereby contributing significantly to productivity.

Key initiatives taken by your Company in this area are summarized as under:

- Conducting regular safety checks;
- Regular on the job and off-line training programs for all employees;
- Conducting mock drill as per calendar in the campus and training given to fire marshals;
- Fire tender modified from water monitor to multipurpose use (Water & Foam), to handle the situation in case of emergency;
- Providing emergency exit door and display of evacuation plans at various locations to reach the assembly point, in case of emergency;
- Organising different events in the campus to increase the awareness among the employees;
- Display of signs, cautionary boards, emergency telephone numbers etc., at various locations for information and awareness of the employees;
- MSDS (Material Safety Data Sheet) display at chemical storage places;
- Implementation of night manager concept;
- Conducting "HIRA"(Hazard Identification Risk Assessments) of the critical activity, to eliminate the risk;
- Accessibility health and medical services to all the employees at all levels through well- equipped health centers located at all manufacturing plants;
- Placement of First-Aid boxes at several places for employees;
- Regular medical check-up to ensure fitness of its employees;
- Implementation of Human Injury Reporting System to report all types of human injury and to find out the root cause; and
- Cleanliness and timely disposal of waste and scrap is ensured at the entire premises.

**ENVIRONMENTAL PROTECTION**

Your Company being a good corporate citizen assumes its responsibility towards conservation of environment. A clean environment at the workplace and in its surroundings is our main focus and objective for sustainable development and business growth.

In order to comply with Indian laws and regulations in respect of environmental protection, the Company has taken internal environmental protection control and monitoring measures.

The Company extracts maximum value from available resources, making the best use of renewable resources and minimizing waste produced. This concept is called "Resource Productivity". The Company aims at drive-down of costs by reducing waste and pollution; and by creating opportunities for growth through process and product innovations.

The eco friendly initiatives adopted by the Company include:

- Efficient use of natural resources by Implementing the 3R system – Reduce, Reuse & Recycle;
- Tree plantation campaigns;
- Following National Ambient Air Quality Standards (NAAQS) – 2010, for checking of stack emission & ambient air monitoring;
- Up gradation of effluent treatment & sewage treatment plants from manual to automation;
- Regular internal environmental audit;
- Arrangement of Pollution Under Control (PUC) camps;
- Certification of ISO – 14001, for environment management system;
- Effective Storage and Disposal of Hazardous Waste as per statutory requirements; and
- Celebration of World Environment Day to increase the awareness among the employees.

**APPOINTMENT / RE-APPOINTMENT OF DIRECTORS**

During the period under review, Mr. Sushil Muhnot was appointed as a Nominee of IDBI Bank Limited in place of Dr. Birendra Narain Singh. The Board places on record its sincere appreciation for the valuable guidance received from Dr. Birendra Narain Singh, during his tenure as Director of the Company.

At the Twenty First Annual General Meeting held on 30th March, 2010, Mr. Venugopal N. Dhoot was re-appointed to the office of Managing Director for a period of 5 years with effect from 1st September, 2010 to 31st August, 2015.

Further, at the Extra-Ordinary General Meeting held on 22nd June, 2010, Mr. Pradipkumar N Dhoot was re-appointed to the office of Whole Time Director for a period of 5 years with effect from 20th November, 2010 to 19th November, 2015.

Pursuant to the provisions of the Companies Act, 1956 and in terms of the Articles of Association of the Company, Mr. Satya Pal Talwar, Mr. Radhey Shyam Agarwal and Ms. Gunilla Nordstrom are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, Mr. Satya Pal Talwar and Mr. Radhey Shyam Agarwal have offered themselves for re-appointment. Ms. Gunilla Nordstrom has not offered herself for re-appointment and accordingly shall retire at the ensuing Annual General Meeting.

The Board of Directors have recommended appointment of Mr. Anil G. Joshi in place of Ms. Gunilla Nordstrom. The Company has received due notice under Section 257 of the Companies Act, 1956.

The Board recommends re-appointment of Mr. Satya Pal Talwar and Mr. Radhey Shyam Agarwal; and recommends appointment of Mr. Anil G. Joshi as Directors of the Company. Brief profiles of each of these directors, specifying their expertise in specific functional areas, public companies in which they hold Directorships and Committee positions, are annexed to the Notice and forms part thereof.

Changes after the Balance Sheet Date:

Government of India has appointed Mr. Sushil Muhnot as Chairman & Managing Director of Small Industries Development Bank of India (SIDBI). Consequent to the said appointment, he has resigned from IDBI Bank Limited and also from the Board of Directors of the Company. Accordingly, Mr. Muhnot ceased to be the Director of the Company.

ICICI Bank Limited substituted its nominee on the Board. Mr. Girish Nayak was nominated in place of Mr. Ajay Saraf. Accordingly, Mr. Ajay Saraf ceased to be a director and Mr. Girish Nayak was co opted as a Nominee on the Board of Directors of the Company. The Board places on record its sincere appreciation for the valuable guidance received from Mr. Sushil Muhnot and Mr. Ajay Saraf during their tenure as Directors of the Company.

**LISTING**

The Equity Shares of your Company are listed on the Bombay Stock Exchange Limited and The National Stock Exchange of India Limited.

The Global Depository Receipts (GDRs) and Foreign Currency Convertible Bonds (FCCBs) issued by your Company are listed on the Bourse de Luxembourg and Singapore Exchange Securities Trading Limited respectively.

**SUBSIDIARY COMPANIES**

During the period under review, Chhattisgarh Power Ventures Private Limited, Triumph Energy Private Limited, Videocon Energy Limited, Videocon Hydrocarbon Holdings Limited and Senator Energy Private Limited became the wholly-owned subsidiaries of the Company.

Videocon Oil Ventures Limited, Videocon Power Ventures Limited, Marvel Energy Private Limited, Aim Energy Private Limited, Viable Energy Private Limited, Vital Power Private Limited, Proficient Energy Private Limited, Orchid Energy Private Limited, Applied Energy Private Limited, Instant Energy Private Limited, Comet Power Private Limited, Unity Power Private Limited, Percept Energy Private Limited, Galaxy Power Private Limited, Videocon Australia WA-388-P Limited, Oil Services International S.A.S, Videocon Energy Brazil Limited, Videocon Indonesia Nunukan Inc, Videocon Mozambique Rovuma 1 Limited (Formerly: Videocon Energy Resources Limited) and Videocon JPDA 06-103 Limited (Formerly: Global Energy Inc) became the step down subsidiaries of the Company.

During the period under review, Godavari Consumer Electronics Appliances Private Limited, Mayur Household Electronics Appliances Private Limited, Sky Billion Trading Limited, Paramount Global Limited, Powerking Corporation Limited and Venus Corporation Limited ceased to be the subsidiaries of the Company and Videocon Display Research Company Limited got voluntarily liquidated.

As such as on 31st December, 2010, your Company had 37 subsidiaries (including step-down subsidiaries) viz. Pipavav Energy Private Limited, Videocon International Electronics Limited, Chhattisgarh Power Ventures Private Limited, Triumph Energy Private Limited, Videocon Energy Limited, Senator Energy Private Limited, Datacom Telecommunications Private Limited, Videocon Telecommunications Limited, Jumbo Techno Services Private Limited, Senior Consulting Private Limited, Videocon Oil Ventures Limited, Videocon Power Ventures Limited, Marvel Energy Private Limited, Aim Energy Private Limited, Viable Energy Private Limited, Vital Power Private Limited, Proficient Energy Private Limited, Orchid Energy Private Limited, Applied Energy Private Limited, Instant Energy Private Limited, Comet Power Private Limited, Unity Power Private Limited, Percept Energy Private Limited, Galaxy Power Private Limited, Middle East Appliances LLC, Videocon Global Limited, Videocon Electronic (Shenzhen) Limited, Eagle ECorp Limited, Videocon Energy Ventures Limited, Videocon Hydrocarbon Holdings Limited, Videocon Oman 56 Limited (Formerly: Videocon Hydrocarbon Holdings Limited), Videocon JPDA 06-103 Limited (Formerly: Global Energy Inc), Videocon Mozambique Rovuma 1 Limited (Formerly: Videocon Energy Resources Limited), Videocon Energy Brazil Limited (Formerly: Videocon Global Energy Holdings Limited), Videocon Indonesia Nunukan Inc (Formerly: Spectrum Overseas Inc), Videocon Australia WA-388-P Limited and Oil Services International S.A.S.



Ministry of Corporate Affairs, Government of India has granted its approval under Section 212(8) of the Companies Act, 1956 and accordingly the provisions contained in sub-section (1) of Section 212 of the Companies Act, 1956 shall not be applicable in respect of the Balance Sheet etc. of the aforesaid 37 subsidiaries which are required to be attached to the Company's accounts for the financial period ended on 31st December, 2010. Accordingly, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies as specified in sub-section (1) of Section 212 of the Companies Act, 1956 are not being attached with the Balance Sheet of the Company.

Financial information of the subsidiary companies, as required by the said approval, is disclosed in the Annual Report. The Consolidated Financial Statements presented by the Company include financial results of its subsidiary companies, joint ventures and associates, in accordance with relevant Accounting Standards issued by the Institute Chartered Accountants of India.

The Company undertakes that the annual accounts of the subsidiary companies and the related detailed information, including hard copy of the accounts of the subsidiaries, will be made available to the investors/shareholders of holding and subsidiary companies seeking such information at any point of time and the annual accounts of the subsidiary companies will also be kept available for inspection by any investor at the Registered Office of the Company as well as the respective Registered Offices of Subsidiary Companies.

Further, the summarized financial information of the subsidiary companies is also available on the website of the Company viz., [www.videoconworld.com](http://www.videoconworld.com)

#### CONSOLIDATED FINANCIAL STATEMENTS

The Audited Consolidated Financial Statements, basis the Financial Statements received from the subsidiaries, associates and joint ventures, as approved by their respective Board of Directors, have been prepared in accordance with the requirements of Accounting Standard 21 on "Consolidated Financial Statements", Accounting Standard 27 of "Financial Reporting of Interests in Joint Ventures" and Accounting Standard 23 on "Accounting for Investments in Associates in Consolidated Financial Statements."

#### CASH FLOW STATEMENT

The Cash flow Statement for the period ended 31st December, 2010, inconformity with the provisions of Clause 32 of the Listing Agreement with the Stock Exchanges in India, is annexed hereto.

#### AUDITORS' REPORT

The Auditors' Report is unqualified. The observations made in the Auditors' Report, read together with the relevant notes thereon, are self-explanatory and hence, do not call for any comments under Section 217 of the Companies Act, 1956.

#### AUDITORS

M/s. Khandelwal Jain & Co., Chartered Accountants, Mumbai and M/s. Kadam & Co., Chartered Accountants, Ahmednagar, Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed. The Company has received certificates from the said Auditors to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

The Board recommends their re-appointment.

#### AUDIT COMMITTEE

The Company has constituted the Audit Committee, pursuant to the provisions of Section 292A of the Companies Act, 1956 and provisions of the Listing Agreement. The composition, scope and powers of Audit Committee together with details of meetings held during the period under review forms part of Corporate Governance Report.

#### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report, highlighting the performance and prospects of the Company's business, forms part of the Annual Report.

#### CORPORATE GOVERNANCE

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the Corporate Governance Report forms part of the Annual Report. Your Company is in full compliance with the requirements and disclosures as stated therein. A certificate from the Statutory Auditors of the Company confirming compliance of the Corporate Governance is appended to the Report on Corporate Governance.

#### DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- In the preparation of the annual accounts for the period ended 31st December, 2010, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st December, 2010 and of the profit of the Company for the period ended on that date;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- The Directors have prepared the annual accounts of the Company on a 'going concern' basis.

#### ACKNOWLEDGEMENT

The Board would like to express their heartfelt gratitude for the assistance and co-operation received from the Financial Institutions, Government Authorities and Banks.

The Board would also like to place on record its sincere thanks and appreciation for the continuing support of the dealers, vendors, business associates and employees.

The Board is also grateful to you for your support and look forward for your continued support in future as well.

For and behalf of the Board of Directors of  
**VIDEOCON INDUSTRIES LIMITED**

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

Place : Mumbai  
Date : 26th May, 2011

## ANNEXURE TO DIRECTORS' REPORT

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO PROVISIONS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AS AMENDED AND FORMING PART TO THE DIRECTORS' REPORT FOR THE PERIOD ENDED 31ST DECEMBER, 2010

Name Of Employee	Designation	Remuneration	Qualification	Age (Years)	Experience (Years)	Date of Joining	Name Of Last Employer	Position (Designation) In Last Organisation
A. K. Modani	Sr. Vice President	12,032,505	B.Com., C.A., C.S.	47	27	16.11.1989	Shree Digvijay Cement Co.Ltd.	Finance Executive
Amit Gupta*	Vice President	3,740,391	B.Com.	49	26	07.05.2008	LG Electronics India Pvt Ltd.	Sr. General Manager
Arindam Bose*	Vice President	2,134,272	B.E., M.Sc, DBA	46	22	23.06.2008	Saudi Dairy & Foodstuff Company	Director - IT
Ashok Dash*	Sr. General Manager	1,440,292	B.Sc., B.E.- Mechanical	43	19	29.05.2008	Haier Appliances India Pvt Ltd.	General Manager
Abhijit Kotnis	Associate Vice President	7,626,468	B.E.- Electronics	42	21	01.04.2009	VDC Technologies SpA. Anagni. (Italy)	Factory Operational Head
Chandramani Singh	Vice President	9,078,228	M.A., PGDBM	43	14	05.12.2008	Arron Eng.	Chief Executive Officer
Jaideep Rathore	Sr. Vice President	9,973,100	B.Sc, M.B.A.	40	21	15.01.2009	Samsung India Electronics Ltd.	Sr. Vice President - Sales & Marketing
K.R.Kim	Chief Executive Officer	30,145,006	Law Graduate	65	32	01.09.2008	LG Electronics India Pvt. Ltd.	Managing Director
Predeep Kumar Gupta*	Vice President	3,519,980	B.Com., C.A.	46	21	11.09.2008	LG Electronics India Pvt. Ltd.	Head Of Finance
Rahul Sethi	Vice President	8,798,265	B.Com.	59	36	01.02.1987	Gedor Ltd	Commercial Manager
Shekhar Jyoti	Vice President	10,070,856	B.Com., M.B.A	48	27	22.01.1986	Macotax Consultants Pvt.Ltd.	Vice-President
Sunil Kumar Jain*	Sr. Vice President	5,755,654	M.Com., ICWAI, C.S.	44	19	01.04.2010	Bharat Business Channel Limited	Sr. Vice President

(a) Remuneration includes Basic Salary, Ex- Gratia, H. R. A., Marketing Allowance, Special Allowance, C.A., L.T.A., Leave Encashment, Medical Reimbursement and Contribution to Provident Fund.

(b) The Employees are in whole-time employment of the Company and the employment is contractual in nature.

(c) None of the Employees listed above is a relative of any of the Directors of the Company.

\* Part of the Period.

Place : Mumbai  
Date : 26th May, 2011

## CORPORATE GOVERNANCE REPORT FOR THE PERIOD 2009-10

(as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Effective Corporate Governance is key element ensuring investor's protection; providing finest work environment leading to highest standards of management and maximization of everlasting long-term values. Your Company believes in the philosophy on practicing Code of Corporate Governance that provides a structure by which the rights and responsibility of different constituents such as the board, employees and shareholders are carved out.

Your Company's philosophy on corporate governance sets the goal of achieving the highest level of transparency, accountability and equity in all spheres of its business activities; operations and in its dealings with the shareholders, employees, the government and other parties.

The Company's philosophy on Corporate Governance is based on:

- Accountability;
- Responsibility;
- Transparency;
- Fair disclosures; and
- Compliance with the laws of all Countries in which the Company operates.

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the Corporate Governance Report forms part of the Annual Report. Your Company is in full compliance with the requirements and disclosures as stated therein. A certificate from the Statutory Auditors of the Company confirming compliance of the Corporate Governance is appended to the Report on Corporate Governance.

Your Company is in full compliance with all the requirements of the Corporate Governance Code as outlined in Clause 49 of Listing Agreement.

### BOARD OF DIRECTORS

#### 1. Composition of Board as on 31st December, 2010:

Category	Directors	No. of Directors	% to the Total Strength
Promoter, Executive	Mr. Venugopal N. Dhoot (Chairman & Managing Director) Mr. Pradipkumar N. Dhoot (Whole-Time Director)	2	18%
Non – Executive Non - Independent	Ms. Gunilla Nordstrom (Nominee – AB Electrolux Publ)	1	9%
Non – Executive Independent	Mr. S. Padmanbhan Mr. Satya P. Talwar Mr. Radhey Shyam Agarwal Mr. Arun Laxman Bongirwar Maj. Gen S.C.N. Jatar Mr. Karun Chandra Srivastava Mr. Ajay Saraf (Nominee- ICICI Bank Limited) Mr. Sushil Muhnot (Nominee – IDBI Limited)	8	73%
	<b>TOTAL</b>	<b>11</b>	<b>100%</b>

Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot are relatives within the meaning of Section 6(c) of the Companies Act, 1956.

#### 2. Board Procedure:

The Company has a well-defined process that ensure placement of all material and vital information before the Board pertaining to business to be considered at each Board Meeting enabling effective participation by Board Members in the discussion; and in discharging their responsibilities.

The Company is in substantial compliance with the Secretarial Standards governing Board Meetings, as set out in Secretarial Standard 1 issued by the Institute of Company Secretaries of India. The Company Secretary, in

consultation with the Board of Directors, finalizes the agenda of the Board and Committee Meetings, which is distributed to the Board/Committee Members well in advance.

The basic information furnished to Board Members and the Procedure is as set out hereunder:

- a. The Company has defined guidelines for the meetings of the Board of Directors and Committees thereof. These guidelines seek to systematize the decision making process at the meetings of Board/ Committees, in an informed and efficient manner.
- b. All Board/Committee Members are given notice of the meetings in advance. The meetings are governed by a structured agenda. The agenda along with the explanatory notes on all relevant matters are also distributed well in advance.
- c. The Board/Committee Members are provided with unqualified access to all information available with the Company. The information generally provided to the Members inter-alia includes:
  - Annual Operating Plans and Budgets;
  - Quarterly, Half Yearly and Annual Financial Results;
  - Minutes of the Annual General Meetings/ Extraordinary Meeting/ Board Meetings/ Meetings of Standing & Non-Standing Committees;
  - Notice of Interest;
  - Status Note on Materially Important litigations, show cause, demand, and penalty notices, if any;
  - Sale of material nature of investments, subsidiaries and assets, which are not in the normal course of business;
  - Establishment, Operations and Set up of Joint Venture, Subsidiary or Collaboration etc.,
  - Investment/Divestment of Joint Ventures, Subsidiaries;
  - Acquisitions/Amalgamation etc;
  - Compliance Reports;
  - Minutes of the Board Meeting, Annual General Meetings of Subsidiary Companies and significant transactions if any; and
  - Details of Related Party Transactions.
- d. Minutes of the proceedings of each Board/Committee meeting are recorded. Draft minutes are circulated amongst all members for their feedback comments. The minutes of the proceedings of the meetings are entered in the Minutes Book.
- e. The guidelines for the Board/Committee meetings facilitate an effective post meeting follow-up, review and action taken reporting process for Board's and Committee's decision. The directors are allowed to participate through video/audio conferencing. However, such participation is not counted for the purpose of quorum.

#### 3. Code of Conduct:

The Board has laid down a Code of Conduct for all Directors and Senior Management of the Company, which has also been posted on the website [www.videoconworld.com](http://www.videoconworld.com). All Directors and senior management personnel have affirmed compliance with the Code for 2009-10. A declaration to this effect signed by the Managing Director is given in this Annual Report.

#### 4. Meetings:

During the financial period under review, the Board met eleven times on 31st October, 2009 (adjourned to 02nd November, 2009); 15th January, 2010; 30th January, 2010; 15th February, 2010; 27th February, 2010; 10th March, 2010; 03rd May, 2010; 14th May, 2010; 11th August, 2010; 14th August, 2010 and 04th November, 2010.

## 5. Attendance &amp; Details of Other Associations:

Name of the Director	Attendance at the AGM held on 30.03.2010	Attendance at the Board Meetings held during the year	Other Board As on 31st December, 2010			
		Total Meetings Attended+	Directorship**	Chairmanship	Committee Chairmanship#	Committee Membership#
Mr. Venugopal N. Dhoot	No	10	12	-	2	4
Mr. Pradipkumar N. Dhoot	No	5	14	-	-	6
Mr. Satya Pal Talwar	Yes	11	10	-	3	4
Mr. S. Padmanabhan	No	4	13	-	-	7
Mr. Arun L. Bongirwar	No	9	3	-	-	1
Mr. Radhey Shyam Agarwal	No	11	10	-	3	4
Maj. Gen S. C. N. Jatar	No	8	1	-	-	1
Mr. Karun Chandra Srivastava	No	8	5	-	1	2
Ms. Gunilla Nordstrom	No	3	-	-	-	-
Dr. B. N. Singh (upto 04.11.2010)	No	7	-	-	-	-
Mr. Ajay Saraf	No	6	2	-	-	1
Mr. Sushil Muhnot (from 04.11.2010)	No	N.A.	2	-	1	-

+ Includes meeting (s) participated through audio conferencing.

\*\* Directorships held by directors does not include any alternate directorships, directorships in Foreign Companies, directorships in Companies incorporated under Section 25 of the Companies Act, 1956 and Private Limited Companies. However, include subsidiaries of Public Limited Companies.

# As per Clause 49 of the Listing Agreement, Membership/Chairmanships of only Audit Committee and Shareholders/Investors' Grievance Committee of Public Limited Companies have been considered.

## 6. Brief Details of Directors seeking appointment/re-appointment:

The brief details of directors seeking appointment/re-appointment are appended to the Notice convening the Twenty-Second Annual General Meeting.

### BOARD COMMITTEES

The Board of Directors of the Company have set up Committees to carry out various functions, as entrusted, and give the suitable recommendations to the Board on the significant matters, from time to time.

**Mandatory Committees:**

- a. Audit Committee
- b. Shareholders'/Investors' Grievance Committee

**Optional Committees:**

- a. Remuneration Committee
- b. Finance and General Affairs Committee

Two more standing committees were formed during the period viz.,:

- a. Rights Issue Committee
- b. Re-Organization Committee

The composition, scope and details of the aforesaid Committees are given as under:

**1. AUDIT COMMITTEE:****1.1 Terms of reference and scope of the Committee:**

The following are the terms of reference and scope of the Committee:

- a. Overall assessment of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors, and the fixation of audit fee and also approval for payment for any other services rendered by the Statutory Auditors.

c. Reviewing with management the annual financial statements before submission to the board, focusing primarily on:

- Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
- Changes, if any, in accounting policies and practices.
- Major accounting entries based on exercise of judgment by management.
- Significant changes/amendments, if any, arising out of audit findings.
- The going concern assumption.
- Compliance with accounting standards.
- Qualification in the draft audit report, if any.
- Compliance with stock exchange and legal requirements concerning financial statements.
- Any related party transactions i.e., transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of Company at large.

d. Review of quarterly financial results before submission to the Board for approval.

e. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

f. Reviewing with the management the performance of Statutory Auditors and Internal Auditors, adequacy of internal control systems.

- g. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- h. Discussion with internal auditors any significant findings and follow up there on.
- i. Reviewing the findings, if any, of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- j. Discussion with Statutory Auditors before the audit commences on nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- k. Reviewing the Company's financial and risk management policies.
- l. Assessing the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
- m. Financial Statements and Investments made by Subsidiaries, if any.
- n. To review the functioning of Whistle Blower Mechanism.
- o. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- p. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- q. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

**The Committee also reviews:**

- Management discussion and analysis of financial conditions and results of operations.
- Statement of significant related party transactions, if any.
- Management Letters/Letters of internal control weaknesses issued by the Statutory Auditors.
- Internal Audit Reports relating to internal control weaknesses, and
- The appointment, removal and terms of remuneration of the Chief Internal Auditor.

**The Audit Committee is also vested with the following powers:**

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

**1.2 Composition as on 31st December, 2010:**

The Committee comprises of Independent Directors and financially literate persons having vast experience in the area of finance and accounts. The composition as on 31st December, 2010, was as under:

Name	Designation	Category
Mr. Satya Pal Talwar	Chairman	Independent
Maj. Gen. S.C.N. Jatar	Member	Independent
Mr. Radhey Shyam Agarwal	Member	Independent

**1.3 Meetings and Attendance:**

During the period under review, six meetings of the Committee were held on the following dates: 31st October, 2009; 30th January, 2010; 15th February, 2010; 14th May, 2010; 11th August, 2010 and 04th November, 2010.

Name	Meetings Attended*
Mr. Satya Pal Talwar	6
Maj. Gen. S.C.N. Jatar	4
Mr. Radhey Shyam Agarwal	6

\*Including participation through Audio Conferencing

The Statutory Auditors, Cost Auditors and the Head of Internal Audit attended and participated in the meetings, on invitation. The Company Secretary is the de-facto Secretary of the Committee.

**2. SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE:**

**2.1 Terms of reference and Scope of the Committee:**

The following are the terms of reference and matters that are referred to the Shareholders'/Investors' Grievance Committee:

- Transfer of Shares;
- Transmission of shares;
- Issue of Duplicate Share Certificates;
- Change of Status;
- Change of Name;
- Transposition of Shares;
- Sub-division of Shares;
- Consolidation of Folios;
- Shareholders requests for Dematerialisation / Re-materialisation of Shares; and
- Allotment of Equity Shares.

The Board has delegated the power of Share Transfer to Registrar & Share Transfer Agent, who processes the transfers. The Committee also looks after redressal of investors' grievances and performance of the Registrar and Transfer Agent of the Company.

In addition to the above, the Committee closely monitors violations of the code of conduct for prevention of insider trading.

**2.2 Composition as on 31st December, 2010:**

The composition of the Shareholders'/ Investors' Grievance Committee of the Board of Directors as on 31st December, 2010, was as under:

Name	Designation	Category
Maj. Gen. S.C.N. Jatar	Chairman	Independent
Mr. S. Padmanabhan	Member	Independent
Mr. Karun Chandra Srivastava	Member	Independent

**2.3 Meetings and Attendance:**

During the period under review, eight meetings were held on the following dates: 31st October, 2009; 03rd November, 2009; 09th December, 2009; 30th January, 2010; 24th May, 2010; 07th July, 2010; 30th August, 2010 and 07th December, 2010.

Name	Meetings Attended
Maj. Gen. S.C.N. Jatar	6
Mr. S. Padmanabhan	8
Mr. Karun Chandra Srivastava	8



**2.4 Compliance Officer:**

Mr. Vinod Kumar Bohra, Company Secretary, is the Compliance Officer.

**2.5 Share Transfer Details:**

S. No.	Particulars	Equity
a.	Number of Transfers	1,818
b.	Average No. of Transfers per Month	121
c.	Number of Shares Transferred	1,89,645

**2.6 Demat/Remat of Shares:**

S. No.	Particulars	Equity
a.	Number of Demat Transfers approved	6,033
b.	Number of Sub-committee Meetings held	62
c.	Number of Shares Dematerialized	8,43,748
d.	Percentage of Shares Dematerialized	0.28
e.	Number of Rematerialization Requests approved	2
f.	Number of Shares Rematerialized	3,00,250

**2.7 Details of complaints received and redressed during the period 2009-10:**

S. No.	Particulars	Received	Redressed	Pending as on 31.12.2010
1.	Non Receipt of Refund Order	Nil	Nil	Nil
2.	Non Receipt of Div/ Int/ Redemption Warrants	342	342	Nil
3.	Non Receipt of Share Certificates	1,997	1,997	Nil
4.	Others	157	157	Nil
	<b>TOTAL</b>	<b>2,496</b>	<b>2,496</b>	

**3. REMUNERATION COMMITTEE:**

**3.1 Terms of reference and scope of the Committee:**

- Fix the remuneration payable to the Executive Directors;
- Determine the remuneration policy of the Company;
- Review the performance of employees and their compensation;
- Recommend to the Board the retirement benefits;
- Review the performance of employees against specific key result areas identified as yardsticks for measuring performance; and
- Recommend the remuneration including the perquisite package of key management personnel.

**3.2 Composition as on 31st December, 2010:**

The composition of the Remuneration Committee of the Board of Directors as on 31st December, 2010, was as under:

Name	Designation	Category
Maj. Gen. S.C.N. Jatar	Chairman	Independent
Mr. Satya Pal Talwar	Member	Independent
Mr. Arun L. Bongirwar	Member	Independent

The Company Secretary is the de-facto Secretary of the Committee.

**3.3 Meeting and Attendance:**

During the period under review, one meeting of the Committee was held on 29th April, 2010.

Name	Meetings Attended
Maj. Gen. S.C.N. Jatar	1
Mr. Satya Pal Talwar	1
Mr. Arun L. Bongirwar	1

**3.4 Director's Remuneration:**

- (a) The Promoter Directors, Executive Directors, Non-Executive- Non Independent Directors, Nominee of AB Electrolux (Publ) are not paid any sitting fees. Mr. V. N. Dhoot, Chairman and Managing Director and Mr. P. N. Dhoot, Whole-Time Director of the Company are entitled for remuneration as per their terms of appointment. However, they have not drawn any remuneration during the period 2009-10.
- (b) The Independent Directors are paid only sitting fees for attending Board/Committee Meetings. The details of payment of sitting fee during the period under review are as follows:

Name of the Director	Sitting Fees (₹)
Mr. S. Padmanabhan	390,000
Mr. K. C. Srivastava	240,000
Maj. Gen. S.C. N. Jatar	340,000
Mr. Satya Pal Talwar	350,000
Mr. Arun L. Bongirwar	180,000
Mr. Ajay Saraf (ICICI)	120,000
Mr. R. S. Agarwal	380,000
Mr. B. N. Singh (IDBI)	140,000

**3.5 Stock Options:**

The Company has not issued any Stock Options.

**4. FINANCE & GENERAL AFFAIRS COMMITTEE:**

**4.1 Terms of reference and powers and functions:**

The Committee is entrusted with various powers from time to time, helping speedy implementation and conclusion of various projects, activities and transaction whether routine or non-routine in nature.

**4.2 Composition of the Committee as on 31st December, 2010:**

The composition of the Finance and General Affairs Committee of the Board of Directors as on 31st December, 2010, was as under:

Name	Designation	Category
Mr. Venugopal N. Dhoot	Chairman	Promoter- Executive
Mr. Pradipkumar N. Dhoot	Member	Promoter- Executive
Mr. S. Padmanabhan	Member	Independent

The Company Secretary is the de-facto Secretary of the Committee.

**4.3 Meeting and Attendance:**

During the period under review, the Committee met sixteen times on the following dates: 06th January, 2010; 15th March, 2010; 30th March, 2010; 29th April, 2010; 20th May, 2010; 10th June, 2010; 25th June, 2010; 15th July, 2010; 04th August, 2010; 30th August, 2010; 21st September, 2010; 05th October, 2010; 25th October, 2010; 01st December, 2010; 02nd December, 2010 and 23rd December, 2010.

Name	Meetings Attended
Mr. Venugopal N. Dhoot	14
Mr. Pradipkumar N. Dhoot	8
Mr. S. Padmanabhan	15

**5. RIGHTS ISSUE COMMITTEE:**

**5.1 Terms of reference:**

During the period, the Board of Directors of the Company constituted a Committee titled as "Rights Issue Committee". The said Committee is entrusted with various powers and authorities, from time to time to aid in speedy implementation of all the formalities in relation to completion of the Rights Issue proposed by the Board of Directors vide its resolution dated 02nd November, 2009 including, but not limited to, utilisation of the proceeds of the Issue, its pricing, approving the basis of allotment, offer related documents, timing of the Issue, determine the rights ratio, size of the Rights Issue, appointment of intermediaries, adoption of financial statements required for the offer documents, allotment of shares, confirmation of partly paid shares to fully paid and approval of documents to be submitted to the Stock Exchange(s) and SEBI and all incidental matters relating to the Rights Issue.

## 5.2 Composition as on 31st December, 2010:

The composition of the Rights Issue Committee of the Board of Directors as on 31st December, 2010, was as under:

Name	Designation	Category
Mr. Venugopal N. Dhoot	Chairman	Promoter- Executive
Mr. S. Padmanabhan	Member	Independent
Maj. Gen. S.C. N. Jatar	Member	Independent
Mr. Radhey Shyam Agarwal	Member	Independent

## 5.3 Meeting And Attendance:

During the period under review, ten meetings were held on the following dates: 18th December, 2009; 19th March, 2010; 22nd April, 2010; 04th June, 2010; 22nd June, 2010; 08th July, 2010; 13th August, 2010; 30th September, 2010; 15th November, 2010 and 31st December, 2010.

Name	Meetings Attended
Mr. Venugopal N. Dhoot	8
Mr. S. Padmanabhan	8
Maj. Gen. S.C. N. Jatar	7
Mr. Radhey Shyam Agarwal	10

## 6. RE-ORGANIZATION COMMITTEE:

### 6.1 Terms of reference:

During the period, the Board of Directors of the Company constituted a Committee titled as "Re-Organization Committee". The said Committee was formed to re-organize and segregate various business segments of the Company with a view to ensure greater focus to the operation of each of its diverse businesses, enhanced value for shareholders and improvement in the business prospects of the Company. The said Committee have the powers to engage and appoint legal, tax, financial and other consultants to advise and assist it in the above said matter and do all such acts, deeds and things as may be required.

### 6.2 Composition as on 31st December, 2010:

The composition of the Re- Organization Committee of the Board of Directors as on 31st December, 2010, was as under:

Name	Designation	Category
Mr. Venugopal N. Dhoot	Chairman	Promoter- Executive
Mr. S. Padmanabhan	Member	Independent
Mr. Satya Pal Talwar	Member	Independent

### 6.3 Meeting And Attendance:

No meetings were held during the period under review.

## GENERAL BODY MEETINGS

The details of the last three Annual General Meetings [AGM] of the Company are as under:

AGM	Date	Location	Time	Special Resolution Passed
19th	31st March, 2008	14 K. M. Stone, Aurangabad – Paithan Road, Village: Chittegaon, Taluka: Paithan District: Aurangabad – 431 105	9.30 A. M.	NIL
20th	30th March, 2009	14 K. M. Stone, Aurangabad – Paithan Road, Village: Chittegaon, Taluka: Paithan District: Aurangabad – 431 105	12 Noon	NIL
21st	30th March, 2010	14 K. M. Stone, Aurangabad – Paithan Road, Village: Chittegaon, Taluka: Paithan District: Aurangabad – 431 105	12 Noon	NIL

## POSTAL BALLOT

No resolution was passed through Postal Ballot during the financial period under review. Further, none of the businesses proposed to be transacted at the ensuing Annual General Meeting requires passing of a special resolution through Postal Ballot.

## DISCLOSURES

a. Materially significant related party transactions i.e. the transactions of the Company of material nature with its promoters, directors management, subsidiaries/ relatives etc. that may have potential conflict with the interests of the Company at large.	There are no transactions which may have potential conflicts with the interests of the Company at large. Transactions with related parties are disclosed in Note No. B-25 of Schedule 15 to the Accounts in the Annual Report.
b. Non- compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.	NIL
c. Whistle Blower Policy and affirmation that no personnel have been denied access to the audit committee.	The Company has implemented Whistle Blower Policy and it is hereby affirmed that no personnel have been denied access to the audit committee.
d. Details of Compliance with mandatory requirements and adoption of the non mandatory requirements of clause 49 of the Listing Agreement.	The Company has complied with the mandatory requirements and has: <ol style="list-style-type: none"> <li>1. Constituted a Remuneration Committee, details of which are captured in the section Board Committees of this Report.</li> <li>2. Constituted a Standing Committee under nomenclature 'Finance and General Affairs Committee'.</li> <li>3. Constituted a Committee titled as 'Rights Issue Committee'.</li> <li>4. Constituted a Committee titled as 'Re- Organization Committee'.</li> <li>5. Adopted a Whistle Blower Policy to promote reporting of any unethical or improper practice or violation of the Company's Code of Conduct or complaints regarding accounting, auditing, internal controls or disclosure practices of the Company. It gives platform to the whistle blower to report any unethical or improper practice (not necessarily violation of law) and to define processes for receiving and investigating complaints. No personnel have been denied access to the audit committee.</li> </ol>

## MEANS OF COMMUNICATION

The Company regularly reports its un-audited financial results as well as audited financial results to the Stock Exchanges, as soon as the same are taken on record /approved. These financial results are published in The Financial Express and Loksatta. These results are not distributed / sent individually to the shareholders.

Further as per the requirements of Clause 52 of the Listing Agreement with the Stock Exchanges in India, the un-audited financial results (provisional) as well as audited financial results are submitted electronically; and displayed through Corporate Filing and Dissemination System viz., [www.corpfilings.co.in](http://www.corpfilings.co.in)

All important information and official press releases are displayed on the website for the benefit of the public at large. Analysts Reports/ Research Report, if any, are also uploaded on Company's website at [www.videoconworld.com](http://www.videoconworld.com)

Management Discussion and Analysis Report forms part of the Annual Report.

## GENERAL SHAREHOLDER INFORMATION

## 1. Annual General Meeting:

The 22nd Annual General Meeting of the Company will be held as per the following schedule:

Day	Wednesday
Date	29th June, 2011
Time	12.00 Noon
Venue	14 K.M. Stone, Aurangabad - Paithan Road, Village: Chittegaon, Taluka: Paithan, Dist.: Aurangabad - 431 105 (Maharashtra)

## 2. Financial Calendar for 2011:

Financial Year	1st January, 2011 to 31st December, 2011
First Quarterly Results	On or before 15th May, 2011
Second Quarterly Results	On or before 14th August, 2011
Third Quarterly Results	On or before 14th November, 2011
Fourth Quarterly Results	On or before 14th February, 2012
Annual General Meeting for year ending 31st December, 2011	On or before 30th June, 2012

## 3. Date of Book Closure:

The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 16th June, 2011 to Wednesday, 29th June, 2011 (both days inclusive).

## 4. Dividend Payment Date:

Dividend, if declared at the Annual General Meeting, is proposed to be paid on or around Monday, 4th July, 2011.

## 5. Listing on Stock Exchanges:

The Equity Shares of your Company are listed on Bombay Stock Exchange Limited and The National Stock Exchange of India Limited. The names and addresses are given below:

Sl. No.	Name and Address of the Stock Exchanges	Stock Code
1	Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001 Web: <a href="http://www.bseindia.com">www.bseindia.com</a>	511389
2	The National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra East, Mumbai- 400 051 Web: <a href="http://www.nseindia.com">www.nseindia.com</a>	VIDEOIND

Global Depository Receipts (GDRs) of the Company are listed on:

Bourse de Luxembourg, 11 avenue, de la, Porte,  
Neuvel-2227, Luxembourg  
Web: [www.bourse.lu](http://www.bourse.lu)

Foreign Currency Convertible Bonds of the Company are listed on:

Singapore Exchange Securities Trading Limited  
(The Stock Exchange of Singapore), 2, Shenton Way, # 19-00,  
SGX Centre 1, Singapore – 068804  
Web: [www.sgx.com](http://www.sgx.com)

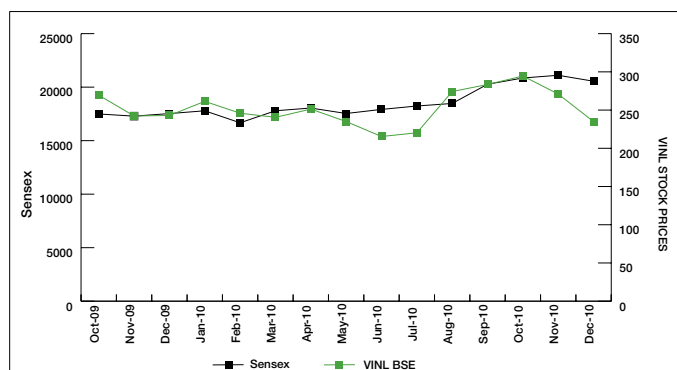
The Company has paid listing fees for the year 2011-12 to BSE and NSE and the Custodial Fees for the year 2011-12 to National Securities Depositories Limited and Central Depositories Services (India) Limited.

## 6. Market Price Data:

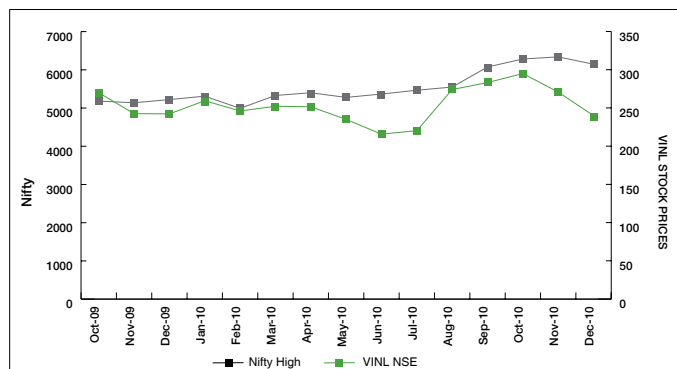
Average monthly high and Low prices at BSE and NSE are given below:

Month	BSE		NSE	
	High	Low	High	Low
October, 2009	269.50	219.20	269.95	219.00
November, 2009	242.25	196.30	242.50	196.05
December, 2009	242.95	215.05	242.25	215.00
January, 2010	261.40	214.55	259.40	214.60
February, 2010	245.90	204.80	246.00	204.15
March, 2010	240.50	221.90	252.20	221.70
April, 2010	251.30	227.00	251.50	227.00
May, 2010	235.00	197.20	235.00	196.10
June, 2010	215.45	184.60	215.70	185.00
July, 2010	220.25	207.05	220.30	208.25
August, 2010	274.25	212.40	274.10	212.05
September, 2010	283.50	257.50	283.20	251.70
October, 2010	294.50	250.60	295.00	249.50
November, 2010	271.00	195.00	270.75	193.50
December, 2010	234.90	192.00	239.90	191.00

A comparative chart showing Videocon Industries Limited High versus Bombay Stock Exchange High:



A comparative chart showing Videocon Industries Limited High versus National Stock Exchange High:



**7. Registrar And Transfer Agents:**

MCS Limited  
Kashiram Jamnadas Building  
Office No. 21/22, Ground Floor,  
5, P D'mello Road (Ghadiyal Godi),  
Masjid (East), Mumbai-400 009  
Tel: 022-23726253/55  
Fax: 022-23726256

**8. Share Transfer System:**

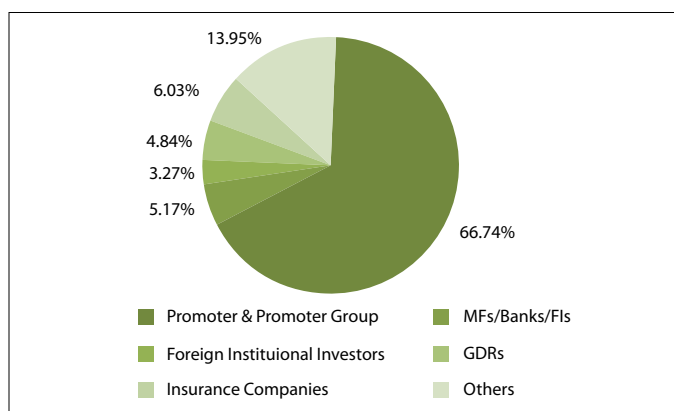
Shares received for transfer by the Company or its Registrar and Transfer Agent in physical mode are processed and all valid transfers are approved. The share certificate(s) is/are duly transferred and dispatched within a period of 15 to 20 days from the date of receipt.

**9. Distribution of Shareholding:**

(a) Shareholding pattern as on 31st December, 2010:

Category code	Category of Shareholder	Number of Shareholders	Total Number of Shares	As a percentage of (A+B+C)
<b>(A)</b>	<b>Share holding of Promoter and Promoter Group</b>			
(1)	Indian	50	201,522,202	66.74
(2)	Foreign	-	-	-
	<b>Sub - Total (A)</b>	<b>50</b>	<b>201,522,202</b>	<b>66.74</b>
<b>(B)</b>	<b>Public Share holding</b>			
(1)	Institutions	1,588	44,363,783	14.69
(2)	Non- Institutions			
	-Bodies Corporate	2,492	25,305,774	8.38
	-Individuals	345,402	16,158,910	5.36
	<b>Sub - Total (B)</b>	<b>349,482</b>	<b>85,828,467</b>	<b>28.42</b>
	<b>TOTAL (A) + (B)</b>	<b>349,532</b>	<b>287,350,669</b>	<b>95.16</b>
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipt have been issued</b>			
1	Promoter and Promoter Group	-	-	-
2	Public	2	14,612,965	4.84
	<b>Sub-Total (C)</b>	<b>2</b>	<b>14,612,965</b>	<b>4.84</b>
	<b>*GRAND TOTAL (A)+(B)+( C)</b>	<b>349,534</b>	<b>301,963,634</b>	<b>100.00</b>

\*Includes 30,915 partly paid-up equity shares issued on Rights Basis on 22 April, 2010.



(b) Distribution of Shareholding by size as on 31st December, 2010

Shareholding of Nominal Value	Number of Shareholders	% to the total shareholding	No. of Shares	Amount ₹	% to Total value of Capital
Up to 5,000	348,980	99.842	12,911,795	129,117,950	4.28
5,001 to 10,000	183	0.0524	1,344,876	13,448,760	0.45
10,001 to 20,000	120	0.0343	1,736,917	17,369,170	0.58
20,001 to 30,000	35	0.01	879,668	8,796,680	0.29
30,001 to 40,000	22	0.0063	788,361	7,883,610	0.26
40,001 to 50,000	18	0.0051	787,086	7,870,860	0.26
50,001 to 1,00,000	44	0.0126	3,237,754	32,377,540	1.07
1,00,001 and above	132	0.0378	280,277,177	2,802,771,770	92.82
<b>Total</b>	<b>349,534</b>	<b>100.00</b>	<b>301,963,634</b>	<b>3,019,636,340</b>	<b>100.00</b>

**10. Dematerialization of Shares and Liquidity:**

Equity Shares of the Company are under compulsory demat trading by all categories of investors. As on 31st December, 2010, 286,696,003 Equity Shares have been dematerialized which account for 94.94% of the total equity.

**11. Outstanding GDRs/ ADRs/Warrants or Conversion Instruments, Conversion Date and Likely Impact on Equity (31st December, 2010):**

During the period ended 31st December, 2010, no Foreign Currency Convertible Bonds (FCCBs) were converted into equity shares. The details of outstanding FCCBs and their likely impact on the equity upon conversion are tabulated as under:

Sr. No.	Particulars	FCCB of US\$ 90 Million (due on 7th March, 2011)#	FCCB of US\$ 105 Million (due on 25th July, 2011)	FCCB of US\$ 200 Million (due on 16th December, 2015)
1	Principal Value of the FCCBs issued	US\$ 90,000,000	US\$ 105,000,000	US\$ 200,000,000
2	Principal Value of FCCBs converted into equity this period(i.e. in the financial year 2009-10)	NIL	NIL	NIL
3	Underlying equity shares issued pursuant to conversion of FCCBs as referred S. No. 2	NIL	NIL	NIL
4	Principal Value of FCCBs outstanding at the end of the year i.e. as on 31st December, 2010.	US\$ 41,820,000	US\$ 66,651,000	US\$ 200,000,000
5	Underlying equity shares which may be issued upon conversion of FCCBs as referred in S. No. 4 hereinabove.	4,502,790	7,529,612	37,787,051

# FCCBs of US\$90 Million, due on 7th March, 2011, were repaid on due date.

No warrants were issued by your Company during the period under review.

**12. Plant Locations:**

The Company has manufacturing facilities at the following locations:

1. 14 K.M. Stone, Aurangabad-Paithan Road,  
Village: Chittegaon, Taluka: Paithan,  
District- Aurangabad-431 105 Maharashtra.
2. Village: Chavaj, Via Society Area,  
Taluka & District: Bharuch, Gujarat
3. Vigyan Nagar, RICO Industrial Area,  
Shahjanpur, District: Alwar, Rajasthan

**13. Address for Correspondence:**

Videocon Industries Limited

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

Tel: 02431-251501

Fax: 02431-251551

Email: [secretarial@videoconmail.com](mailto:secretarial@videoconmail.com)

The Correspondence Address for shareholders in respect of their queries is:

MCS Limited

Kashiram Jamnadas Building

Office No. 21/22, Ground Floor,

5, P D'mello Road (Ghadiyal Godi),

Masjid (East), Mumbai-400 009

Tel: 022-23726253/55

Fax: 022-23726256

**Bank Details:**

Shareholders holding shares in physical form are requested to notify / send the following information to the Registrar and Transfer Agent of the Company:

- Any change of address/mandate/bank details etc; and
- Particulars of the bank account in which they wish their dividend to be credited [in case the same has not been furnished earlier]; and should include the following particulars namely, Bank Name, Branch Name, Account Type, Account Number and MICR Code (9 digits)

**Permanent Account Number:**

The Securities and Exchange Board of India has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to the Depository Participants with whom they are maintaining demat accounts. Members holding shares in physical form are required to submit their PAN details to the Company/ Registrar and Share Transfer Agent.

**Nomination Facility:**

Shareholders holding shares in physical form and desirous of submitting/changing nomination in respect of their shareholding in the Company may submit Form 2B (in duplicate) as per the provisions of Section 109A of the Companies Act, 1956, to the Company's Registrar and Share Transfer Agent.

**Compliance Certificate of the Auditors:**

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

**GREEN INITIATIVE**

The Ministry of Corporate Affairs ("MCA"), Government of India, through its Circular No. 17 / 2011 dated 21st April, 2011 and Circular No. 18/2011 dated 29th April, 2011, has allowed companies to send Annual Report comprising of Balance Sheet, Profit & Loss Account, Directors' Report, Auditors' Report and Explanatory Statement etc., through electronic mode to the registered e-mail address of the members. Keeping in view the underlying theme and the circulars issued by MCA, we propose to send future communications in electronic mode to the e-mail address provided by you to the depositories and made available by them being the registered address. By opting to receive communication through electronic mode you have the benefit of receiving communications promptly and avoiding loss in postal transit.

Members who hold shares in physical form and desire to receive the documents in electronic mode are requested to provide their details (name, folio no, e-mail id) on the Company's e-mail address viz. [secretarial@videoconmail.com](mailto:secretarial@videoconmail.com). Members who hold shares in electronic form are requested to get their details updated with the respective Depositories.



### DECLARATION

The Board has laid down a Code of Conduct for all the Board Members and Senior Management of the Company, which is posted on the Website of the Company. The Board Members and Senior Management have affirmed compliance with the code of conduct.

**For VIDEOCON INDUSTRIES LIMITED**

**Chairman & Managing Director**

Place : Mumbai

Date : 26th May, 2011

### CMD/CFO CERTIFICATION

We, the Chairman and Managing Director appointed in terms of the Companies Act, 1956 and Chief Financial Officer of the Company, certify to the Board that:

- a) We have reviewed the Financial Statement and the Cash Flow Statement and to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the period are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept the responsibility for establishing and maintaining internal controls for financial reporting, evaluate the effectiveness, disclosing the deficiencies in the design or operation of internal controls, if any, to the Auditors and Audit Committee and take steps or propose to take steps to rectify these deficiencies.
- d) We have indicated, wherever applicable, to the Auditors and the Audit Committee:
  - i. Significant changes in Internal Control over financial reporting during the period;
  - ii. Significant changes in Accounting Policies, the same have been disclosed in the notes to the financial statement; and
  - iii. Instances of significant fraud of which we have become aware.

**For VIDEOCON INDUSTRIES LIMITED**

**Chief Financial Officer**

**Chairman & Managing Director**

Place : Mumbai

Date : 26th May, 2011

### COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of

**VIDEOCON INDUSTRIES LIMITED**

We have examined the compliance of conditions of Corporate Governance by Videocon Industries Limited, for the period ended on 31st December, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

Compliance of conditions of Corporate Governance is a responsibility of the Management. Our examination was limited to the review of the procedures and implementations thereof adopted by the Company for ensuring the compliance of conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

**For KHANDELWAL JAIN & CO.**

Chartered Accountants

**For KADAM & CO.**

Chartered Accountants

**SHIVRATAN AGARWAL**

PARTNER

Membership No. 104180

**U. S. KADAM**

PARTNER

Membership No. 31055

Place : Mumbai

Date : 26th May, 2011

This Management Discussion and Analysis Report is prepared in adherence to the spirit enunciated in the Code of Corporate Governance, approved by the Securities and Exchange Board of India and in compliance with the provisions of the Listing Agreement.

This Management Discussion and Analysis Report comprises of the following:

- Industry Overview
- Opportunities and Threats
- Segment wise performance
- Outlook
- Risks and Concerns
- Internal Control Systems and their Adequacy
- Material Developments in Human Resources

### INDUSTRY OVERVIEW

The Company is among the emerging giants of the world in consumer electronics and home appliances category. Videocon offers a full range of products including televisions, washing machines, air-conditioners, refrigerators, audio products etc. The Consumer Electronics and Home Appliances division has achieved a 20% growth over the last year.

The Consumer Electronics Industry broadly comprises of the following:



Emphasis has been given by manufacturers on improving efficiencies, consumer research, brand building, retail refurbishments, strengthening after sales service and focusing on high end products to maintain the bottom line. Videocon is also strengthening its distribution network, with an organized distribution channel for each district. Further, advertising remains a focal point for your Company.

Technological Innovations continue to be a priority area for manufacturers and emphasizes on offering that go beyond fulfilling basic necessities of consumers.

Your Company being a leader in consumer electronic and home appliances industry in India, is now focusing on this segment by customizing the products which suits Indian tastes, as Indian market is now changing dramatically and moving towards digitalized products like LCDs, satellite LCDs, LEDs, fully automatic washing machines and music systems which are high on sound bars.

At macro level, the Indian Consumer Electronics Industry is scaling new heights, undeterred by the global melt-down, and is expected to continue its growth trajectory to become a key market in the global Consumer Electronics industry.

The Videocon brand has been driven by the philosophy of delighting its customers with unique offerings, which not only allows them to experience technologically advanced, innovative products and services, but also provides them with value-for-money proposition. Moreover, by mobilizing service engineers, aligning service

centers with adequate spares and above all catering on-time and at the doorstep of the customer, Videocon intends to create an additional customer base which will generate additional volumes for the Company.

Videocon today enjoys a pre-eminent position in terms of Sales & Customer Satisfaction in most of its consumer products like Color Televisions, Washing Machines, Air Conditioners, Refrigerators, Microwave Ovens and Small Home appliances, selling them through a Multi-Brand strategy.

2010 was a year of great innovations when the Company launched various products such as:

- The world's first satellite LCD Range in India
- India's first tilt drum washing machine
- India's first top load fully-automatic washing machine with a direct drive motor
- India's first touch-pad microwave
- India's first five star and four star BEE rated washing machines

The Company intends to invest significantly into Research and Development activities, develop new products to meet the ever increasing demands of the customers.

The Company, in coming year, plans to focus on launching innovative products in washing machine, LCD and LED Segments.

The Company's vision for 2011 is that for every ten products sold in the Indian Market for any category of consumer durables, at least four should be from the Videocon Group.

#### Color Televisions:

Televisions continue to be the mainstay of the Consumer Electronics Industry in India, along with the transition occurring to new technologies such as LCD and LED. The demand for LCD TVs has been growing at a rapid scale and is showing a consistent growth in sales with increasing preference for Full High Definition TV with better image quality, audio clarity, and color resolution. The growing preference for LCD televisions in India reflects the global trend in the category at large. LED TVs are to be the next big force in India. The Flat Panel Display (FPD) TV segment in India is poised for significant growth in the coming years and is growing at a rate of over 60% Year on Year basis.

The Company plans to focus on launching of innovative products in LCD and LED segments. The Company is also looking at increasing television exports in the markets of the Middle East, Europe and China.

Growth drivers for the CTV business in India are:

- Growth in income levels resulting in more disposable incomes;
- Emergence of nuclear families;
- Growth of entertainment and media and the rising penetration of cinemas;
- Pride of ownership to own an FPD among the middle class;
- Decline in prices with economies of scale making technology more affordable;
- Availability of credit;
- Rising aspirational levels amongst Indian consumers to have a better and better life style; and
- Growth of retail industry thereby making products easily available.

#### Refrigerators:

Refrigerators for long have remained a high involvement purchase but once bought and in use, their utility and indispensability takes an edge over any other parameter. Thus, the Company now realizes that it is important to give customers that extra something in order to sell and gain top-of-the-mind recall. Improved and Premium Exteriors (multi-colored PCM finish, designer patterns, mirror finish, VCM finishes) with Innovative technology, would be the prime focus for the Company in the coming year. The Refrigerator market is estimated to grow at a CAGR of 10% with the Frost-Free segment gaining mind space with urban consumers.

The Direct Cool category will continue to grow at a steady rate, but the demand for Frost Free refrigerators will grow at a faster rate with consumer lifestyles & preferences changing. Entry level & medium segment models would see more changes with regards to finish & energy efficiency features whereas premium segment (HEFF & SBS) would be driven by lifestyle features like mirror finish, aesthetically improved designer patterns with utility features in the interiors.

#### Air Conditioners:

The Air Conditioning industry in India, contrary to its global counterpart has a positive growth outlook. The domestic demand for Air Conditioners is rising because of major growth in Infrastructure Sector. The current construction boom is enabling India to emerge as one of the World's leading user of Green Building Technology, in the larger Eco Living framework. Due to high temperatures all round the year and the rising disposable incomes, this country offers the air conditioning sector unparalleled prospects for growth. The Air Conditioner market has been witnessing a phenomenal growth of around 25%. This trend is expected to continue in this year and consequently make the main players take a bullish stance with the new product & technology offers.

The unique growth drivers of the Air Conditioner industry are:

- Change in weather conditions with prolonged summers;
- Acceptance of Air conditioners as a utility product rather than luxury;
- Consumer trend shifting towards more energy efficient Air Conditioners;
- Growth in real estate and infrastructure industry;
- Easy finance options; and
- Increase in disposable income.

#### Washing Machines:

The washing machine industry has shown a steady growth over the last decade and is expected to grow at a rate of 20% over the next few years. Semi-automatic machines have better penetration in rural & semi-urban areas due to their easy operation-ability & low cost; whereas Fully Automatic machines have found their buyers in metros.

Various key drivers for growth in washing machine industry are:

- Rapid urbanisation leading to fast & busy lifestyles. Washing clothes has always been considered tedious & time-consuming;
- Growth of nuclear families;
- Growth in working women & youth populations;
- Easy credit availability;
- Rise in competition leading to price decline across segments; and
- Washing machine now considered a necessity rather than a luxury.

#### Microwave Ovens:

The Indian Microwave market has registered a healthy growth of 29% in 2009-10, after a period of slow growth in 2008-09. As a result of economic revival and domestic spends going up, microwaves are slowly creeping up the shopper's priority list of appliances, for the home.

Predominantly, the Microwave market in India consists of Solo, Grill & Convection segments. Solo microwaves have seen a steady decline in popularity in urban & semi-urban areas but still finds buyers in smaller cities and rural areas, due to low prices. Convections due to their wider applicability, growing consumer awareness, focus by manufacturer's on building this sub category and price erosion due to competition, continues to register maximum growth.

#### Glass Shells:

Glass panels and funnels are the key components of Cathod Ray Tubes (CRTs). Your Company is one of the largest companies to manufacture glass panels and funnels for colour TVs in India. The Company also sell panels and funnels

internationally to Europe, South East Asia and Russia. Your Company provides a broad range of glass panels and funnels with sizes ranging from 14" to 29". These products also include glass panels and funnels for true flat and slim CRTs.

### INDIAN OIL & GAS INDUSTRY

Currently, of the six core industries identified in India, the oil and gas sector has propelled the growth of Indian economy most and the Government is looking for more investors in the sector. India has been growing at a decent rate annually and is committed to accelerate the growth momentum in the years to come. The Indian oil and gas sector is of strategic importance and plays a predominantly pivotal role in influencing decisions in all other spheres of the economy. The growth has been commendable and will accelerate in future consequently encouraging all round growth and development. India is currently world's fifth biggest energy consumer and the need is continuously growing.

Total production of crude oil stood at 33.7 Million Metric Tonnes (MMT) in 2009-10, 0.6 per cent higher than the production in 2008-09 (33.5 MMT). In 2009-10, total domestic oil consumption stood at 160 MMT, a decrease of 0.5 per cent over the previous year. In 2009-10, offshore gas production accounted for 81.7 per cent of total annual gas production in India. The remaining share was contributed by onshore production.

The Government realised the need to explore more areas and introduced New Exploration Licensing Policy (NELP) to encourage the private sector to invest in exploration of oil. In 2010, the Indian Ministry of Petroleum and Natural Gas launched ninth round on 15 October 2010.

#### Oil & Gas Segment of Videocon:

Your Company along with subsidiaries/joint venture, have participating interest in the following oil and gas fields.

Region	Oil & Gas Field	Name of the Operator	Effective participation interest of the Group	Status
India	Ravva Oil & Gas Field	Cairn India	25%	Production
Mozambique	Rovuma Area 1 Concession	Anadarko	10%	Exploration
Brazil*	BM-ES-24-Espirito Santos	Petrobras	15%	Exploration
	BM-C-30 Campos	Anadarko	12.5%	Exploration
	BM-SEAL-11-Sergipe	Petrobras	20%	Exploration
	BM-POT-16-Potiguar	Petrobras	10%	Exploration
East Timor	JPDA 06/103	Oilex	20%	Exploration
Indonesia	Nunukan PSC	Anadarko	12.5%	Exploration
Australia	WA-388P-Permit	Oilex	8.4%	Exploration

\* The oil blocks in Brazil are held by IBV Brasil Petroleo Limitada, which is 50:50 joint venture between the Company and Bharat Petro Resources Limited. The participating interests provided in the aforesaid table is reflective of our effective interest only.

### OPPORTUNITIES AND THREATS

#### Opportunities related to Consumer Electronics Business:

1. Majority of consumer durable products are becoming a necessity rather than luxury product for an average household.
2. The penetration/ ownership level is still low for major segments like refrigerators, air conditioners & washing machines. The divide between Upper, Upper Middle, Middle, Lower Middle and Lower class has been diminishing. Hence, ownership aspiration at a household level has been increasing at a fast rate.
3. Increased awareness levels among youth, higher disposable incomes class, access to technology and readily available information are contributing to growing demand.

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- Adoption and exposure to Western Lifestyle concepts like preserved food, conditioned air, ready to eat meals etc. in major urban and semi-urban centers.
- Increased "Consumerism" in rural India attributed to mass advertising on Television and Print.
- Prolonged summers, erratic weather conditions with varying humidity levels across the country has led to a growth in demand for affordable cooling solutions hence rise in demand for Refrigerators, Air conditioners, Air Coolers.
- Easy credit available in market/ easy financing from various lending institutions.
- Rising competition among foreign players among themselves & with domestic companies have led to sharp decline in prices.
- Improved infrastructure and connectivity has propelled the demand for better lifestyle thereby increase in demand for consumer durables.
- Growth in exports due to friendly export policies.
- Increase in demand of energy efficient appliances.
- Upgradation of standard of living.

### Opportunities relating to Oil and Gas Business:

- Geographical diversity in our assets enables us to maximize the potential for revenue generating oil and gas assets.
- Increase in demand for energy in Indian Market in line with Indian economic and industrial development.
- Exploration of additional hydrocarbon deposits within Ravva exploration block.
- Exploration of oil and gas business through mergers and acquisitions.

### Threats relating to Consumer Electronics business:

- Big marketing spends are required.
- Pressure on margins because of increasing input costs. Price of major raw materials like copper, iron & steel, crude oil, aluminum etc. have increased drastically over last 5-6 years & continue to increase even now.
- Brand image led sales is resulting into low profit business.
- Production cost advantage likely to be eroded.
- Rising interest rates.
- Increase of foreign players in the Indian market leading to reduced product life cycle. Companies thus have to innovate & improve on the existing products very frequently.

### Threat relating to Oil and Gas business:

- Increased competition could adversely affect the expansion plans by limiting the number of new exploration blocks that will be available to the Company in future.
- Exposed to Government of India in respect of sales of oil and gas.
- The oil and gas industry is extremely competitive and the Company may not be successful when tendering for further exploration blocks.

## SEGMENT WISE PERFORMANCE

The Consolidated Financial Statements have been prepared in terms of Accounting Standard 21 on Consolidated Financial Statements, Accounting Standard 27 on Financial Reporting of Interests in Joint Venture, Accounting Standard 23 on Accounting for Investments in Associates in Consolidated Financial Statements and accordingly, the segment information as per Accounting Standard 17 on Segment Reporting has been presented in consolidated financial statements.

The segment-wise turnover on consolidated basis is as under:

(₹ Millions)

Segment	Period Ended 31st Dec., 2010	Year Ended 30th Sept., 2009
Consumer Electronics and Home Appliances	135,403.79	96,111.80
Crude Oil and Natural Gas	13,203.33	10,625.49
Telecommunications	1,679.75	-
Power	-	-
<b>Total</b>	<b>150,286.87</b>	<b>106,737.29</b>

## OUTLOOK

Your Company is looking to expand its product portfolio. This will be executed through R & D as well as innovations. The Company has adopted the best and suitable technology to suit Indian needs. The Company aims to focus on getting more production done in-house and expand its manufacturing base in India. The Company plans to step up raw-material sourcing and focus on R&D activities to control costs.

The Company plans to identify further oil and gas blocks that are suitable for exploration and have potential for production.

## RISKS AND CONCERNS

### Risks associated with Consumer Electronics and Home Appliances:

- The Consumer Electronic and Home Appliances business is highly competitive thereby making it difficult for companies to increase the bottom line;
- There is a risk of assuming product liability, warranty and recall costs which may adversely affect results of operations and financial condition;
- Acceptance of technological innovation among Indian consumers;
- Too much dependability on any one distribution network might affect sales; and
- Brand loyalty among consumers adversely affects the acceptance of new technologies.

### Risks associated with Oil & Gas Business:

- Risk of variation in the prices of oil and gas depending upon various factors beyond Company's control.
- There is a risk of exploration blocks not yielding the expected results.
- Exploration and production of oil and gas and other natural resources which involves a high degree of risk and no guarantee can be made on success of the discovery.
- Difficulty in managing the increased scale of our operations as a result of the Company's diversification into new business sector.
- Exposed to fluctuations in the foreign exchange market.
- The Company does not have any control on exploration and production Joint Ventures.
- Rapid increase in drilling costs and reduction in the availability of drilling equipment.
- Subject to various environment risks and regulations that cause the Company to incur significant capital and operating costs.

## INTERNAL CONTROL FRAMEWORK - ADEQUACY; AND OPERATING EFFECTIVENESS

Your Company has established an Internal Control Framework that is considered adequate for safeguarding its assets against any loss and unauthorized use. The internal control system ensures the optimal utilization of resources and accurate reporting of financial transactions and strict compliance with applicable laws and

regulations. The Company has in place well documented procedures covering all financial and operating functions. It is ensured that the internal control mechanism is operating effectively at all times.

Your Company has a well defined organization structure with state of the art ERP systems to connect its different business locations, dealers and vendors for real time information exchange and which provide for:

- Ensuring compliance with all applicable statutes, policies, procedures, listing requirements, management guidelines and circulars;
- Adherence to applicable accounting standards and policies;
- Accurate and prompt recording of transactions and its cross verification;
- Safeguarding of assets/resources and ensuring its optimum utilization; and
- Information Technology system which include controls for facilitating the above.

Recognizing the important role of internal scrutiny, we have an internal audit function which is empowered to examine the adequacy and the compliance with plans, procedures, policies and statutory requirements. The top management and the Audit Committee of the Board review the findings and recommendations of the internal audit panel ensuring that corrective measures are initiated as appropriate.

## DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Comparative performance of the Company on Stand-alone basis is set out hereunder:

### Fixed Assets

The gross block of the Company as on 31st December, 2010, was ₹ 108,071.76 million. The net block as on that date was ₹ 60,031.06 million. During the period, there were additions in gross block of fixed assets to the extent of ₹ 8,052.80 million.

### Sales

During the period under review, the Company achieved gross sales of ₹ 146,759.27 million as against ₹ 93,812.69 million during the previous year ended on 30th September, 2009. Gross sales comprised of sales from Consumer Electronics and Home Appliances Segment to the extent of ₹ 133,555.94 million as against ₹ 83,187.20 million for the previous year, Oil and Gas Segment to the extent of ₹ 13,203.33 million as against ₹ 10,625.49 million for the previous year ended on 30th September, 2009. During the period ended 31st December, 2010, the Oil prices were higher as compared to previous year. Further, the production of Oil and Gas during the period was lower compared to previous year.

### Other Income

Other income for the period amounted to ₹ 429.86 million as against ₹ 340.15 million for the previous year ended on 30th September, 2009. Other income comprises of income from investments and securities division, insurance claim received, interest and miscellaneous income.

### Expenditure

#### Cost of Goods Consumed/Sold

Cost of Goods Consumed stood at ₹ 91,123.17 million as against ₹ 56,143.96 million for the previous year ended on 30th September, 2009.

#### Production and Exploration Expenses for Oil and Gas

During the period under review, the production and exploration expenses for oil and gas were ₹ 8,298.07 million as against ₹ 7,206.86 million for the previous year ended on 30th September, 2009.

#### Salaries, Wages and Employees' Benefits

During the period under review, the salaries, wages and employees' benefits stood at ₹ 2,280.07 million as against ₹ 1,264.23 million for the previous year ended on 30th September, 2009.

### Manufacturing and Other Expenses

During the period under review, the manufacturing and other expenses were ₹ 16,259.86 million as against ₹ 9,436.94 million for the previous year ended on 30th September, 2009.

### Interest and Finance Charges

For the period ended 31st December, 2010, Interest and Finance charges amounted to ₹ 8,931.56 million as against ₹ 6,363.61 million for the previous year ended on 30th September, 2009. The increase is mainly on account of increase in total borrowings.

### Depreciation, Amortisation and Impairment

Depreciation, Amortisation and Impairment amounted to ₹ 7,129.62 million as against ₹ 5,771.52 million for the previous year ended on 30th September, 2009.

### Profit Before Tax

As a result of the foregoing, the profit before tax was ₹ 10,504.42 million for the period ended 31st December, 2010, as against ₹ 5,783.44 million for the previous year ended on 30th September, 2009.

### Provision for Taxation

Provision for Taxation includes Provision for Current Tax, Deferred Tax and Fringe Benefit Tax. During the period under review, the Company has provided ₹ 1,811.25 million for Current Tax, ₹ 1,246.23 million for Deferred Tax and ₹ Nil for Fringe Benefit Tax as against ₹ 881.20 million for Current Tax, ₹ 879.09 million for Deferred Tax and ₹ 16.53 million for Fringe Benefit Tax for the previous year ended on 30th September, 2009.

### Net Profit

Net Profit of the Company for the period ended (15 months) on 31st December, 2010 was ₹ 7,446.94 million from ₹ 4,006.62 million for the previous year ended 30th September, 2009.

## MATERIAL DEVELOPMENTS ON HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT (INCLUDING NUMBER OF PEOPLE EMPLOYED)

"The Company depends extensively on its human assets and considers this as one of the most precious asset and not affordable to lose." The Company firmly believes that its people are one of the biggest strengths and have been one of the major driving forces behind the rapid and successful growth of the Company. Your Company has been able to fine-tune talent with modern technologies and an ever-changing corporate environment. Your Company aims at attracting, developing and retaining talent in the organization.

With this belief, the Company is continuously taking steps/measures to create a workplace where every person is encouraged to optimize his/her full potential by availing of opportunities that exist across multiple functions, disciplines as well as geographies.

Various initiatives have been taken by the Company to create a sense of belongingness amongst employees which acts as a catalyst in boosting their morale and motivating them leading to increased contribution per employee.

The Company is poised to take on the challenges with its work force of around 4,500 employees and march towards achieving growth and success.

Industrial Relations remained cordial during the period under review.

## CAUTIONARY STATEMENT

**Statements in this report describe the Company's objectives, projections, estimates, expectations and predictions, may be 'forward looking statements' within the meaning of applicable securities, laws and regulations. Actual results could differ materially from those expressed or implied. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events or otherwise.**



## AUDITORS' REPORT

To

The Members of

## VIDEOCON INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of **VIDEOCON INDUSTRIES LIMITED**, as at 31st December, 2010, Profit and Loss Account and also the Cash Flow Statement of the Company for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, on the basis of such checks as considered appropriate and according to the information and explanations given to us during the course of the audit, we give in the Annexure hereto a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books. Proper returns adequate for the purpose of our audit have been received from branches not visited by us. The branch Auditors Reports have been forwarded to us and have been appropriately dealt with;
  - c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by the report are in agreement with the books of account and with the audited returns from the foreign branches;
  - d) In our opinion, the Balance Sheet, Profit and Loss Account, and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
  - e) According to the information and explanations given to us and on the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956;
  - f) In our opinion and to the best of our information and according to explanations given to us, the said financial statements, read together with the significant accounting policies, paragraph 4 above and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 2010;
    - (ii) In the case of the Profit and Loss Account, of the profit for the period ended on that date; and
    - (iii) In the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

**For KHANDELWAL JAIN & CO.**  
Chartered Accountants  
Firm Registration No. 105049W

**For KADAM & CO.**  
Chartered Accountants  
Firm Registration No. 104524W

**SHIVRATAN AGARWAL**  
Partner  
Membership No. 104180

**U. S. KADAM**  
Partner  
Membership No. 31055

Place : Mumbai  
Date : 26th May, 2011

## ANNEXURE REFERRED TO THE AUDITORS' REPORT

Statement referred to in paragraph 3 of the Auditors' Report of even date to the Members of VIDEOCON INDUSTRIES LIMITED on the financial statements for the period ended 31st December, 2010.

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) As per the information and explanations given to us, physical verification of fixed assets, other than those under joint venture, has been carried out at reasonable intervals in terms of the phased programme of verification adopted by the Company and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable, having regard to the size of the Company and nature of its business.
- (c) In our opinion, during the period the Company has not disposed off any substantial part of fixed assets.
- (ii) (a) As per the information and explanation given to us, the inventories (excluding stock of crude oil lying at extraction site with the Operator) have been physically verified during the period by the management. In our opinion, having regard to the nature and location of stocks, the frequency of the physical verification is reasonable.  
(b) In our opinion and according to the information and explanations given to us, procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) The Company is maintaining proper records of inventory. As per the information and explanations given to us, the discrepancies noticed on physical verification of stocks were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
- (iii) (a) As per the information and explanations given to us, the Company has not granted or taken any loans, secured or unsecured, to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.  
(b) As the Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, sub-clauses (b), (c), (d), (f) and (g) of Clause (iii) of paragraph 4 of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and for the sales of goods and services. During the course of our audit, we have not observed any continuing failure to correct the major weakness in the internal controls systems.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that Section.  
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, and exceeding the value of Rupees Five Lakhs, in respect of any party during the period, have been made at prices which are reasonable having regard to prevailing market price at the relevant time.

- (vi) The Company has not accepted any deposits from the public within the meaning of the provisions of Sections 58A and 58AA or any other relevant provision of the Companies Act, 1956 and rules made thereunder.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) The Central Government has prescribed maintenance of the cost records under Section 209(1)(d) of the Companies Act, 1956, in respect of the Company's products. As per the information and explanations provided to us, we are of the opinion that prima facie, the prescribed records have been made and maintained. We have however not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and the records examined by us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and other statutory dues wherever applicable. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as on 31st December, 2010 for a period of more than six months from the date they became payable.
- (b) According to the records of the Company examined by us and information and explanations given to us, the particulars of dues of Sales tax, Income tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess which have not been deposited on account of disputes, are given below:

Nature of Statute	Nature of Dues	Amount (₹ Million)	Forum where dispute is pending
1. Customs Act, 1962	Custom Duty	120.51	CESTAT
		1.13	Asst. Commissioner
0.93		Commissioner (Appeals)	
1.31		Add. Commissioner	
200.61		Supreme Court	
18.86		Deputy Commissioner	
57.32		Commissioner	
	Custom Penalty	11.00	Commissioner
2. Central Excise Act, 1944/ Finance Act, 1994 (Service Tax Provisions)	Excise Penalty	8.25	Commissioner (Appeals)
		0.12	Asst. Commissioner
		92.93	CESTAT
	Service Tax and Education Cess	1.06	Asst. Commissioner
		9.73	Add. Commissioner
		0.83	Commissioner (Appeals)
		1.91	CESTAT
		97.75	Commissioner
Excise Duty	4.61	Joint Commissioner	
	76.87	CESTAT	
	12.61	Commissioner	
	9.65	Commissioner (Appeals)	
	0.20	Dy. Commissioner	
	3.82	High Court	
3. Central Sales Tax Act, 1956 and State Sales Tax Acts of various States	Sales Tax	21.40	Jt. Commissioner (Appeals)
		14.65	Dy. Commissioner (Appeals)
		12.83	Appellate Tribunal
		0.46	Supreme Court
		2.28	Add. Commissioner
		5.33	Commissioner (Appeals)
		20.17	Sr. Asst. Commissioner
4. Income Tax Act, 1961	Income Tax	351.13	Appellate Tribunal
5. Navi Mumbai Municipal Corporation	Cess	372.30	High Court

- (x) There are no accumulated losses as at 31st December, 2010. The Company has not incurred any cash losses during the period covered by our audit and the immediately preceding financial year.
- (xi) Based on our audit procedures and the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or to debenture holders during the period.
- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund Company or nidhi/ mutual benefit fund/ society. Therefore the Clause (xiii) of paragraph 4 of the Order is not applicable to the Company.
- (xiv) The Company has maintained proper records of transactions and contracts in respect of dealing and trading in shares, securities, debentures and other investments and timely entries have generally been made therein. All shares, debentures and other securities have been held by the Company in its own name except to the extent of the exemption granted under Section 49 of the Companies Act, 1956.
- (xv) According to the information and explanations given to us, the terms and conditions of guarantees given by the Company for loans taken by others from banks or financial institutions are prima facie not prejudicial to the interest of the Company.
- (xvi) According to the information and explanations given to us, the term loans raised during the period were applied, on an overall basis, for the purposes for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on our overall examination of the balance sheet of the Company, we report that the Company has not used funds raised on short term basis for long-term investments.
- (xviii) The Company has not made any preferential allotment of shares during the period to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any secured debentures during the period. The Company has created security in respect of debentures issued in earlier years.
- (xx) During the period, the Company has raised money through right issue. The Company has disclosed on the end use of money raised and have verified the same.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the period.

**For KHANDELWAL JAIN & CO.**  
Chartered Accountants  
Firm Registration No. 105049W

**For KADAM & CO.**  
Chartered Accountants  
Firm Registration No. 104524W

**SHIVRATAN AGARWAL**  
Partner  
Membership No. 104180  
Place : Mumbai  
Date : 26th May, 2011

**U. S. KADAM**  
Partner  
Membership No. 31055

## BALANCE SHEET AS AT 31ST DECEMBER, 2010

Particulars	Schedule No.	As at 31st Dec., 2010 (₹ Million)	As at 30th Sept., 2009 (₹ Million)
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
a) Share Capital	1	3,479.57	2,754.16
b) Reserves and Surplus	2	90,859.20	69,296.25
<b>2. Share Application Money Pending Allotment/ Warrant Subscription</b>		-	950.01
<b>3. Deferred Tax Liability (Net)</b>		6,369.61	5,123.38
<b>4. Loan Funds</b>			
a) Secured Loans	3	59,376.05	67,350.37
b) Unsecured Loans	4	58,361.60	23,495.10
<b>TOTAL</b>		<b>218,446.03</b>	<b>168,969.27</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>	5		
a) Gross Block		108,071.76	103,191.05
b) Less: Depreciation, Amortisation and Impairment		48,040.70	42,988.32
c) Net Block		60,031.06	60,202.73
<b>2. Investments</b>	6	42,679.63	30,648.99
<b>3. Current Assets, Loans and Advances</b>	7		
a) Inventories		20,401.38	17,634.93
b) Sundry Debtors		26,473.30	17,081.13
c) Cash and Bank Balances		13,164.34	4,985.06
d) Other Current Assets		555.24	320.43
e) Loans and Advances		65,441.38	47,935.04
		126,035.64	87,956.59
<b>Less: Current Liabilities and Provisions</b>	8		
a) Current Liabilities		9,120.46	8,537.12
b) Provisions		1,179.84	1,301.92
		10,300.30	9,839.04
<b>Net Current Assets</b>		<b>115,735.34</b>	<b>78,117.55</b>
<b>TOTAL</b>		<b>218,446.03</b>	<b>168,969.27</b>
<b>Significant Accounting Policies and Notes to Accounts</b>	15		

As per our report of even date

**For KHANDELWAL JAIN & CO.**  
Chartered Accountants

**For KADAM & CO.**  
Chartered Accountants

For and on behalf of the Board

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

**SHIVRATAN AGARWAL**  
Partner  
Membership No.104180

**U. S. KADAM**  
Partner  
Membership No. 31055

**P. N. DHOOT**  
Whole Time Director

Place : Mumbai  
Date : 26th May, 2011

**VINOD KUMAR BOHRA**  
Company Secretary

## PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON 31ST DECEMBER, 2010

Particulars	Schedule No.	Period ended on 31st Dec., 2010 (₹ Million)	Year ended on 30th Sept., 2009 (₹ Million)
<b>I. INCOME</b>			
Sales/Income from Operations		146,759.27	93,812.69
Less: Excise Duty		2,662.36	2,182.28
Net Sales		144,096.91	91,630.41
Other Income	9	429.86	340.15
<b>TOTAL</b>		<b>144,526.77</b>	<b>91,970.56</b>
<b>II. EXPENDITURE</b>			
Cost of Goods Consumed/Sold	10	91,123.17	56,143.96
Production and Exploration Expenses - Oil and Gas	11	8,298.07	7,206.86
Salaries, Wages and Employees' Benefits	12	2,280.07	1,264.23
Manufacturing and Other Expenses	13	16,259.86	9,436.94
Interest and Finance Charges	14	8,931.56	6,363.61
Depreciation, Amortisation and Impairment	5	7,129.62	5,771.52
<b>TOTAL</b>		<b>134,022.35</b>	<b>86,187.12</b>
<b>III. PROFIT BEFORE TAXATION</b>			
Provision for Taxation			
Current Tax		1,811.25	881.20
Deferred Tax		1,246.23	879.09
Fringe Benefit Tax		-	16.53
<b>IV. PROFIT FOR THE PERIOD/YEAR</b>			
Add/(Less): Excess/(Short) Provision of Income Tax for earlier years		(57.83)	736.82
Balance brought forward		22,438.44	20,619.94
Transfer from Debenture/Bonds Redemption Reserve		258.60	-
<b>V. BALANCE AVAILABLE FOR APPROPRIATIONS</b>			
		<b>30,086.15</b>	<b>25,363.38</b>
<b>VI. APPROPRIATIONS</b>			
Proposed Dividend - Equity Shares		301.97	462.53
Proposed Dividend - Preference Shares		46.08	36.81
Corporate Tax on Proposed Dividend		57.81	84.86
Debenture/Bonds Redemption Reserve		-	1,340.74
Transfer to General Reserve		1,000.00	1,000.00
Balance Carried to Balance Sheet		28,680.29	22,438.44
<b>TOTAL</b>		<b>30,086.15</b>	<b>25,363.38</b>
<b>VII. EARNINGS PER SHARE (Not Annualised)</b>			
(Nominal value of ₹ 10/- each)			
Basic		₹ 27.88	₹ 20.49
Diluted		₹ 26.65	₹ 19.47
(Refer Note No. B-16 of Schedule No. 15)			
<b>Significant Accounting Policies and Notes to Accounts</b>	<b>15</b>		

As per our report of even date

**For KHANDELWAL JAIN & CO.**  
Chartered Accountants

**SHIVRATAN AGARWAL**  
Partner  
Membership No.104180

Place : Mumbai  
Date : 26th May, 2011

**For KADAM & CO.**  
Chartered Accountants

**U. S. KADAM**  
Partner  
Membership No. 31055

For and on behalf of the Board

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

**P. N. DHOOT**  
Whole Time Director

**VINOD KUMAR BOHRA**  
Company Secretary

## CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 31ST DECEMBER, 2010

Particulars	Period ended on 31st Dec., 2010 (₹ Million)	Year ended on 30th Sept., 2009 (₹ Million)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit before Tax</b>	<b>10,504.42</b>	5,783.44
Adjustments for:		
Depreciation, Amortisation and Impairment	7,129.62	5,771.52
Interest and Finance Charges	8,931.56	6,363.61
Provision for Leave Encashment	11.02	4.72
Provision for Warranty and Maintenance Expenses	19.78	217.62
Provision for Gratuity	25.46	17.90
Diminution/(Write back) in value of Investments	78.36	(53.15)
(Profit)/Loss on Sale of Fixed Asset	(5.17)	99.60
Provision for Doubtful Debts	41.90	39.68
Interest Received	(175.63)	(264.74)
(Income)/Loss from Investments and Securities Division	(188.70)	4.76
<b>Operating Profit before Working Capital Changes</b>	<b>26,372.62</b>	17,984.96
Adjustments for:		
Inventories	(2,766.45)	(1,946.29)
Sundry Debtors	(9,434.07)	(1,291.92)
Other Current Assets	(234.81)	(134.70)
Loans and Advances	(17,527.91)	(7,957.85)
Current Liabilities	585.69	756.21
Cash (used in)/generated from Operations	(3,004.93)	7,410.41
Less: Taxes Paid/(Refund)-net	1,847.51	936.36
<b>Net Cash (used in)/ from Operating Activities</b>	<b>(A) (4,852.44)</b>	6,474.05
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of Fixed Assets	160.62	3,203.99
(Purchase) of Fixed Assets including Capital Work in Progress	(6,609.71)	(10,080.15)
Adjustment on account of Producing Properties	-	74.12
(Increase) in Producing Properties	(503.69)	(5.10)
Sale of Investments (Net)	4,204.04	16,708.89
(Increase) in Investments in Subsidiaries (Net)	(16,313.04)	(20,348.85)
Interest Received	175.63	264.74
Income/(Loss) from Investments and Securities Division	188.70	(4.76)
<b>Net Cash (used in) Investing Activities</b>	<b>(B) (18,697.45)</b>	(10,187.12)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase in Equity Share Capital	725.41	1.05
Share Application/Warrants Subscription Money Received/(Converted)	(950.01)	950.01
Securities Premium Received	14,882.86	11.90
Forfeited Shares	-	2.72
Increase/(Decrease) in Secured Term Loans from Banks	(8,075.19)	22,389.12
Increase/(Decrease) in Working Capital Loan from Banks	509.03	1,702.45
Increase/(Decrease) in Unsecured Loans	34,644.47	(12,810.77)
Redemption of Secured Non-Convertible Debentures	(408.16)	(753.74)
Payment of Dividend	(501.69)	(268.59)
Corporate Tax on Dividend	(84.86)	(45.25)
Share Issue Expenses	(81.13)	-
Interest and Finance Charges	(8,931.56)	(6,363.61)
<b>Net Cash from Financing Activities</b>	<b>(C) 31,729.17</b>	4,815.29
<b>Net Change in Cash and Cash Equivalents</b>	<b>(A+B+C) 8,179.28</b>	1,102.22
<b>Opening Balance of Cash and Cash Equivalents</b>	<b>4,985.06</b>	3,882.84
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>13,164.34</b>	4,985.06

As per our report of even date

**For KHANDELWAL JAIN & CO.**  
Chartered Accountants

**SHIVRATAN AGARWAL**  
Partner  
Membership No.104180

Place : Mumbai  
Date : 26th May, 2011

**For KADAM & CO.**  
Chartered Accountants

**U. S. KADAM**  
Partner  
Membership No. 31055

For and on behalf of the Board

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

**P. N. DHOOT**  
Whole Time Director

**VINOD KUMAR BOHRA**  
Company Secretary



## SCHEDULES TO BALANCE SHEET

	As at 31st Dec., 2010 (₹ Million)	As at 30th Sept., 2009 (₹ Million)		As at 31st Dec., 2010 (₹ Million)	As at 30th Sept., 2009 (₹ Million)
<b>SCHEDULE 1 : SHARE CAPITAL</b>			<b>SCHEDULE 2 : RESERVES AND SURPLUS (Continued)</b>		
<b>Authorised:</b>			<b>Securities Premium Account</b>		
500,000,000 (Previous year 500,000,000) Equity Shares of ₹ 10/- each.	5,000.00	5,000.00	As per last Balance Sheet	28,820.84	29,088.31
10,000,000 (Previous year 10,000,000) Redeemable Preference Shares of ₹ 100/- each.	1,000.00	1,000.00	Add: Received during the period	14,886.19	-
	<b>6,000.00</b>	<b>6,000.00</b>	Less: Reversal of Premium on Shares Forfeited	-	5.00
<b>Issued, Subscribed and Paid-up:</b>			Less: Share Issue Expenses	81.13	-
<b>Equity Shares:</b>			Less: Premium Payable on Redemption of Convertible Bonds	222.03	262.47
301,963,634 (Previous year 229,406,816) Equity Shares of ₹ 10/- each fully paid-up.	3,019.64	2,294.07		<b>43,403.87</b>	28,820.84
<b>Of the above:</b>			Less: Calls in Arrears - by others	3.33	-
a) 95,078 (Previous year 95,078) Equity Shares of ₹ 10/- each have been issued on conversion of Unsecured Optionally Convertible Debentures.			<b>(C)</b>	<b>43,400.54</b>	28,820.84
b) 156,394,378 (Previous year 156,394,378) Equity Shares of ₹ 10/- each were allotted pursuant to amalgamations without payments being received in cash.			<b>Debenture/Bonds Redemption Reserve</b>		
c) 45,777,345 (Previous year 45,777,345) Equity Shares of ₹ 10/- each were issued by way of Euro issues represented by Global Depository Receipts (GDR) at a price of US\$ 10.00 per share (inclusive of premium).			As per last Balance Sheet	3,288.24	1,947.50
d) 8,464,515 (Previous year 8,464,515) Equity Shares of ₹ 10/- each have been issued on conversion of 86,529 Foreign Currency Convertible Bonds of US\$ 1,000 each (inclusive of premium).			Add/(Less): Transferred from/(to) Profit and Loss Account	(258.60)	1,340.74
Less: Calls in Arrears - by others	0.16	-	<b>(D)</b>	<b>3,029.64</b>	3,288.24
<b>(A)</b>	<b>3,019.48</b>	2,294.07	<b>Capital Reserve</b>		
<b>Preference Shares</b>			As per last Balance Sheet	4.25	1.53
a) 4,523,990 (Previous year 4,523,990) 8% Cumulative Redeemable Preference Shares of ₹ 100/- each fully paid up, redeemable at par in 3 equal installments on 1st October, 2011, 1st October, 2012 and 1st October, 2013.	452.40	452.40	Add: On Forfeiture of Shares	-	2.72
b) 76,870 (Previous year 76,870) 8% Cumulative Redeemable Preference Shares of ₹ 100/- each fully paid up, redeemable at par in 3 equal installments on 1st February, 2012, 1st February, 2013 and 1st February, 2014.	7.69	7.69	<b>(E)</b>	<b>4.25</b>	4.25
	<b>(B)</b>	460.09	<b>General Reserve</b>		
	<b>(A+B)</b>	2,754.16	As per last Balance Sheet	14,201.48	13,201.48
			Add: Transferred from Profit and Loss Account	1,000.00	1,000.00
			<b>(F)</b>	<b>15,201.48</b>	14,201.48
			<b>Profit and Loss Account</b>		
			As per Account annexed	28,680.29	22,438.44
			<b>(G)</b>	<b>28,680.29</b>	22,438.44
			<b>(A to G)</b>	<b>90,859.20</b>	69,296.25
<b>SCHEDULE 2 : RESERVES AND SURPLUS</b>			<b>SCHEDULE 3 : SECURED LOANS</b>		
<b>Capital Redemption Reserve</b>			(Refer Note No. B-5 of Schedule No. 15)		
As per last Balance Sheet	537.50	537.50	A. Non-Convertible Debentures	86.38	494.54
<b>(A)</b>	<b>537.50</b>	537.50	B. Term Loans		
<b>Capital Subsidy</b>			i. Rupee Loans from Banks and Financial Institutions	51,749.56	58,789.97
As per last Balance Sheet	5.50	5.50	ii. FCNR-B Loan from Banks	219.41	363.67
<b>(B)</b>	<b>5.50</b>	5.50	C. External Commercial Borrowings	2,980.18	4,076.33
			D. Vehicle Loans from Banks	247.29	41.66
			E. Working Capital Loans From Banks	4,093.23	3,584.20
			<b>TOTAL</b>	<b>59,376.05</b>	67,350.37
			<b>SCHEDULE 4 : UNSECURED LOANS</b>		
			(Refer Note No. B-6, B-7 and B-8 of Schedule No. 15)		
			A. From Banks		
			i. Rupee Loan	43,279.62	17,267.00
			ii. Foreign Currency Loan	-	62.43
			B. Foreign Currency Convertible Bonds	13,967.57	5,257.59
			C. Premium Payable on Redemption on Foreign Currency Convertible Bonds	1,046.62	824.59
			D. Sales Tax Deferral	67.79	83.49
			<b>TOTAL</b>	<b>58,361.60</b>	23,495.10

(Contd...)

## SCHEDULES TO BALANCE SHEET (Continued)

## SCHEDULE 5: FIXED ASSETS

(₹ Million)

PARTICULARS	GROSS BLOCK				DEPRECIATION / AMORTISATION / IMPAIRMENT					NET BLOCK	
	As at 30.09.2009	Additions	Deductions	As at 31.12.2010	Upto 30.09.2009	For the period	Deductions/ Adjustments	Impairment	Upto 31.12.2010	As at 31.12.2010	As at 30.09.2009
<b>Tangible Assets</b>											
Freehold Land	144.88	3.21	-	148.09	-	-	-	-	-	148.09	144.88
Leasehold Land	48.05	-	-	48.05	9.22	0.97	-	-	10.19	37.86	38.83
Building	6,404.41	78.07	-	6,482.48	1,854.26	223.09	-	-	2,077.35	4,405.13	4,550.15
Leasehold Improvements	39.33	-	-	39.33	39.15	-	-	-	39.15	0.18	0.18
Plant and Machinery *	79,643.62	7,248.94	2,203.88	84,688.68	35,130.11	6,302.73	2,057.44	-	39,375.40	45,313.28	44,513.51
Furnace	1,995.27	-	-	1,995.27	1,803.30	95.08	-	-	1,898.38	96.89	191.97
Electrical Installation	150.84	5.11	-	155.95	88.00	8.18	-	-	96.18	59.77	62.84
Office Equipments	301.19	14.48	3.92	311.75	186.15	11.04	0.20	-	196.99	114.76	115.04
Computer Systems	222.22	14.26	0.61	235.87	160.76	42.37	0.24	-	202.89	32.98	61.46
Furniture and Fixtures	197.61	9.02	1.28	205.35	118.86	18.16	0.23	-	136.79	68.56	78.75
Vehicles	720.01	128.47	23.00	825.48	385.30	70.24	19.13	-	436.41	389.07	334.71
<b>Intangible Assets</b>											
Computer Software	182.10	47.55	-	229.65	117.80	50.46	-	-	168.26	61.39	64.30
<b>SUB-TOTAL</b>	<b>90,049.53</b>	<b>7,549.11</b>	<b>2,232.69</b>	<b>95,365.95</b>	<b>39,892.91</b>	<b>6,822.32</b>	<b>2,077.24</b>	<b>-</b>	<b>44,637.99</b>	<b>50,727.96</b>	<b>50,156.62</b>
Producing Properties	3,711.46	503.69	-	4,215.15	3,095.41	307.30	-	-	3,402.71	812.44	616.05
Capital Work in Progress	9,430.06	-	-	8,490.66	-	-	-	-	-	8,490.66	9,430.06
<b>TOTAL</b>	<b>103,191.05</b>	<b>8,052.80</b>	<b>2,232.69</b>	<b>108,071.76</b>	<b>42,988.32</b>	<b>7,129.62</b>	<b>2,077.24</b>	<b>-</b>	<b>48,040.70</b>	<b>60,031.06</b>	<b>60,202.73</b>
As at 30.09.2009	89,477.82	9,764.82	9,193.11	90,049.53	40,143.54	5,189.44	5,889.52	449.45	39,892.91	50,156.62	
Producing Properties	3,780.48	5.10	74.12	3,711.46	2,962.78	132.63	-	-	3,095.41	616.05	
Capital Work in Progress	9,114.73	-	-	9,430.06	-	-	-	-	-	9,430.06	
Total as at 30.09.2009	102,373.03	9,769.92	9,267.23	103,191.05	43,106.32	5,322.07	5,889.52	449.45	42,988.32	60,202.73	

\*Gross Block of Plant and Machinery includes the amount added on revaluation on 1st April, 1998 and 1st October, 2002.

## SCHEDULE 6 : INVESTMENTS

## LONG TERM INVESTMENTS

## QUOTED

## 1. IN EQUITY SHARES (Fully Paid-up) - TRADE

	Face Value	As at 31st December, 2010		As at 30th September, 2009	
		Nos.	₹ Million	Nos.	₹ Million
Trend Electronics Limited	₹10	1,408,800	25.41	1,408,800	25.41
Value Industries Limited	₹10	1,811,748	47.47	1,811,748	38.14
Samtel Electronics Devices Limited	₹10	82,000	0.96	82,000	1.49
			73.84		65.04

## 2. IN EQUITY SHARES (Fully Paid-up) - OTHERS

AI Champdany Industries Limited	₹5	18,000	0.47	-	-
Asian Electronics Limited	₹5	40,000	0.84	40,000	1.92
Assam Company (India) Limited	₹1	10,000	0.21	10,000	0.21
Bajaj Auto Limited	₹10	10,424	16.07	-	-
Core Projects and Technologies Limited	₹2	140,000	34.12	-	-
Deccan Cements Limited	₹10	359,630	55.38	-	-
Dhoot Industrial Finance Limited	₹10	4,800	0.10	4,800	0.05
Expo Gas Containers Limited	₹4	7,600	0.05	7,600	0.05
GTL Infrastructure Limited	₹10	501,900	21.46	1,900	0.08
Gujarat Heavy Chemicals Limited	₹10	255,494	11.61	-	-
Gujarat Industries Power Company Limited	₹10	35,000	3.65	-	-
Hindustan Adhesives Limited	₹10	-	-	13,900	0.08
Indbank Merchant Banking Services Limited	₹10	315,700	4.85	-	-
Indiabulls Power Limited	₹10	200,000	5.82	-	-
Indiabulls Securities Limited	₹2	100,000	2.26	-	-
India Steel Works Limited	₹10	1,300	0.004	1,300	0.004
IFCI Limited	₹10	41,800	2.81	41,800	2.36
IOL Netcom Limited	₹10	1,567,374	18.86	-	-
Jayaswal Neco Industries Limited	₹10	358,950	11.36	289,450	7.21
Lumax Industries Limited	₹10	20,385	6.29	7,000	1.30

(Contd...)

## SCHEDULES TO BALANCE SHEET (Continued)

### SCHEDULE 6 : INVESTMENTS (Continued)

	Face Value	As at 31st December, 2010		As at 30th September, 2009	
		Nos.	₹ Million	Nos.	₹ Million
Maxwell Industries Limited	₹2	1,217,000	24.10	-	-
Mold-Tek Technologies Limited	₹10	1,800	0.13	1,800	0.14
National Hydro Power Company Limited	₹10	25,366	0.71	-	-
Prime Securities Limited	₹5	1,853,158	66.62	-	-
Shree Ram Mills Limited	₹10	85,000	15.02	-	-
Siemens Limited	₹2	3,130	0.13	3,130	0.13
Sri Lakshmi Saraswathi Textiles (Arni) Limited	₹10	8,700	0.12	8,700	0.11
Sujana Metal Products Limited	₹5	200,000	3.18	-	-
Swan Mills Limited	₹2	998,607	127.57	-	-
Yes Bank Limited	₹10	3,775	0.69	3,775	0.69
			<b>434.48</b>		<b>14.32</b>

### UNQUOTED

#### 1. IN EQUITY SHARES (Fully Paid-up) - TRADE

Akai Consumer Electronics India Limited	₹10	35,000	0.35	35,000	0.35
Applicomp (India) Limited	₹10	17,023,500	170.24	17,023,500	170.24
Digital Display Devices S.p.A.	Euro 1	36,000	1.96	36,000	1.96
Eagle Corporation Limited	US\$ 1	1,000	0.05	1,000	0.05
Evans Fraser & Co. (India) Limited	₹100	91,250	49.13	91,250	49.13
Goa Energy Private Limited	₹10	2,600	0.03	2,600	0.03
Hyundai Electronics India Limited	₹10	9,500	0.10	9,500	0.10
Indian Refrigerator Company Limited	₹10	1,990,000	19.90	1,990,000	19.90
Jupiter Corporation Inc.	US\$ 1	190	0.01	190	0.01
Kentosh Electronics India Private Limited	₹10	1,720	0.02	1,720	0.02
KAIL Limited	₹10	1,521,000	111.26	1,521,000	111.26
Millennium Appliances India Limited	₹10	4,750,000	95.00	4,750,000	95.00
Next Retail India Limited	₹10	21,036,000	650.36	21,036,000	650.36
P T Videocon Indonesia	US\$ 50	475	0.94	475	0.94
Plugin Sales Limited	₹100	1,900	0.19	1,900	0.19
Powerking Corporation Limited	US\$ 1	2,711	0.13	-	-
Quadrant Corporation Inc.	US\$ 1	190	0.01	190	0.01
Radium Energy Private Limited	₹10	2,600	0.03	-	-
Shyadhri Consumer Electronics (I) Private Limited	₹10	1,900	0.02	1,900	0.02
Sapphire Overseas Inc.	US\$ 1	1,900	0.08	1,900	0.08
Techno Electronics Limited	₹10	20,117,647	201.18	20,117,647	201.18
TekCare India Private Limited	₹10	1,900	0.02	1,900	0.02
VCIL Netherlands B.V.	Euro 100	34	0.13	34	0.13
Venus Corporation Limited	US\$ 1	2,982	0.14	-	-
Videocon (Cayman) Limited	US\$ 1	579,500	28.35	579,500	28.35
Videocon Realty and Infrastructures Limited	₹10	8,125	0.83	8,125	0.83
			<b>1,330.42</b>		<b>1,330.13</b>

#### 2. IN EQUITY SHARES (Fully Paid-up) - OTHERS

Bolton Properties Limited	₹10	112,500	13.66	112,500	13.66
Deve Sugars Limited	₹10	125,000	0.13	125,000	0.13
Ease Finance Limited	₹10	4,800	0.96	4,800	0.96
Geekay Exim (India) Limited	₹10	80,000	0.08	80,000	0.08
Good Value Marketing Company Limited	₹10	25,000	0.03	25,000	0.03
Holzmann Videocon Engineers Limited	₹10	990,600	-	990,600	-
Kay Kay Construction Limited	₹10	4,500	0.90	4,500	0.90
Kores India Limited	₹10	1,170,000	1.17	1,170,000	1.17
Lexus Infotech Limited	₹10	500,000	50.00	500,000	50.00
Paramount Global Limited	US\$ 1	256,000	11.24	-	-
Shri Sahayog Exhibitors Private Limited	₹1000	375	9.38	-	-
Siris Limited	₹10	13,200	0.01	13,200	0.01
Sky Billion Trading Limited	US\$ 1	203,680	9.43	-	-
The Banares State Bank Limited	₹100	25,000	0.03	25,000	0.03

## SCHEDULES TO BALANCE SHEET (Continued)

	Face Value	As at 31st December, 2010		As at 30th September, 2009	
		Nos.	₹ Million	Nos.	₹ Million
<b>SCHEDULE 6 : INVESTMENTS (Continued)</b>					
Trinity Infratech Private Limited	₹ 10	500,000	80.00	500,000	80.00
Videocon (Mauritius) Infrastructure Ventures Limited	US\$ 1	100,700	4.29	100,700	4.29
Videocon Realty Private Limited	₹ 10	2,500	0.03	2,500	0.03
Titan Realty Private Limited	₹ 10	2,500	0.03	2,500	0.03
(Formerly: Videocon SEZ Infrastructures (Aurangabad) Private Limited)					
Videocon SEZ Infrastructures (Pune) Private Limited	₹ 10	-	-	2,500	0.03
Veronica Properties Private Limited	₹ 10	2,500	0.03	2,500	0.03
(Formerly: Videocon SEZ Infrastructures (West Bengal) Private Limited)					
Videocon SEZ Infrastructures Private Limited	₹ 10	2,500	0.03	2,500	0.03
Yash - V - Jewels Limited	₹ 10	500,000	50.00	500,000	50.00
Zodiac Corporation Limited	₹ 10	190	0.01	-	-
			231.40		201.38
<b>3. IN EQUITY SHARES OF SUBSIDIARIES (Fully Paid-up)</b>					
Chhattisgarh Power Ventures Private Limited	₹ 10	10,000	0.10	-	-
Eagle ECorp Limited	US\$ 1	10,000	0.44	10,000	0.44
Godavari Consumer Electronics Appliances Private Limited	₹ 10	-	-	10,000	0.10
Mayur Household Electronics Appliances Private Limited	₹ 10	-	-	10,000	0.10
Middle East Appliances LLC	RO 1	2,251,800	270.14	2,251,800	270.14
Paramount Global Limited	US\$ 1	-	-	12,800,000	562.12
Pipavav Energy Private Limited	₹ 10	550,000,000	5,500.00	10,000	0.10
Powerking Corporation Limited	US\$ 1	-	-	2,711	0.12
Senator Energy Private Limited	₹ 10	10,000	0.10	-	-
Sky Billon Trading Limited	US\$ 1	-	-	1,072,000	49.61
Triumph Energy Private Limited	₹ 10	10,000	0.10	-	-
Venus Corporation Limited	US\$ 1	-	-	2,982	0.14
Videocon Display Research Co. Limited	JPY 50000	-	-	1,200	22.97
Videocon Electronics (Shenzhen) Limited	US\$ 1	135,000	6.42	135,000	6.42
(Chinese name - WeiYouKang Electronic (Shenzhen) Co. Ltd.)					
Videocon Energy Limited	₹ 10	100,000,000	1,000.00	-	-
Videocon Energy Ventures Limited	US\$ 1	1,000	0.04	1,000	0.04
Videocon Energy Brazil Limited	US\$ 1	-	-	1,000	0.04
Videocon Global Limited	US\$ 1	2,500	0.12	2,500	0.12
Videocon Hydrocarbon Holdings Limited	US\$ 1	198,000,000	9,046.62	-	-
Videocon Indonesia Nunukan Inc.	US\$ 1	-	-	1,000	0.05
Videocon International Electronics Limited	₹ 10	2,000,000,000	20,000.00	2,000,000,000	20,000.00
Videocon Mozambique Rovuma 1 Limited	US\$ 1	-	-	10,000	0.43
Videocon JPDA 06-103 Limited	US\$ 1	-	-	1,000	0.04
Videocon Telecommunications Limited	₹ 10	155,552,000	1,555.52	56,000,000	560.00
			37,379.60		21,472.99
<b>4. IN JOINT VENTURES</b>					
VB (Brasil) Petroleo Private Ltda.	Brll	-	-	1,004,500	24.32
Videocon Infinity Infrastructure Private Limited	₹ 10	5,000	0.05	5,000	0.05
			0.05		24.37
<b>5. IN PREFERENCE SHARES (Fully Paid-up)</b>					
Plugin Sales Limited	₹ 100	3,800	0.38	3,800	0.38
			0.38		0.38
<b>6. IN DEBENTURES</b>					
Techno Electronics Limited	₹ 100	10,000,000	1,000.00	20,000,000	2,000.00
			1,000.00		2,000.00
<b>7. OTHER INVESTMENTS</b>					
<b>A. In Shares of Co-operative Bank</b>					
Ahmednagar District Urban Central Co-operative Bank Ltd.	₹ 50	10	0.001	10	0.001
Bharati Sahakari Bank Limited	₹ 50	7,670	0.38	7,670	0.38
Bombay Mercantile Co-operative Bank Limited	₹ 10	4,166	0.04	4,166	0.04
Janata Sahakari Bank Limited	₹ 10	857	0.09	857	0.09
The Saraswat Co-operative Bank Limited	₹ 10	1,000	0.01	1,000	0.01
(A)			0.52		0.52
<b>B. In Shares of Co-operative Society</b>					
(B)	₹ 50	31	0.002	31	0.002
<b>Total (A + B)</b>			0.52		0.52

(Contd...)

## SCHEDULES TO BALANCE SHEET (Continued)

### SCHEDULE 6 : INVESTMENTS (Continued)

#### SHARE APPLICATION MONEY PENDING ALLOTMENT

	Face Value	As at 31st December, 2010		As at 30th September, 2009	
		Nos.	₹ Million	Nos.	₹ Million
Bharat Business Channel Limited			-		1,300.00
Chhattisgarh Power Ventures Private Limited			1,000.00		-
Middle East Appliances LLC			91.63		-
Pipavav Energy Private Limited			-		1,500.00
Videocon Telecommunications Limited			814.80		-
			<b>1,906.43</b>		<b>2,800.00</b>

#### CURRENT INVESTMENTS

##### UNQUOTED

#### 1. IN BONDS

Central Bank of India	₹ 100000	500	50.00	500	50.00
			<b>50.00</b>		<b>50.00</b>

#### 2. IN UNITS OF MUTUAL FUNDS/PORTFOLIOS

ICICI Prudential Indo Asia Equity Fund - Retail Dividend	₹ 10	-	-	5,000,000	45.95
Baroda Pioneer PSU Equity Fund	₹ 10	250,000	2.34	-	-
Bharti AXA Focused Infrastructure Fund	₹ 10	3,000,000	30.00	-	-
Canara Robeco F.O.R.C.E. Fund - Retail Growth	₹ 10	-	-	1,000,000	10.00
Canara Robeco Multicap - Growth	₹ 10	250,000	2.50	-	-
HDFC PMS Real Estate Fund	₹ 10	400,000	4.00	400,000	4.00
IDBI Nifty Index Fund	₹ 10	2,000,000	20.00	-	-
ING Global Real Estate Fund	₹ 10	-	-	487,805	4.52
JM Agri and Infra Fund - Dividend Plan	₹ 10	-	-	5,000,000	15.76
JM Contra Fund - Dividend Plan	₹ 10	-	-	5,000,000	27.16
JM Core 11 Fund	₹ 10	5,000,000	21.77	5,000,000	24.14
LIC Mutual Fund India Vision Fund	₹ 10	-	-	10,000,000	82.16
LIC Mutual Fund Infrastructure Fund	₹ 10	-	-	5,000,000	47.04
LIC Mutual Fund Liquid Fund-Growth Plan	₹ 10	-	-	121,270,924	2,000.00
LIC Mutual Fund Systematic Asset Allocation Fund - Growth	₹ 10	-	-	5,000,000	50.00
LIC Mutual Fund Top 100 Fund	₹ 10	-	-	10,000,000	78.49
Optimix Dynamic Multi - Manager FoF Scheme - Growth	₹ 10	-	-	2,000,000	19.90
Peninsula Realty Fund - Indigo	₹ 100000	1,500	141.90	400	31.90
Principal Large Cap Fund - Growth	₹ 10	-	-	28,588	0.50
Principal PNB Long Term Equity Fund 3 year Plan Series-II	₹ 10	-	-	500,000	4.77
Principal PNB Long Term Equity Fund	₹ 10	-	-	200,000	1.96
Principal Resurgent India Equity Fund - Growth Plan	₹ 100	-	-	25,625	2.07
Reliance Infrastructure Fund-Retail Growth	₹ 10	-	-	244,499	2.50
Reliance Long Term Equity Fund - Growth Option	₹ 10	-	-	10,000,000	100.00
Shinsei Liquid Fund-Institutional Plan - Growth	₹ 10	-	-	4,950,887	50.00
Sundaram BNP Paribas Energy Opportunities Fund - Dividend	₹ 10	-	-	5,000,000	42.58
Sundaram BNP Paribas Energy Opportunities Fund - Growth	₹ 10	-	-	5,000,000	42.58
Sundaram Select Thematic Funds PSU Opportunities - Growth	₹ 10	5,000,000	50.00	-	-
UTI Infrastructure Advantage Fund Series- I	₹ 10	-	-	100,000	0.91
UTI Wealth Builder Fund - Growth	₹ 10	-	-	100,000	1.00
			<b>272.51</b>		<b>2,689.86</b>

#### TOTAL INVESTMENTS

Aggregate Book Value of Quoted Investments			<b>508.32</b>		79.36
Aggregate Market Value of Quoted Investments			<b>625.92</b>		108.26
Aggregate Book Value of Unquoted Investments/Application money			<b>42,171.31</b>		<b>30,569.63</b>

(Contd...)

## SCHEDULES TO BALANCE SHEET (Continued)

## SCHEDULE 6: INVESTMENTS (Continued)

## Details of Investments acquired and sold/redeemed during the period:

Particulars	Quantity (Nos.)	Cost (₹ Million)
Aakriti Hotel Limited	111,111	200.00
AI Champdany Industries Limited	91,832	2.40
Archies Limited	299,514	28.45
Axis Equity Fund	1,000,000	10.00
Baroda Pioneer Liquid Fund	9,381,479	100.00
Baroda Pioneer Treasury Advantage Fund	9,521,841	100.05
BF Utilities Limited	12,750	12.45
Canara Robeco Monthly Income Plan - Growth	186,359	5.00
KPIT Cummins Infosystems Limited	20,000	2.40
LIC Nomura MF Income Plus Fund - Growth Plan	55,393,771	700.00
LIC Nomura MF Liquid Fund-Growth Plan	340,216,583	5,800.00
LIC Mutual Fund Liquid Plus Fund - Growth Plan	299,446,923	5,000.00
Litlier Properties Holding Private Limited	400,000	154.00
Maharashtra Airport Development Company Limited - Bonds	620	313.72
Nirlon Limited	95,708	6.73
PNB Principal Floating Rate Fund - FMP	3,430,555	50.00
Principal Cash Management Fund - Liquid Option Inst. - Growth	73,999,691	1,100.00
Reliance Liquidity Fund - Growth	22,010,433	500.00
Ruchi Soya Industries Limited	25,000	3.02
SBI Premier Liquid Fund-Super Institutional - Growth	3,419,902	50.00
SBI - Magnum Insta Cash Fund	9,786,364	200.00
Sterling Holiday Resorts (India) Limited	240,000	20.84
Swan Mills Limited	13,214	1.39
Tata Auto Comp Systems Limited - Bonds	500	523.10

	As at 31st Dec., 2010 (₹ Million)	As at 30th Sept., 2009 (₹ Million)

## SCHEDULE 7 : CURRENT ASSETS, LOANS AND ADVANCES

## A. Inventories

(As taken, valued and certified by the Management)

Raw Materials including Consumables, Stores and Spares	12,717.32	10,953.00
Work in Process	776.49	794.40
Finished Goods	3,702.38	3,578.19
Material in Transit and in Bonded Warehouse	2,943.05	2,113.43
Drilling and Production Materials	190.44	171.30
Crude Oil	71.70	24.61
<b>(A)</b>	<b>20,401.38</b>	<b>17,634.93</b>

## B. Sundry Debtors (Unsecured)

Outstanding for a period exceeding six months

Considered Good	190.13	131.42
Considered Doubtful	306.69	264.79
	496.82	396.21
Less: Provision for Doubtful Debts	306.69	264.79
	190.13	131.42
Others - Considered Good	26,283.17	16,949.71
<b>(B)</b>	<b>26,473.30</b>	<b>17,081.13</b>

(Contd...)

	As at 31st Dec., 2010 (₹ Million)	As at 30th Sept., 2009 (₹ Million)
<b>SCHEDULE 7 : (Continued)</b>		
<b>C. Cash and Bank Balances</b>		
Cash on hand	10.82	7.24
Cheque/ Drafts on hand/ in Transit	1.59	457.35
Balances with Scheduled Bank		
In Current Accounts	3,967.43	2,689.72
In Fixed Deposits	9,151.97	1,797.09
In Dividend Warrant Accounts (Per Contra)	31.03	33.38
Balances with Non-Scheduled Bank in Current Accounts		
China Merchants Bank	1.50	0.28
(Maximum Balance Outstanding during the period ₹ 12.89 million, Previous year ₹ 7.05 million)		
<b>(C)</b>	<b>13,164.34</b>	<b>4,985.06</b>
<b>D. Other Current Assets</b>		
Interest Accrued	123.05	44.34
Insurance Claim Receivable	7.32	24.66
Other Receivable	424.87	251.43
<b>(D)</b>	<b>555.24</b>	<b>320.43</b>
<b>E. Loans and Advances(Unsecured, considered good)</b>		
Advances to Subsidiary Companies	27,289.04	28,481.09
Advances recoverable in cash or in kind or for value to be received	37,217.47	18,377.04
Balance with Central Excise/Customs Department	561.64	652.61
Advance Income Tax (Net of Provision)	23.20	44.76
Advance Fringe Benefit Tax (Net of Provision)	0.06	0.07
Other Deposits	349.97	379.47
<b>(E)</b>	<b>65,441.38</b>	<b>47,935.04</b>
<b>TOTAL (A to E)</b>	<b>126,035.64</b>	<b>87,956.59</b>

## SCHEDULE 8: CURRENT LIABILITIES AND PROVISIONS

## A. Current Liabilities

Sundry Creditors \*

Due to Micro, Small and Medium Enterprises	7.73	0.19
Due to Others	6,466.40	6,105.73
Bank Overdraft as per books	11.34	32.15
Interest Accrued but not due	129.12	49.24
Other Liabilities	2,474.84	2,316.43
Unclaimed Dividend (Per Contra)	31.03	33.38
<b>(A)</b>	<b>9,120.46</b>	<b>8,537.12</b>

\* Including Acceptance of ₹ 4,275.45 million (Previous year ₹ 5,192.43 million)

## B. Provisions

Proposed Dividend-Equity Shares	301.97	462.53
Proposed Dividend-Preference Shares	46.08	36.81
Provision for Corporate Tax on Proposed Dividend	57.81	84.86
Provision for Warranty and Maintenance Expenses	638.51	618.73
Provision for Leave Encashment	47.02	36.00
Provision for Gratuity	88.45	62.99
<b>(B)</b>	<b>1,179.84</b>	<b>1,301.92</b>

**TOTAL (A+B)** 10,300.30 9,839.04



## SCHEDULES TO PROFIT AND LOSS ACCOUNT

	Period ended on 31st Dec., 2010 (₹ Million)	Year ended on 30th Sept., 2009 (₹ Million)		Period ended on 31st Dec., 2010 (₹ Million)	Year ended on 30th Sept., 2009 (₹ Million)
<b>SCHEDULE 9: OTHER INCOME</b>			<b>SCHEDULE 12 : SALARY, WAGES AND EMPLOYEES' BENEFITS</b>		
Interest Income (TDS ₹ 18.68 million, Previous year ₹ 30.86 million)	175.63	264.74	Salary, Wages and Other Benefits	2,041.13	1,056.19
Income from Investments and Securities Division (TDS ₹ 121.74 million, Previous year ₹ 69.22 million) (Refer Note B-15 of Schedule No.15)	110.34	48.39	Contribution to Provident Fund and Other Funds	127.07	117.00
Profit on Sale of Fixed Assets	5.17	-	Staff Welfare	111.87	91.04
Insurance Claim Received	30.57	17.83	<b>TOTAL</b>	<b>2,280.07</b>	<b>1,264.23</b>
Miscellaneous Income (TDS ₹ 0.29 million, Previous year ₹ 0.01 million)	108.15	9.19	<b>SCHEDULE 13 : MANUFACTURING AND OTHER EXPENSES</b>		
<b>TOTAL</b>	<b>429.86</b>	<b>340.15</b>	Power, Fuel and Water	913.20	808.42
<b>SCHEDULE 10 : COST OF GOODS CONSUMED/SOLD</b>			Freight and Forwarding	1,740.90	1,150.06
<b>A. Material and Components Consumed</b>			Rent	206.93	115.86
Opening Stock	10,953.00	9,913.95	Rates and Taxes	96.84	73.98
Add: Purchases	93,040.86	57,307.48	Repairs to Building	15.72	26.06
	103,993.86	67,221.43	Repairs to Plant and Machinery	71.47	94.98
Less: Closing Stock	12,717.32	10,953.00	Repairs and Maintenance - Others	109.41	91.09
<b>(A)</b>	<b>91,276.54</b>	<b>56,268.43</b>	Insurance Expenses	80.03	89.53
<b>B. (Increase)/Decrease in Stock</b>			Advertisement and Publicity	1,381.92	927.68
<b>Closing Stock</b>			Sales Promotion Expenses	270.98	254.08
Finished Goods	3,774.08	3,602.80	Discount and Incentive Schemes	5,521.83	2,317.15
Work in Process	776.49	794.40	Bank Charges	573.85	293.93
	4,550.57	4,397.20	Auditors' Remuneration	14.19	11.39
<b>Opening Stock</b>			Donation	188.70	134.53
Finished Goods	3,602.80	3,507.66	[Includes amount paid to Bharatiya Janata Party ₹ 30.00 million, Bihar Pradesh Janata Dal (United) ₹ 5.00 million and Gujarat Pradesh Congress Committee ₹ 2.50 million (Previous year Bharatiya Janata Party ₹ 27.50 million and National Conference ₹ 5.00 million)]		
Work in Process	794.40	765.07	Directors' Sitting Fees	2.14	1.54
<b>(B)</b>	<b>(153.37)</b>	<b>(124.47)</b>	Legal and Professional Charges	970.26	355.97
<b>TOTAL (A+B)</b>	<b>91,123.17</b>	<b>56,143.96</b>	Royalty	29.14	85.96
<b>SCHEDULE 11 : PRODUCTION AND EXPLORATION EXPENSES - OIL AND GAS</b>			Printing and Stationery	36.92	24.82
Production and Exploration Expenses	703.08	622.12	Warranty and Maintenance Expenses	1,052.48	851.43
Royalty	312.35	305.95	Provision for Doubtful Debts	41.90	39.68
Cess	413.68	419.04	Exchange Rate Fluctuation	1,812.41	767.79
Production Bonus	79.78	95.68	Loss on Sale of Fixed Assets	-	99.60
Government Share in Profit Petroleum	6,765.84	5,724.28	Loss due to Fire	-	254.14
Insurance Expenses	23.34	39.79	Miscellaneous Expenses	1,128.64	567.27
<b>TOTAL</b>	<b>8,298.07</b>	<b>7,206.86</b>	<b>TOTAL</b>	<b>16,259.86</b>	<b>9,436.94</b>
<b>SCHEDULE 14 : INTEREST AND FINANCE CHARGES</b>			<b>SCHEDULE 14 : INTEREST AND FINANCE CHARGES</b>		
			On Fixed Period Borrowings	8,213.41	5,896.79
			On Others	718.15	466.82
			<b>TOTAL</b>	<b>8,931.56</b>	<b>6,363.61</b>

**A] SIGNIFICANT ACCOUNTING POLICIES:****1. Basis of Accounting:**

- a) The financial statements are prepared under historical cost convention, except for certain Fixed Assets which are revalued, using the accrual system of accounting in accordance with the accounting principles generally accepted in India (Indian GAAP) and the requirements of the Companies Act, 1956, including the mandatory Accounting Standards as prescribed by the Companies (Accounting Standard) Rules, 2006.
- b) Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Example of such estimates include provisions for doubtful debts, employee retirement benefits plans, provision for income tax and the useful lives of fixed assets. The difference between the actual results and estimates are recognised in the period in which results are known or materialised.

**2. Fixed Assets/Capital Work in Progress:**

- a) Fixed Assets are stated at cost, except for certain fixed assets which have been stated at revalued amounts, less accumulated depreciation/amortisation and impairment loss, if any. The cost is inclusive of freight, installation cost, duties, taxes, financing cost and other incidental expenses related to the acquisition and installation of the respective assets but does not include tax/duty credits availed.
- b) Capital Work in Progress is carried at cost, comprising of direct cost, attributable interest and related incidental expenditure. The advances given for acquiring fixed assets are shown under Capital Work in Progress.

**3. Joint Ventures for Oil and Gas Fields:**

In respect of unincorporated joint ventures in the nature of Production Sharing Contracts (PSC) entered into by the Company for oil and gas exploration and production activities, the Company's share in the assets and liabilities as well as income and expenditure of Joint Venture Operations are accounted for, according to the Participating Interest of the Company as per the PSC and the Joint Operating Agreements on a line-by-line basis in the Company's Financial Statements. In respect of joint ventures in the form of incorporated jointly controlled entities, the investment in such joint venture is treated as long term investment and carried at cost. The decline in value, other than temporary, is provided for.

**4. Exploration, Development Costs and Producing Properties:**

The Company follows the "Full Cost" method of accounting for its oil and natural gas exploration and production activities. Accordingly, all acquisition, exploration and development costs are treated as capital work-in-progress and are accumulated in a cost centre. The cost centre is not normally smaller than a country except where warranted by major difference in economic, fiscal or other factors in the country. When any well in a cost centre is ready to commence commercial production, these costs are capitalised from capital work-in-progress to producing properties in the gross block of assets regardless of whether or not the results of specific costs are successful.

**5. Abandonment Costs:**

The full eventual estimated liability towards costs relating to dismantling, abandoning and restoring well sites and allied facilities is recognised as liability for abandonment cost based on evaluation by experts at current costs and is capitalised as producing property. The same is reviewed periodically.

**6. Depreciation, Amortisation and Depletion:**

The Company provides depreciation on fixed assets held in India on written down value method in the manner and at the rates specified in the Schedule XIV to the Companies Act, 1956, except, a) on Fixed Assets of Consumer Electronics Divisions other than Glass Shell Division and; b) on office buildings acquired after 1st April, 2000, on which depreciation is provided on straight line method at the rates specified in the said Schedule or based on useful life of assets whichever is higher. Depreciation on fixed assets held outside India is provided on straight line method at the rates prescribed in the aforesaid Schedule or based on useful life of assets whichever is higher. Producing Properties are depleted using the "Unit of Production Method".

The rate of depletion is computed in proportion of oil and gas production achieved vis-a-vis proved reserves. Leasehold Land is amortised over the period of lease.

Intangibles: Intangible assets are amortised over a period of five years.

**7. Impairment of Assets:**

The Fixed Assets or a group of assets (cash generating unit) and Producing Properties are reviewed for impairment at each Balance Sheet date. In case of any such indication, the recoverable amount of these assets or group of assets is determined, and if such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the impairment loss is recognised by writing down such assets and Producing Properties to their recoverable amount. An impairment loss is reversed if there is change in the recoverable amount and such loss either no longer exists or has decreased.

**8. Investments:**

- a) Current Investments: Current Investments are carried at lower of cost or quoted/fair value.
- b) Long Term Investments: Quoted Investment are valued at cost or market value whichever is lower. Unquoted Investments are stated at cost. The decline in the value of the unquoted investment, other than temporary, is provided for.

Cost is inclusive of brokerage, fees and duties but excludes Securities Transaction Tax.

**9. Inventories:**

Inventories including crude oil stocks are valued at cost or net realisable value whichever is lower. Cost of inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Weighted Average Basis.

**10. Borrowing Costs:**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

**11. Excise and Customs Duty:**

Excise Duty in respect of finished goods lying in factory premises and Customs Duty on goods lying in customs bonded warehouse are provided for and included in the valuation of inventory.

**12. CENVAT/Value Added Tax:**

CENVAT/ Value Added Tax Benefit is accounted for by reducing the cost of the materials/ fixed assets/ services.

**13. Revenue Recognition:**

- a) Revenue is recognised on transfer of significant risk and reward in respect of ownership.
- b) Sale of Crude Oil and Natural Gas are exclusive of Sales Tax. Other Sales/turnover includes sales value of goods, services, excise duty, duty drawback and other recoveries such as insurance, transportation and packing charges but excludes sales tax and recovery of financial and discounting charges.
- c) Insurance, Duty Drawback and other claims are accounted for as and when admitted by the appropriate authorities.
- d) Dividend on investments is recognised when the right to receive is established.

**14. Foreign Currency Transactions:**

- a) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transactions. Foreign Currency Monetary Assets and Liabilities are translated at the year end rate. The difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of Monetary Items at the end of the year is recognised, as the case may be, as income or expense for the period.
- b) Forward contracts other than those entered into to hedge foreign currency risk on unexecuted firm commitments or of highly probable forecast transactions are treated as foreign currency transaction and accounted accordingly. Exchange differences arising on such contracts are recognised in the period in which they arise and the premium paid/received is recognised as expenses/income over the period of the contract. Cash flows arising on account of roll over/cancellation of forward contracts are recognised as income/expenses of the period in line with the movement in the underlying exposure.

- c) All other derivative contracts including forward contract entered into for hedging foreign currency risks on unexecuted firm commitments and highly probable forecast transactions which are not covered by the existing Accounting Standard (AS) 11, are recognised in the financial statements at fair value as on the Balance Sheet date, in pursuance of the announcement of the Institute of Chartered Accountants of India (ICAI) dated 29th March, 2008, on accounting of derivatives. The resultant gains and losses on fair valuation of such contracts are recognised in the Profit and Loss Account.

#### 15. Translation of the financial statements of foreign branch:

- Revenue items are translated at average rates.
- Opening and closing inventories are translated at the rate prevalent at the commencement and close, respectively, of the accounting year.
- Fixed assets are translated at the exchange rate as on the date of the transaction. Depreciation on fixed assets is translated at the rates used for translation of the value of the assets to which it relates.
- Other current assets and current liabilities are translated at the closing rate.

#### 16. Employees Benefits:

##### a) Short Term Employees Benefits

Short Term Employees Benefits are recognized as an expense at the undiscounted amount in the Profit and Loss Account of the year/period in which the related services are rendered.

##### b) Post Employment Benefits

###### i) Provident Fund - Defined Contribution Plan

The Company contributes monthly at a determined rate. These contributions are remitted to the Employees' Provident Fund Organisation, India for this purpose and is charged to Profit and Loss Account on accrual basis.

###### ii) Gratuity - Defined Benefit Plan

The Company provides for gratuity to all the eligible employees. The benefit is in the form of lump sum payments to vested employees on retirement, on death while in employment, or termination of employment for an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs on completion of five years of service. Liability in respect of gratuity is determined using the projected unit credit method with actuarial valuations as on the Balance Sheet date and gains/losses are recognized immediately in the Profit and Loss Account.

###### iii) Leave Encashment

Liability in respect of leave encashment is determined using the projected unit credit method with actuarial valuations as on the Balance Sheet date and gains/losses are recognised immediately in the Profit and Loss Account.

#### 17. Taxation:

Income tax comprises of current tax and deferred tax. Provision for current income tax is made on the assessable income/benefits at the rate applicable to relevant assessment year. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences, subject to the consideration of prudence. Deferred tax assets and liabilities are measured using the tax rates enacted or substantively enacted by the Balance Sheet date. The carrying amount of deferred tax asset/liability are reviewed at each Balance Sheet date and recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

#### 18. Share Issue Expenses:

Share issue expenses are written off to Securities Premium Account.

#### 19. Premium on Redemption of Bonds/Debentures:

Premium on Redemption of Bonds/Debentures are written off to Securities Premium Account.

#### 20. Research and Development:

Revenue expenditure pertaining to Research and Development is charged to revenue under the respective heads of account in the period in which it is incurred. Capital expenditure, if any, on Research and Development is shown as an addition to Fixed Assets under the respective heads.

#### 21. Accounting for Leases:

Where the Company is lessee:

- Operating Leases: Rentals in respect of all operating leases are charged to Profit and Loss Account.
- Finance Leases:
  - Rentals in respect of all finance leases entered before 1st April, 2001 are charged to Profit and Loss Account.
  - Assets acquired on or after 1st April, 2001, under finance lease or similar arrangements which effectively transfer to the Company, substantially all the risks and benefits incidental to ownership of the leased items, are capitalised at the lower of their fair value and present value of the minimum lease payments and are disclosed as leased assets.

#### 22. Warranty:

Provision for the estimated liability in respect of warranty on sale of consumer electronics and home appliances products is made in the year in which the revenues are recognised, based on technical evaluation and past experience.

#### 23. Prior Period Items:

Prior period items are included in the respective heads of accounts and material items are disclosed by way of Notes to Accounts.

#### 24. Provision, Contingent Liabilities and Contingent Assets:

Provisions are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources in respect of which reliable estimate can be made.

Contingent Liabilities are disclosed by way of Notes to Accounts. Disputed demands in respect of Central Excise, Customs, Income tax, Sales Tax and Others are disclosed as contingent liabilities. Payment in respect of such demands, if any, is shown as an advance, till the final outcome of the matter. Contingent assets are not recognised in the financial statements.

#### 25. Other Accounting Policies:

These are consistent with the generally accepted accounting principles.

#### B] NOTES TO ACCOUNTS:

(₹ Million)

	As at 31st Dec., 2010	As at 30th Sept., 2009
<b>1. Contingent Liabilities not provided for:</b>		
a) Letters of Guarantees	47,465.62	59,757.26
b) Letters of Credit opened	17,806.63	4,015.05
c) Customs Penalty	11.00	23.96
d) Customs Duty demands under dispute [Amount paid under protest ₹ 0.07 million (Previous year ₹ 0.82 million)]	400.74	156.09
e) Income Tax demands under dispute	351.13	349.38
f) Excise Duty and Service Tax demands under dispute [Amount paid under protest ₹ 4.21 million (Previous year ₹ 4.21 million)]	324.55	189.37
g) Sales Tax demands under dispute [Amount paid under protest ₹ 30.92 million (Previous year ₹ 57.91 million)]	108.04	156.38
h) Others [Amount paid under protest ₹ 50.00 million (Previous year ₹ 50.00 million)]	422.30	422.30

- i) Show Cause Notices (SCNs) have been served on the Operator of the Ravva Oil & Gas Field Joint Venture (Ravva JV) for non payment of Service Tax and Educational Cess on various services for the period 16th August, 2002 to 31st March, 2010. The amount involved relating to Ravva Block is ₹ 420.55 million (Previous year ₹ 415.28 million).

The Operator is contesting the SCNs/demands before Commissioner of Service Tax and has filed writ petition before Hon'ble High Court of Madras challenging service tax demands on some of the services and believes that its position is likely to be upheld. The ultimate outcome of the matter cannot be presently determined and no provision for any liability that may result has been made in the accounts as the same is subject to agreement by the members of the Joint Venture. Should it ultimately become payable, the Company's share as per the participating interest would be upto ₹ 105.14 million (Previous year ₹ 103.82 million).

- j) Disputed Income Tax demand amounting to ₹ 22.29 million (Previous year ₹ 22.29 million) in respect of certain payments made by Ravva Oil & Gas Field Joint Venture is currently pending before the Income Tax Appellate Tribunal. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made as the same is subject to agreement by the members of the Joint Venture. Should it ultimately become payable, the Company's share as per the participating interest would be upto ₹ 5.57 million (Previous year ₹ 5.57 million).
2. a) There is a dispute regarding the deductibility of certain cost in the computation of post tax rate of return. A Partial / Interim Award was issued by an International Arbitration Tribunal under the UNCITRAL Rules on 31st March, 2005 in favour of the Company in respect of a dispute between the Company and Government of India ("GOI") inter-alia regarding deductibility of Oil and Natural Gas Corporation Limited Carry costs ("ONGC Carry") while computing the Post Tax Rate of Return ("PTRR") under the Ravva Production Sharing Contract ("PSC"). However, the Company and the GOI were not able to agree upon the amounts due to/payable by the Company in terms of the Partial/Interim Award, and therefore the Company on 7th July, 2005 filed Interim Applications before the Arbitral Tribunal seeking a determination of the amounts due to/payable by the Company on the basis of the calculations made by the Company in these Applications and interest payable/receivable on such final determined amounts. The said Partial/Interim Award was challenged by GOI on 10th May, 2005 before the High Court in Malaysia with a prayer for setting aside the Partial Award dated 31st March, 2005. The Company challenged the jurisdiction of the High Court in Malaysia and therefore the maintainability of such a proceeding before that Court. The High Court in Malaysia, by a pronouncement dated 5th August, 2009, upheld the contentions of the Company and dismissed the challenge filed by the GOI to the Award dated 31st March, 2005 on the ONGC Carry issue. The GOI filed a Notice of Appeal in December, 2010 before the Appellate Court at Malaysia. Simultaneously the Company moved an application on 13th October, 2009 before the High Court of Justice, Queen's Bench Division, Commercial Court at London seeking a declaration that the Seat of the arbitration in respect of the said Arbitration matter between the Company and the GOI is London, England. The GOI and the Company had in the SLP (Civil) No. 16371 of 2008 before the Hon'ble Supreme Court of India (see note (c) below) agreed that except for completion of pleadings, neither party will proceed with the hearing of their respective matters before the Appellate Court at Malaysia and the High Court at London till the disposal of the SLP (Civil) No. 16371 of 2008.
- b) There is a dispute with regards to conversion of US\$ into Indian Rupees for payment of invoice for sale of crude. A dispute regarding the rate of conversion from US\$ into Indian rupees applicable to the Nominees of the GOI for the purpose of payment of amount of the invoices for sale of the Crude Oil by the Company under the Ravva PSC was referred to an International Arbitral Tribunal under the UNCITRAL Rules in accordance with the provisions of the Ravva PSC. The Tribunal by its Partial / Interim Award dated 31st March, 2005 held that the payment to the Company should be made after converting the US\$ amount into Indian Rupees at the average of the State Bank of India TT Buying and TT Selling Rate (the "Middle Rate"). While accepting the said Award, the Company has worked out and submitted a computation on 30th June, 2005 to GOI indicating the amount receivable at ₹ 121.43 million being the amount short paid by GOI nominees up to 19th June, 2005 and interest thereon also calculated up to 19th June, 2005. The Company further sent various communications updating its' claim receivable from GOI Nominees. During the period, the Company further updated its' claim in this respect vide its' letter dated 27th November, 2010 wherein total amount receivable from GOI Nominees is computed at ₹ 665.37 million, being the amount short paid by GOI Nominees up to 30th September, 2010 and interest thereon also calculated up to 30th September, 2010. The payments to be made by the GOI's nominees in terms of the Award dated 31st March, 2005 is also pending before the Arbitral Tribunal in terms of the Interim Applications filed. The GOI has filed an Original Miscellaneous Petition (OMP) 329 of 2006 dated 20th July, 2006 before Hon'ble Delhi High Court challenging the award in respect of this issue. Another OMP 223 of 2006 dated 9th May, 2006 has been filed by GOI's nominees HPCL and BRPL in the Hon'ble Delhi High Court challenging the Partial Award dated 31st March, 2005 in respect of Conversion/Exchange Rate Matter. Both OMP 223 of 2006 and OMP 329 of 2006 are presently sub-judice before the Hon'ble Delhi High Court. The GOI nominees continue to make payments at the exchange rate without considering the directives of the Hon'ble Arbitral Tribunal in this regard.
- c) GOI has filed OMP 255 of 2006 dated 30th May, 2006 before the Hon'ble Delhi High Court under section 9 of the Arbitration and Conciliation Act, 1996, seeking a declaration that the seat of the arbitration as regards the disputes between the Company and the GOI is Kuala Lumpur and not London. The Hon'ble Arbitral Tribunal vide its' letter dated 11th April, 2007 has indicated that it shall continue with the arbitration proceedings, in respect of the disputes referred above, after receiving the judgement of the Hon'ble Delhi Court in OMP 255 of 2006. The Hon'ble Delhi High Court has held, vide judgement dated 30th April, 2008, that it has the jurisdiction to hear the matters arising out of arbitration process and that the matter be heard on merits as against the Company's contention that the said petition itself was not maintainable. The Company has, in this respect, filed Special Leave Petition (SLP) (Civil) No. 16371 of 2008 before the Hon'ble Supreme Court of India to decide the issue of maintainability of OMP 255 of 2006. The Hon'ble Supreme Court, after hearing the Parties, has on 11th May, 2011, passed judgement in the matter upholding the Company's contentions while quashing the judgement dated 30th April, 2008 of the Hon'ble Delhi High Court.
- d) In respect of disputes with regards to additional profit petroleum, the GOI had vide its' letter dated 3rd November, 2006 raised a collective demand of ₹ 334.13 Million on account of additional profit petroleum payable and interest on delayed payments of profit petroleum calculated up to 30th September, 2006 pursuant to the Partial Arbitral Award dated 31st March, 2005 in the Dispute stated above and Interim Award dated 12th February, 2004 and Partial Award dated 23rd December, 2004. The Company has disputed such demand and is instead seeking refund of US\$ 16.70 million equivalent to ₹ 668.67 million already excess paid by the Company to the GOI with interest thereon. Subsequently, GOI has in June 2008 through its Nominees deducted a further sum of ₹ 372.21 million being its' claim of additional profit petroleum and interest on delayed payment of profit petroleum computed up to 30th April, 2008. Such deduction, also being in contravention of the above-referred Arbitral Awards, is disputed by the Company.
- e) Dispute with regards to Base Development Costs. The matter with respect to additional profit petroleum payable on account of disputed Base Development Costs was referred to international arbitration. The GOI had contended that the Contractors had claimed base development costs to the extent of US\$ 499 million which is in excess of the admissible base development costs of US\$ 261.57 million thus impacting the profit petroleum figures for the period upto Financial Year 2008-09. The GOI had contended that it was eligible for sharing profit petroleum, to be calculated each year upto FY 2008-09 in respect of excessive base development costs claimed by the Contractors. The Hon'ble Arbitration Tribunal has passed the Arbitral Award on 18th January, 2011 substantially in favour of the Company. However, the Arbitration Tribunal held that the GOI is entitled to be credited with US\$ 22.31 million (out of which the Company's share is US\$ 5.58 million) in the final settlement of cost recovery accounts in relation to Development Costs incurred during contract year 1994-95 to 1999-2000 in excess of US\$ 198.43 million. Accordingly the Operator on behalf of the Company has revised the cost recovery accounts statement and calculation of the Companies' PTRR, in the DGH format, for the years 1997-98 till 2009-10, based on the findings of the Arbitration Award, and such revised statements are submitted on 29th April, 2011. The GOI has not yet responded to such communication of the Operator. Instead, the GOI has preferred an appeal against the said Arbitral Order before the Hon'ble Malaysian Federal Court at Kuala Lumpur in April 2011 and also before the Hon'ble High Court of Delhi in April 2011 seeking quashing of the Arbitral Award.
- Any further sum required to be paid or returnable in respect of disputes referred above at (a) to (e) in accordance with the determination of the amount by the Hon'ble Arbitral Tribunal/relevant courts in this behalf shall be accounted for on the final outcome in this regard.
3. Estimated amounts of contracts remaining to be executed on Capital account and not provided for (net of advances) ₹ 274.67 million (Previous year ₹ 324.16 million).
4. Capital Work-in-Progress includes advances for capital assets of ₹ 2,120.97 million (Previous year ₹ 2,465.46 million) and Interest and other finance charges capitalised during the period ₹ 1,082.45 million (Previous year ₹ 883.70 million).
5. **Secured Loans**
- a) The Non-Convertible Debentures are secured by first charge on immovable and movable properties, both present and future, subject to prior charge on specified movables created/to be created in favour of Company's Bankers for securing borrowings for working capital requirements, and ranking pari passu with the charge created/to be created in favour of Financial Institutions/Banks in respect of their existing and future financial assistance. Also guaranteed by Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.
- The Debentures are redeemable at par, in four equal quarterly installments with the earliest redemption being on 31st March, 2011 and last redemption date being 31st December, 2011.



- b) The Term Loans are secured by mortgage of existing and future assets of the Company and a floating charge on all movable assets, present and future except book debts, subject to prior charge of the Bankers on stock of raw materials, finished, semi finished goods and other movables, for securing working capital loans in the ordinary course of business, and exclusive charge created on specific items of machinery financed by the respective lenders. The above charges rank *pari passu* inter-se for all intents and purposes. The above loans are guaranteed by Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot. A part of loans from banks are secured by first *pari passu* charge on book debts of consumer electronics and home appliances division which are not charged to bankers for securing working capital loans.

A part of loans from banks are secured by the assignment of fixed and floating charge on all moneys received/to be received by the Company in relation to and from the Ravva Joint Venture, including all receivables of the Ravva Oil and Gas field, subject to the extent necessary, to the charge in favour of the Joint Ventures in terms of the Production Sharing Contract/ Joint Operating Agreement in respect of Ravva Joint Venture; and the assignment/ fixed and floating charge of all the right, title and interest into and under all project documents, including but not limited to all contracts, agreements or arrangements which the Company is a part to, and all leases, licenses, consents, approvals related to the Ravva Joint Venture, insurance policies in the name of the Company, in a form and manner satisfactory to Trustee.

- c) External Commercial Borrowings are secured by a first charge ranking *pari-passu* over all the present and future movable and immovable fixed assets. The loan is further secured by personal guarantees of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.
- d) Vehicle Loans from Banks are secured by way of hypothecation of Vehicles acquired out of the said loan. The loans are also secured by personal guarantee of Mr. Venugopal N. Dhoot.
- e) Working capital loans from banks are secured by hypothecation of the Company's stock of raw materials, packing materials, stock-in-process, finished goods, stores and spares, book debts of Glass Shell Division only and personal guarantees of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.

#### 6. Unsecured Loans

- a) Unsecured Rupee Loans from Banks are guaranteed by Mr. Venugopal N. Dhoot and/or Mr. Pradipkumar N. Dhoot, the directors of the Company.
- b) The Company has availed interest free Sales Tax Deferral under Special Incentive to Prestigious Unit (Modified) Scheme. Out of total outstanding, ₹ 46.53 million is repayable in three equal annual installments commencing from 30th May, 2011, ₹ 8.78 million in seven monthly installments commencing from 20th October, 2013 and ₹ 12.48 million in seven monthly installments commencing from 20th October, 2014.

#### 7. The Company had, during the year 2006, issued:

- a) 90,000 Foreign Currency Convertible Bonds of US\$ 1,000 each (Bonds) due on 7th March, 2011, out of which 41,820 (Previous year 41,820) Bonds are outstanding.
- i) The Bonds are convertible at the option of the bondholders at any time on and after 20th March, 2006, upto the close of business on 28th February, 2011 at a fixed exchange rate of ₹ 44.145 per 1 US\$ and at initial conversion price of ₹ 545.24 per share being at premium of 15% over the reference share price. The conversion price shall be adjusted downwards in the event that the average closing price of shares for 15 consecutive trading days immediately prior to the reset date is less than conversion price, subject to a floor price of ₹ 410/- as adjusted in accordance with the anti-dilution provisions.
- ii) The Bonds are redeemable in whole but not in part at the option of the Company on or after 7th February, 2009 but prior to 28th February, 2011, if aggregate value on each of 30 consecutive trading days ending not earlier than 14 days prior to the date upon which notice of such redemption is given was at least 130% of the accreted principal amount.
- iii) The Bonds are redeemable at maturity date i.e. on 7th March, 2011 at 116.738% of its principal amount, if not redeemed or converted earlier.
- b) 105,000 Foreign Currency Convertible Bonds of US\$ 1,000 each (Bonds) due on 25th July, 2011, out of which 66,651 (Previous year 66,651) Bonds are outstanding.
- i) The Bonds are convertible at the option of the bondholders at any time on or after 2nd September, 2006, until 18th July, 2011, except for certain closed periods, at a fixed exchange rate of ₹ 46.318 per 1 US\$ and at initial conversion price of ₹ 511.18

per share being at premium of 22% over reference share price. The conversion price shall be adjusted downwards in the event that the average closing price of shares for 15 consecutive trading days immediately prior to the reset date is less than conversion price, subject to a floor price of ₹ 410/- as adjusted in accordance with the anti-dilution provisions.

- ii) The Bonds are redeemable in whole but not in part at the option of the Company on or after 24th August, 2009, if aggregate value on each of 30 consecutive trading days ending not earlier than 14 days prior to the date upon which notice of such redemption is given was at least 130% of the accreted principal amount.
- iii) The Bonds are redeemable at maturity date i.e. on 25th July, 2011 at 127.65% of its principal amount, if not redeemed or converted earlier.

8. The Company has, during the period, issued 2,000 Foreign Currency Convertible Bonds of US\$ 100,000 each (Bonds) due on 16th December, 2015 amounting to US\$ 200 million:

- i) The Bonds are convertible at the option of the bondholders at any time on or after 25th January, 2011 to 7 days before maturity date i.e. 16th December, 2015, at a fixed exchange rate of ₹ 45.255 per 1 US\$ and at initial conversion price of ₹ 239.5265 per share being at premium of 3% over reference share price. The conversion price will be subject to adjustment for, among other things, subdivision or consolidation of shares, rights issues, capital distributions, stock dividends and other dilutive events.
- ii) The Bonds are redeemable in whole but not in part at the option of the Company on or after 15th December, 2013, if the closing price of shares for each of the 30 consecutive trading days prior to the date on which notice of such redemption is given was at least 130% of the conversion price.
- iii) The Bonds are redeemable at maturity date i.e. on 16th December, 2015 at its principal amount, if not redeemed or converted earlier.

9. a) The Company had issued and allotted 11,765,000 Warrants on 1st June, 2009 for a consideration of ₹ 42.50 per warrant being the warrant subscription price. Each Warrant entitled the holder to subscribe to one Equity Share within a period of 18 months from the date of allotment at the price of ₹ 170/- per equity share. Accordingly, during the period, the Company has allotted 11,765,000 Equity Shares of face value of ₹ 10 each, at a price of ₹ 170/- per Equity Share to Warrant Holder pursuant to option exercised by them.

- b) During the period, the Company has allotted:

- i) 1,858,275 and 7,541,300 Equity Shares of face value of ₹ 10/- each, at a price of ₹ 242.16 per Equity Share and ₹ 211.96 per Equity Share, respectively, on Preferential Basis.
- ii) 51,392,243 Equity Shares of face value of ₹ 10/- each at a price of ₹ 225/- per Equity Share on Rights Basis. As on 31st December, 2010, first and final call of ₹ 112.50 (including ₹ 107.50 towards Securities Premium) per Equity Share on 30,915 Equity Shares are in arrears.

10. The details of utilisation of proceeds from Rights Issue are as under:

Particulars	(₹ Million)	
	As stated in the Object of the Issue	Actual Receipt and Utilisation
Repayment of Existing Loans	8,982.61	10,255.35
General Corporate Purposes	2,500.00	1,230.69
Issue Related Expenditure	80.64	69.80
Unutilised Amount lying in Rights Issue Account	-	5.47
<b>Total</b>	<b>11,563.25</b>	<b>11,561.31</b>

The proceeds of Rights Issue of Equity Shares have been utilised for the object of the issue.

11. The Company has made a provision of ₹ 1,810.00 million (Previous year ₹ 880.20 million) towards current Income Tax, after taking into consideration the benefits admissible under the provisions of the Income Tax Act, 1961. The Company has also made a provision of ₹ 1.25 million (Previous year ₹ 1.00 million) towards Wealth Tax. The same are, in the opinion of the Management, adequate.
12. During the period, the Company has discarded/dropped off certain fixed assets which were out of active use and accordingly have been eliminated from the financial statements. The resultant gain or loss has been recognised in the Profit and Loss Account.

## 13. The major components of deferred tax liabilities/assets are as under:

	(₹ Million)	
	As at 31st Dec., 2010	As at 30th Sept., 2009
A. Deferred Tax Liabilities		
Related to Depreciation on Fixed Assets and Amortisation	6,766.62	5,375.75
	<b>6,766.62</b>	5,375.75
B. Deferred Tax Assets		
i) Expenses charged in the financial statements but allowable as deduction in future years under the Income Tax Act, 1961	312.41	218.72
ii) Others	84.60	33.65
	<b>397.01</b>	252.37
Net Deferred Tax Liability	<b>6,369.61</b>	5,123.38

## 14. A. Unincorporated Joint Ventures:

The Financial Statements reflect the share of the Company in the assets and the liabilities as well as the income and the expenditure of Joint Venture Operations on a line by line basis. The Company incorporates its share in the operations of the Joint Venture based on statements of account received from the Operator. The Company has, in terms of Accounting Policy No. A-5 above, recognised abandonment costs based on the technical assessment of current costs as cost of producing properties and has provided depletion thereon under 'Unit of Production' method as part of Producing Properties in line with Guidance Note on Accounting of Oil and Gas Producing Activities issued by the Institute of Chartered Accountants of India.

- The Company has participating interest of 25% in Ravva Oil and Gas Field Joint Venture (JV) through a Production Sharing Contract (PSC). Other members of the JV are Oil and Natural Gas Corporation Ltd., Cairn Energy India Pty Limited and Ravva Oil (Singapore) Pte. Ltd. The parties have pursuant to the PSC, entered into a Joint Operating Agreement. Cairn Energy India Pty Ltd. is the Operator.
- The Consortium comprising the Company, Oilex Limited, Gujarat State Petroleum Corporation Limited, Hindustan Petroleum Corporation Limited and Bharat Petroleum Corporation Limited has been awarded Block WA-388-P for a term of 6 years by Government of Western Australia. Joint Operating Agreement has been signed in March 2007. A Farm-out Agreement was entered into with Sasol Petroleum Australia Ltd. on 12th August 2008 whereby, Sasol acquired 30% participating interest in the Block. In November 2010, the WA-388-P Joint Venture entered into a Farm-in Agreement with Apache Northwest Pty Ltd ("Apache"). As per the terms of the said Farm-in Agreement, Apache has obtained 40% participating interest in the WA-388-P permit. Apache has replaced Oilex as the permit operator. The participating interest of the Company after this Farm-in Agreement is 8.4%. The Capital Commitments based on estimated minimum work programme in relation to its participating interest is ₹ 7.69 million (Previous year ₹ 450.77 million).
- The Consortium comprising the Company, Oilex Oman Ltd., GAIL India Ltd., Hindustan Petroleum Corporation Ltd. and Bharat Petroleum Corporation Ltd. has been awarded the Block #56, on the Eastern Flank of the Central Salt Producing Oil Field in Oman. The Exploration Production Sharing Agreement and Joint Operating Agreement have been executed on 28th June, 2006. The participating interest of the Company in the said Joint Venture was 25%. The said interest of the Company has been transferred to Videocon Oman 56 Limited, a wholly owned subsidiary of Videocon Energy Ventures Limited, which, in turn is a wholly owned subsidiary of the Company.

## B. Incorporated Jointly Controlled Entities:

- Erstwhile VB (Brasil) Petroleo Private Limitada ("VB Brasil") was a 50 : 50 joint venture company incorporated in Brazil with Bharat Petro Resources Limited ("BPRL"), a wholly owned subsidiary of Bharat Petroleum Corporation Ltd. VB Brasil in turn held 100%

equity in IBV Brasil Petroleo Limitada ("IBV"). During the period, VB Brasil merged with IBV. IBV has interests in four concessions with ten deep water offshore exploration blocks in Brazil. Petroleo Brasileiro S.A., is the Operator in three of the four concessions whereas Anadarko Corporation U.S.A. through its Brazilian subsidiary is the operator in one concession. The Company has transferred its shareholding in IBV to Videocon Energy Brazil Limited, a stepdown subsidiary of the Company incorporated in British Virgin Islands.

- Videocon Infinity Infrastructures Private Limited is a 50 : 50 Joint Venture Company incorporated in India, with Infinity Infotech Parks Limited to carry on the business of infrastructure development like construction of IT/Tes Parks, Biotech Parks etc. The Joint Venture Company has not commenced its commercial operations and has no capital commitments as on the Balance Sheet date.
- The financial interest of the Company in the jointly controlled incorporated entities based on audited/unaudited financial statement received from these Joint Venture entities are as under:

	(₹ Million)	
Company's share in	31st Dec., 2010	30th Sept., 2009
Assets	0.52	9,811.40
Liabilities	0.48	9,730.72
Other Income	-	570.52
Expenses	-	68.09
Tax	-	143.09

- The Company has kept the investment activities separate and distinct from the normal business. Consequently, all the income and expenditure pertaining to investment activities have been allocated to the Investments and Securities division and the income/(loss) after netting of the related expenditure has been shown as "Income/(Loss) from Investments and Securities Division" under "Other Income" which includes in respect of the long-term investments, dividend of ₹ 8.50 million (Previous year ₹ 7.58 million), loss on sale/disposal of investments of ₹ 2.98 million (Previous year gain of ₹ 597.60 million), interest on debentures/bonds of ₹ 86.27 million (Previous year ₹ 10.71 million) and in respect of current investments, dividend of ₹ 1.26 million (Previous year ₹ 0.20 million).

## 16. Earnings Per Share:

	(₹ Million)	
	Period ended 31st Dec., 2010	Year ended 30th Sept., 2009
i) Net Profit attributable to Equity Shareholders		
Net Profit as per Profit and Loss Account	7,446.94	4,006.62
Add/(Less): Excess/(Short) Provision of Income Tax for earlier years	(57.83)	736.82
	<b>7,389.11</b>	4,743.44
Less: Dividend on Preference Shares including Tax on the same	53.73	43.06
Net Profit attributable to Equity Shareholders	<b>7,335.38</b>	4,700.38
Add: Changes (net) related to FCCBs	328.47	266.42
Adjusted Net Profit for Diluted EPS	<b>7,663.85</b>	4,966.80
ii) Weighted Average number of Equity Shares for Basic EPS	<b>263,129,174</b>	229,406,816
Weighted Average number of Equity Shares for Diluted EPS	<b>287,605,936</b>	255,062,493
iii) Basic Earnings per Share	₹ 27.88	₹ 20.49
Diluted Earnings per Share	₹ 26.65	₹ 19.47
iv) Reconciliation of weighted average number of Equity Shares outstanding during the period:		
For Basic Earnings per Share	<b>263,129,174</b>	229,406,816
Add: Adjustment for Diluted EPS	<b>24,476,762</b>	25,655,677
For Diluted Earnings per Share	<b>287,605,936</b>	255,062,493



**17. Auditors' Remuneration:**

(₹ Million)

	* Period ended 31st Dec., 2010	** Year ended 30th Sept., 2009
a) Audit Fees	7.00	6.56
b) Tax Audit Fees	1.40	1.54
c) Out of Pocket Expenses	0.22	0.20
d) Other Services	5.57	3.09
	<b>14.19</b>	11.39

\* Excluding Service Tax    \*\* Including Service Tax

18. The proceeds of Foreign Currency Convertible Bonds have been utilised for the object of the issue.

19. There are no amounts due to be credited to Investor Education and Protection Fund.

**23. Employee Benefits:**
**Disclosure pursuant to Accounting Standard (AS) 15 (Revised)**
**I) Defined Contribution Plans:**

Amount of ₹ 127.07 million (Previous year ₹ 117.00 million) is recognised as an expense and shown under the head "Salary, Wages and Employees' Benefits" (Schedule 12) in the Profit and Loss Account.

**II) Defined Benefit Plans:**

(₹ Million)

	Gratuity		Leave Encashment	
	31st Dec., 2010	30th Sept., 2009	31st Dec., 2010	30th Sept., 2009
a) The amounts recognised in the Balance Sheet as at the end of the period/year				
1. Present Value of Defined Benefit Obligation	138.50	106.59	47.02	36.00
2. Fair value of Plan Assets	50.05	43.60	-	-
3. Funded Status – Surplus/(Deficit)	(88.45)	(62.99)	(47.02)	(36.00)
4. Net Assets/(Liability)	(88.45)	(62.99)	(47.02)	(36.00)
b) The amounts recognised in Profit and Loss Account for the period/year				
1. Current Service Cost	23.39	18.01	15.14	11.16
2. Interest Cost	10.93	6.74	4.17	2.46
3. Actuarial (Gains)/Losses	18.89	17.72	16.01	2.84
4. Actual Return on Plan Assets	6.36	4.91	-	-
5. Total Expenses	46.85	37.56	35.32	16.46
c) The changes in Obligations during the period/year				
1. Present value of Defined Benefit Obligation at the beginning of the year	106.59	79.46	36.00	31.28
2. Current Service Cost	23.39	18.01	15.14	11.16
3. Interest Cost	10.93	6.74	4.17	2.46
4. Actuarial (Gains)/Losses	18.89	17.72	16.01	2.84
5. Benefit Payments	21.30	15.34	24.30	11.74
6. Present value of Defined Benefit Obligation at the end of the period/year	138.50	106.59	47.02	36.00
d) The changes in Plan Assets during the period/year				
1. Plan Assets at the beginning of the year	43.60	34.37	-	-
2. Contribution by Employer	9.67	9.21	-	-
3. Actual Benefit paid	9.58	4.89	-	-
4. Plan Assets at the end of the period/year	50.05	43.60	-	-
5. Actual return on Plan Assets	6.36	4.91	-	-

**Actuarial assumptions:**

- |                            |   |
|----------------------------|---|
| i. Discount Rate           | 8% per annum                                    |
| ii. Mortality              | L.I.C. (1994-96) Ultimate                       |
| iii. Turnover Rate         | 5% at younger ages reducing to 1% at older ages |
| iv. Future Salary Increase | 5% per annum                                    |

24. Disclosures under Micro, Small and Medium Enterprises Development Act, 2006:

		(₹ Million)	
		As at 31st Dec., 2010	As at 30th Sept., 2009
a)	Principal amount remaining unpaid to any suppliers as at the end of each accounting year	7.73	0.15
b)	Interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	0.00
c)	The amount of interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	0.00	0.01
d)	The amount of interest due and payable for the period of delay in making payment	-	0.00
e)	The amount of interest accrued and remaining unpaid at the end of each accounting year	-	0.00
f)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

Note: The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent of such vendors/parties identified from the available information.

25. Related Party Disclosures:

As required under Accounting Standard 18 on "Related Party Disclosures", the disclosure of transaction with related parties as defined in the Accounting Standard are given below:

A) List of Related Parties where control exists and related parties with whom transactions have taken place and relationship:

i) Subsidiaries:

- a) Chhattisgarh Power Ventures Private Limited (w.e.f. 3rd May, 2010)
- b) Eagle ECorp Limited
- c) Godavari Consumer Electronics Appliances Private Limited (Upto 15th January, 2010)
- d) Mayur Household Electronics Appliances Private Limited (Upto 15th January, 2010)
- e) Middle East Appliances LLC
- f) Paramount Global Limited (Upto 23rd December, 2010)
- g) Pipavav Energy Private Limited
- h) Powerking Corporation Limited (Upto 30th November, 2009)
- i) Senator Energy Private Limited (w.e.f. 18th May, 2010)
- j) Sky Billion Trading Limited (Upto 30th December, 2010)
- k) Triumph Energy Private Limited (w.e.f. 5th April, 2010)
- l) Venus Corporation Limited (Upto 30th November, 2009)
- m) Videocon Display Research Co. Limited (Liquidated w.e.f. 1st September, 2010)
- n) Videocon Electronic (Shenzen) Limited (Chinese Name - Wei You Kang Electronic (Shenzhen) Co. Limited)
- o) Videocon Global Limited
- p) Videocon Energy Ventures Limited and its subsidiary  
- Videocon Oman 56 Limited
- q) Videocon International Electronics Limited and its subsidiaries  
- Jumbo Techno Services Private Limited  
- Senior Consulting Private Limited  
- Videocon Telecommunications Limited and its subsidiary  
- Datacom Telecommunications Private Limited

- r) Videocon Hydrocarbon Holdings Limited (w.e.f. 21st December, 2010) and its subsidiaries\*
  - Videocon JPDA 06-103 Limited (w.e.f. 12th May, 2010)\*\*
  - Videocon Mozambique Rovuma 1 Limited (w.e.f. 12th May, 2010)\*\*
  - Videocon Indonesia Nunukan Inc. (w.e.f. 30th June, 2010)\*\*
  - Videocon Energy Brazil Limited (w.e.f. 7th July, 2010)\*\*
  - Videocon Australia WA-388-P Limited (w.e.f. 27th August, 2010)\*\*\*
  - Oil Services International S.A.S. (w.e.f. 9th November, 2010)
- s) Videocon Energy Limited (w.e.f. 13th January, 2010) and its subsidiaries
  - Videocon Oil Ventures Limited (w.e.f. 19th January, 2010)
  - Videocon Power Ventures Limited (w.e.f. 30th January, 2010) and its subsidiaries
    - Aim Energy Private Limited (w.e.f. 12th October, 2010)
    - Viable Energy Private Limited (w.e.f. 12th October, 2010)
    - Vital Power Private Limited (w.e.f. 12th October, 2010)
    - Marvel Energy Private Limited (w.e.f. 17th July, 2010) and its subsidiaries
      - Proficient Energy Private Limited (w.e.f. 17th July, 2010) and its subsidiaries
      - Instant Energy Private Limited (w.e.f. 17th July, 2010)
      - Orchid Energy Private Limited (w.e.f. 30th August, 2010)
      - Applied Energy Private Limited (w.e.f. 17th July, 2010) and its subsidiaries
        - Comet Power Private Limited (w.e.f. 17th July, 2010)
        - Galaxy Power Private Limited (w.e.f. 17th July, 2010)
        - Percept Energy Private Limited (w.e.f. 17th July, 2010)
        - Unity Power Private Limited (w.e.f. 17th July, 2010)

\* Videocon Hydrocarbon Holdings Limited was incorporated as a subsidiary of Videocon Energy Ventures Limited on 30th November, 2009. It became subsidiary of Videocon Oil Ventures Limited on 29th April, 2010. From 21st December, 2010, it became subsidiary of the Company, Videocon Industries Limited, and directly holds 97.54% of ownership.

\*\* Prior to this date subsidiary of Videocon Industries Limited.

\*\*\* Incorporated as a subsidiary of Videocon Energy Ventures Limited on 30th November, 2009. It became subsidiary of Videocon Hydrocarbon Holdings Limited w.e.f. from 27th August, 2010.

ii) Associates and Joint Ventures:

- Ravva Oil & Gas Field Joint Venture-Participating Interest 25%
- WA-388-P Joint Venture-Participating Interest 8.4%
- Block 56 Oman Joint Venture - Participating interest 25% (Upto 9th January 2010)
- VB (Brasil) Petroleo Private Ltda. - Joint Venture - 50% (Merged with IBV Brasil Petroleo Limitada w.e.f. 1st April 2010)
- IBV Brasil Petroleo Limitada - Joint Venture - 50% (Was subsidiary of VB (Brasil) Petroleo Private Ltda upto 31st March, 2010 which merged with this Company, w.e.f. 1st April, 2010. The Company has transferred its shareholding in VB Brasil to Videocon Energy Brazil Limited, a stepdown subsidiary of the Company incorporated in British Virgin Islands.)
- Videocon Infinity Infrastructure Private Limited - Joint Venture - 50%
- Goa Energy Private Limited - Associate - 26%
- Radium Energy Private Limited - Associate - 26% (w.e.f. 1st November, 2010)

iii) Key Management Personnel:

- Mr. Venugopal N. Dhoot - Chairman & Managing Director
- Mr. Pradipkumar N. Dhoot - Whole Time Director
- Mr. K. R. Kim - Chief Executive Officer
- Mr. S. K. Jain - Senior Vice President (w.e.f. 1st April, 2010)
- Mr. P. K. Gupta - Vice President (upto 31st January, 2010)
- Mr. Amit Gupta - Vice President (upto 31st January, 2010)
- Mr. Shekhar Jyoti - Vice President
- Mr. Abhijit Kotnis - Associate Vice President

**B) Transactions/outstanding balances with Related Parties:**

The Company has entered into transactions with certain related parties during the period as listed below. The Board considers such transactions to be in normal course of business:

(₹ Million)

Nature of Transactions	Subsidiary Companies	Associates/ Joint Venture	Key Management Personnel
Sale of Goods	<b>6,485.48</b> (4,873.31)		
Purchase of Goods/Services	<b>77.82</b> (1.11)		
Interest Recovered	<b>459.75</b> (2,326.54)	<b>44.63</b> (Nil)	
Investments	<b>16,313.04</b> (20,348.85)	<b>(24.29)</b> (Nil)	
Advances/Loans given	<b>19,369.08</b> (18,007.78)	<b>0.00</b> (341.50)	
Advances/Loans Received back	<b>1,030.67</b> (8,690.07)	<b>48.00</b> (Nil)	
<b>Transactions with Joint Ventures</b>			
- Contribution towards share of Expenditure		<b>1,191.46</b> (786.39)	
Remuneration			<b>60.86</b> (52.86)
<b>Outstanding as at 31st December, 2010</b>			
Trade Receivables	<b>419.85</b> (961.47)		
Advances/Loans given	<b>27,289.04</b> (28,481.09)	<b>362.93</b> (410.93)	
Investments/Share Application Money	<b>39,286.03</b> (22,972.99)	<b>0.10</b> (24.37)	
Payable to Unincorporated Joint Venture		<b>17.78</b> (1.57)	

C) Material transactions with Related Party during the period are: Sales to Videocon Telecommunications Limited ₹ 6,338.33 million (Previous year ₹ 1,331.47 million); Purchases from Middle East Appliances LLC ₹ 67.04 million (Previous year ₹ 1.11 million) and Purchase of Services from Videocon Telecommunications Limited ₹ 10.78 million; Subscription to Shares/Share Application Money (Investments) of Videocon Hydrocarbon Holdings Limited ₹ 9,046.62 million (Previous year ₹ Nil), Pipavav Energy Private Limited ₹ 3,999.90 million (Previous year ₹ 1,500.00 million) and Videocon Telecommunications Limited ₹ 1,810.32 million (Previous year ₹ 410.00 million); Interest from Videocon Telecommunications Limited ₹ 459.75 million (Previous year ₹ 2,326.54 million); Advances/Loans given to Videocon International Electronics Limited ₹ 10,172.06 million (Previous year ₹ Nil), Sky Billion Trading Limited ₹ 3,251.22 million (Previous year ₹ 12.37 million) and Videocon Energy Limited ₹ 1,939.08 million (Previous ₹ Nil); Advances/Loans Received back from Pipavav Energy Private Limited ₹ 579.55 million (Previous year ₹ 1,271.70 million), Videocon JPDA 06-103 Limited ₹ 305.31 million (Previous year ₹ Nil) and Videocon Mozambique Rovuma 1 Limited ₹ 121.18 million (Previous year ₹ Nil); Contribution towards Company's share of Expenditure (Joint Venture) to Ravva Oil & Gas field ₹ 1,178.04 million (Previous year ₹ 590.03 million).

26. The Company has prepared the Consolidated Financial Statements as per Accounting Standard (AS) 21 and accordingly the segment information as per AS-17 "Segment Reporting" has been presented in the Consolidated Financial Statements.

**27. Loans and Advances in the nature of Loans given to Subsidiaries and Associates etc.**
**A) Loans and Advances in the nature of Loans:**

(₹ Million)

Name of the Company		As at 31st Dec., 2010	As at 30th Sept., 2009	Maximum Balance During the period
Aim Energy Private Limited	Subsidiary	0.08		0.08
Applied Energy Private Limited	Subsidiary	0.02		0.02
Chhattisgarh Power Ventures Private Limited	Subsidiary	1,529.25		1,529.25
Comet Power Private Limited	Subsidiary	12.36		12.36
Galaxy Power Private Limited	Subsidiary	17.39		17.39
Instant Energy Private Limited	Subsidiary	14.69		14.69
Marvel Energy Private Limited	Subsidiary	0.01		0.01
Orchid Energy Private Limited	Subsidiary	66.01		66.01
Percept Energy Private Limited	Subsidiary	1.02		1.02
Pipavav Energy Private Limited	Subsidiary	5.47	585.02	4,090.32
Proficient Energy Private Limited	Subsidiary	30.01		30.01
Senator Energy Private Limited	Subsidiary	0.01		0.01
Unity Power Private Limited	Subsidiary	7.26		7.26
Viable Energy Private Limited	Subsidiary	0.08		0.08
Videocon Electronics (Shenzen) Limited	Subsidiary	3.76	23.60	23.60
Videocon Energy Limited	Subsidiary	1,939.08		1,939.08
Videocon Global Limited	Subsidiary	7,153.00	6,445.19	7,608.90
Videocon International Electronics Limited	Subsidiary	10,172.06		10,172.06
Videocon Oil Ventures Limited	Subsidiary	0.43		0.50
Videocon Power Ventures Limited	Subsidiary	8.31		8.31
Videocon Telecommunications Limited	Subsidiary	6,328.66	5,647.34	8,400.62
Vital Power Private Limited	Subsidiary	0.08		0.08
Paramount Global Limited (Upto 23rd December, 2010)	Subsidiary		9,834.93	10,837.83
Powerking Corporation Limited (Upto 30th November, 2009)	Subsidiary		3,295.96	3,295.96
Sky Billion Trading Limited (Upto 30th December, 2010)	Subsidiary		12.37	3,263.59
Venus Corporation Limited (Upto 30th November, 2009)	Subsidiary		2,205.39	2,205.39
Videocon Energy Brazil Limited	Subsidiary		4.80	4.80
Videocon Energy Resources Limited	Subsidiary		121.18	941.70
Videocon JPDA 06-103 Limited	Subsidiary		305.31	305.31
Goa Energy Private Limited	Associate	362.68	410.68	427.91
Videocon Infinity Infrastructure Private Limited	Associate	0.25	0.25	0.25

Loans and Advances shown above, to subsidiaries fall under the category of 'Loans and Advances' in nature of Loans where there is no repayment schedule and are repayable on demand.

**B) Investment by the loanee in the shares of the Company:**

None of the loanees have made investments in the shares of the Company.

**28. Reserves:**

Share of the Company in Ravva Oil & Gas field (Unincorporated) Joint Venture remaining reserves on proved and probable basis (as per Operator's estimates)

Particulars	Unit of measurement	As at 31st Dec., 2010	As at 30th Sept., 2009
Crude Oil	Million Metric Tonnes	1.85	1.45
Natural Gas	Million Cubic Metres	359.13	338.95

29. As required by Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets" issued by The Institute of Chartered Accountants of India, the disclosure with respect to provisions are as follows:

(₹ Million)

Particulars	Warranty and Maintenance Expenses	
	Period Ended 31st Dec., 2010	Year Ended 30th Sept., 2009
a) Amount at the beginning of the year	618.73	401.11
b) Additional provision made during the period/year	617.91	528.47
c) Amount used	598.13	310.85
d) Amount at the end of the period/year	638.51	618.73

## 30. Additional Information pursuant to the provisions of paragraphs 3, 4C, 4D of Part II of Schedule VI to the Companies Act,1956.

	Unit	Period ended 31st December, 2010		Year ended 30th September, 2009	
		Quantity	₹ Million	Quantity	₹ Million
<b>QUANTITATIVE INFORMATION:</b>					
I. Production:					
(Including Goods Manufactured through third parties and excluding goods manufactured for others on job basis)					
a) Crude Oil	MT	453,134		449,136	
b) Natural Gas	Cu.Mtr	180,934,525		157,136,861	
c) TV Sets including Assemblies and Sub-Assemblies thereof and Glass Shells	Nos.	47,169,373		34,282,054	
d) Audio, Video and other Electrical and Electronic Appliances, including Assemblies and Sub-Assemblies thereof	Nos.	10,352,934		5,831,653	
e) Air Conditioners	Nos.	692,636		427,267	
II. Stocks of Finished Goods at Close:					
a) Crude Oil	MT	13,369	71.70	6,526	24.61
b) Natural Gas	Cu.Mtr	-	-	-	-
c) TV Sets including Assemblies and Sub-Assemblies thereof and Glass Shells	Nos.	1,655,410	1,974.14	1,635,554	1,874.56
d) Audio, Video and other Electrical and Electronic Appliances, including Assemblies and Sub-Assemblies thereof	Nos.	354,611	1,481.18	341,099	1,410.28
e) Air Conditioners	Nos.	21,907	247.06	26,173	293.35
	<b>TOTAL</b>		<b>3,774.08</b>		<b>3,602.80</b>
III. Stocks of Finished Goods at Beginning:					
a) Crude Oil	MT	6,526	24.61	9,505	37.66
b) Natural Gas	Cu.Mtr.	-	-	-	-
c) TV Sets including Assemblies and Sub-Assemblies thereof and Glass Shells	Nos.	1,635,554	1,874.56	1,490,537	1,755.63
d) Audio, Video and other Electrical and Electronic Appliances, including Assemblies and Sub-Assemblies thereof	Nos.	341,099	1,410.28	317,209	1,305.06
e) Air Conditioners	Nos.	26,173	293.35	36,568	409.31
	<b>TOTAL</b>		<b>3,602.80</b>		<b>3,507.66</b>
IV. Sales/Services Rendered (Including Duty Drawback and Cash Compensatory support )					
a) Crude Oil	MT	446,291	12,198.21	452,115	9,688.82
b) Natural Gas	Cu.Mtr.	163,089,630	1,005.12	141,657,384	936.67
c) TV Sets including Assemblies and Sub-Assemblies thereof and Glass Shells	Nos.	47,149,517	84,459.25	34,137,037	52,101.60
d) Audio, Video and other Electrical and Electronic Appliances, including Assemblies and Sub-Assemblies thereof	Nos.	10,339,422	37,744.58	5,807,763	23,891.31
e) Air Conditioners	Nos.	696,902	10,662.20	437,662	6,712.61
f) Other Sales and Service Income			689.91		481.67
	<b>TOTAL</b>		<b>146,759.27</b>		<b>93,812.69</b>
V. Flared/Consumed/Normal Loss					
a) Natural Gas	Cu.Mtr.	17,844,895		15,479,477	
VI. Raw Material Components and Spares Consumption including for products manufactured through third parties					
a) Printed Circuit Board (All types)	Nos.	13,447,789	9,868.61	9,106,290	6,682.62
b) Active and Passive Components **			28,460.03		17,043.74
c) Plastic and Wooden Parts	Nos.	16,679,693	37,636.19	10,200,803	23,017.17
d) Other Raw Materials **			15,311.71		9,524.90
	<b>TOTAL</b>		<b>91,276.54</b>		<b>56,268.43</b>

\* Inclusive of job charges paid

\*\* It is not practicable to furnish quantitative information of components consumed, in view of considerable number of items of diverse size and number.

Note: The industrial licensing has been abolished in respect of the products of the Company.

	Period ended 31st December, 2010		Year ended 30th September, 2009	
	Percentage	₹ Million	Percentage	₹ Million
VII. Value of Imported and Indigenous Raw Materials, Components and Spares Consumed				
a) Imported	19.88	18,142.96	19.95	11,225.64
b) Indigenous	80.12	73,133.58	80.05	45,042.79
<b>TOTAL</b>		<b>91,276.54</b>		<b>56,268.43</b>
VIII. C.I.F. Value of Imports, Expenditure and Earnings in Foreign Currency:				
a) C.I.F. Value of Imports:				
Raw Materials		20,492.78		11,093.45
Capital Goods (including advances)		1,953.03		1,765.76
b) Expenditure incurred in Foreign Currency: (on payment basis)				
Cash Call paid to the Operator for the project		677.12		496.54
Interest and Bank Charges		355.83		436.49
Royalty		52.42		66.17
Travelling		31.72		30.40
Others		158.79		33.63
c) Other Earnings/Receipts in Foreign Currency:				
F.O.B. Value of Exports (on receipt basis)		4,750.33		5,224.28
Interest		-		1.96
Others		490.31		-
		<b>Period ended 31st December, 2010</b>		<b>Year ended 30th September, 2009</b>
IX. The Company has paid dividend in respect of shares held by Non-Residents on repatriation basis where the amount is also credited to Non-Resident External Account (NRE A/c). The exact amount of dividend remitted in foreign currency cannot be ascertained. The total amount remittable in this respect is given below:				
a) Number of Non-Resident Shareholders		1,516		1,200
b) Number of Equity Shares held by them		28,330,203		39,565,428
c) Gross Amount of Dividend (₹ Million)		56.66		39.57

31. The figures for the current period are for a period of 15 months as against 12 months in previous period and hence, are not comparable. Figures in respect of previous year have been regrouped, reclassified and recasted wherever necessary to make them comparable with those of current period.

**ANNUAL REPORT 2009-2010****32. Balance Sheet Abstract and Company's General Business Profile:****I. Registration Details**

Registration No.	L99999MH1986PLC103624
Balance Sheet Date	31st December, 2010
State Code	11

**II. Capital Raised During the period (Amounts ₹ Million)**

Public Issue	-
Rights Issue	513.76
Bonus Issue	-
Private Placement	211.65

**III. Position of Mobilisation & Deployment of Funds (Amounts ₹ Million)**

Total Liabilities	218,446.03
Total Assets	218,446.03

**Sources of Funds**

Paid-up Capital	3,479.57
Reserves and Surplus	90,859.20
Deferred Tax Liability (Net)	6,369.61
Secured Loans	59,376.05
Unsecured Loans	58,361.60

**Application of Funds**

Net Fixed Assets	60,031.06
Investments	42,679.63
Net Current Assets	115,735.34

**IV. Performance of Company (Amounts ₹ Million)**

Turnover (including other income)	144,526.77
Total Expenditure	134,022.35
Profit Before Tax	10,504.42
Profit After Tax	7,446.94
Earnings Per Share in ₹	27.88
Dividend Rate %	10

**V. Generic Names of Three Principal Products of the Company**

(As per monetary terms)

a) Item Code No. (ITC Code)	2709.00
Product Description	Crude Oil and Natural Gas
b) Item Code No. (ITC Code)	8528.72
Product Description	Colour Television
c) Item Code No. (ITC Code)	7011.20
Product Description	Glass Shell Panels & Funnels for C.P.T.

As per our report of even date

**For KHANDELWAL JAIN & CO.**  
Chartered Accountants

**SHVRATAN AGARWAL**  
Partner  
Membership No.104180

Place : Mumbai  
Date : 26th May, 2011

**For KADAM & CO.**  
Chartered Accountants

**U. S. KADAM**  
Partner  
Membership No. 31055

For and on behalf of the Board

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

**P. N. DHOOT**  
Whole Time Director

**VINOD KUMAR BOHRA**  
Company Secretary



## AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To

The Board of Directors

### VIDEOCON INDUSTRIES LIMITED

We have audited the attached Consolidated Balance Sheet of Videocon Industries Limited (the Company) and its subsidiaries as at 31st December, 2010, Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the period ended on that date annexed thereto. These Consolidated Financial Statements are the responsibility of the Company's management and have been prepared by them on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting frame work and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Consolidated Financial Statements presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not jointly audit the financial statements of certain Subsidiaries and Joint Ventures, whose financial statements reflect total assets of ₹ 99,752.83 million as at 31st December 2010, total revenues of ₹ 4,400.32 million and cash flows amounting ₹ 1,532.21 million for the period ended on that date. These financial statements have been audited by either of us singly or by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of these entities, is based solely on the reports of those respective auditors.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of the Accounting Standard (AS) 21 on "Consolidated Financial Statements", Accounting Standard (AS) 23 on "Accounting for Investments in Associates" and Accounting Standard (AS) 27 "Financial Reporting of Interest in Joint Ventures" issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company, and its subsidiaries included in Consolidated Financial Statements.

Without qualifying our opinion, we draw attention to Note No. C-3(b) of Schedule 16 Notes to Accounts, referred to the notice received by Videocon Telecommunications Limited ('VTL') from the Department of Telecommunications directing it to show cause why the Unified Access Service (UAS) Licenses issued to it should not be terminated as the Company was not in compliance with one of the eligibility conditions of the Guidelines for UAS Licenses. VTL in its response to the said notice has completely denied the allegations made against it and has submitted that there was no violation of the eligibility conditions as provided in the UAS Licenses Guidelines. Based on the legal advice obtained by VTL, it is of the view that the said matter is likely to be decided in its favour.

On the basis of the information and explanations given to us and on the consideration of the separate audit report on individual audited financial statements of the Company, its Joint Ventures and its subsidiaries, we are of the opinion that the attached consolidated financial statements, read with the notes and the significant accounting policies thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company and its subsidiaries as at 31st December, 2010;
- b) in the case of the Consolidated Profit and Loss Account, of the consolidated loss of the Company and its subsidiaries for the period ended on that date; and
- c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiaries for the period ended on that date.

**For KHANDELWAL JAIN & CO.**  
*Chartered Accountants*  
Firm Registration No. 105049W

**For KADAM & CO.**  
*Chartered Accountants*  
Firm Registration No. 104524W

**SHIVRATAN AGARWAL**  
*Partner*  
Membership No. 104180

**U. S. KADAM**  
*Partner*  
Membership No. 31055

Place : Mumbai  
Date : 26th May, 2011

## CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER, 2010

Particulars	Schedule No.	As at 31st Dec., 2010 (₹ Million)	As at 30th Sept., 2009 (₹ Million)
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
a) Share Capital	1	3,479.57	2,754.16
b) Reserves and Surplus	2	80,678.33	70,137.16
<b>2. Minority Interest</b>		3.19	0.46
<b>3. Share Application Money Pending Allotment/ Warrant Subscription</b>		5,000.00	950.01
<b>4. Deferred Tax Liability (Net)</b>		6,741.23	5,292.14
<b>5. Loan Funds</b>			
a) Secured Loans	3	83,349.90	97,097.80
b) Unsecured Loans	4	60,389.30	23,577.83
<b>TOTAL</b>		<b>239,641.52</b>	<b>199,809.56</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>	5		
a) Gross Block		180,055.11	144,562.05
b) Less: Depreciation, Amortisation and Impairment		50,025.92	43,363.48
c) Net Block		130,029.19	101,198.57
<b>2. Pre-Operative Expenditure Pending Allocation</b>		832.51	6,433.86
<b>3. Investments</b>	6	3,488.02	7,876.92
<b>4. Goodwill on Consolidation</b>		38.32	130.53
<b>5. Current Assets, Loans and Advances</b>	7		
a) Inventories		20,599.55	18,001.87
b) Sundry Debtors		26,666.98	18,187.13
c) Cash and Bank Balances		16,064.91	9,358.83
d) Other Current Assets		570.70	405.60
e) Loans and Advances		64,968.89	53,636.30
		128,871.03	99,589.73
<b>Less: Current Liabilities and Provisions</b>	8		
a) Current Liabilities		22,400.42	14,100.56
b) Provisions		1,217.22	1,319.58
		23,617.64	15,420.14
<b>Net Current Assets</b>		105,253.39	84,169.59
<b>6. Miscellaneous Expenditure (To the extent not written off or adjusted)</b>		0.09	0.09
<b>TOTAL</b>		<b>239,641.52</b>	<b>199,809.56</b>
<b>Significant Accounting Policies and Notes to Accounts</b>	16		

As per our report of even date

**For KHANDELWAL JAIN & CO.**  
Chartered Accountants

**SHIVRATAN AGARWAL**  
Partner  
Membership No.104180

Place : Mumbai  
Date : 26th May, 2011

**For KADAM & CO.**  
Chartered Accountants

**U. S. KADAM**  
Partner  
Membership No. 31055

For and on behalf of the Board

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

**P. N. DHOOT**  
Whole Time Director

**VINOD KUMAR BOHRA**  
Company Secretary

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON 31ST DECEMBER, 2010

Particulars	Schedule No.	Period ended on 31st Dec., 2010 (₹ Million)	Year ended on 30th Sept., 2009 (₹ Million)
<b>I. INCOME</b>			
Sales/Income from Operations		150,286.87	106,737.29
Less: Excise Duty		2,662.36	2,182.28
Net Sales		147,624.51	104,555.01
Other Income	9	1,569.09	1,029.15
<b>TOTAL</b>		<b>149,193.60</b>	<b>105,584.16</b>
<b>II. EXPENDITURE</b>			
Cost of Goods Consumed/Sold	10	92,344.33	66,984.14
Production and Exploration Expenses - Oil and Gas	11	8,798.83	7,206.86
Access Charges, License Fees and Network Expenses	12	4,689.31	-
Salaries, Wages and Employees' Benefits	13	3,406.01	1,749.99
Manufacturing and Other Expenses	14	19,698.99	10,192.74
Interest and Finance Charges	15	10,892.08	7,478.20
Depreciation, Amortisation and Impairment	5	8,912.00	5,887.57
<b>TOTAL</b>		<b>148,741.55</b>	<b>99,499.50</b>
<b>III. PROFIT BEFORE TAXATION</b>			
		452.05	6,084.66
Add: Profit/(Loss) on Disposal/ Cessation of Subsidiaries/ Associates		(173.41)	2.44
Provision for Taxation			
Current Tax		1,812.40	881.20
Deferred Tax		1,438.36	1,029.71
Fringe Benefit Tax		-	16.53
<b>IV. PROFIT/(LOSS) BEFORE MINORITY INTEREST</b>			
		(2,972.12)	4,159.66
Add: Minority Interest		1.93	0.03
<b>V. PROFIT/(LOSS) FOR THE PERIOD/YEAR</b>			
		(2,970.19)	4,159.69
Add/(Less): Excess/(Short) Provision of Income Tax for earlier years		(57.83)	991.63
Add/(Less): Transfer from Pre-Operative Expenditure Pending Allocation		(408.85)	-
Balance brought forward		22,998.35	20,771.97
Transfer from Debenture/Bond Redemption Reserve		258.60	-
<b>VI. BALANCE AVAILABLE FOR APPROPRIATIONS</b>			
		19,820.08	25,923.29
<b>VII. APPROPRIATIONS</b>			
Proposed Dividend - Equity Shares		301.97	462.53
Proposed Dividend - Preference Shares		46.08	36.81
Corporate Tax on Proposed Dividend		57.81	84.86
Transfer to Debenture/Bond Redemption Reserve		-	1,340.74
Transfer to General Reserve		1,000.00	1,000.00
Balance Carried to Balance Sheet		18,414.22	22,998.35
<b>TOTAL</b>		<b>19,820.08</b>	<b>25,923.29</b>
<b>VIII. EARNINGS PER SHARE (Not Annualised)</b>			
(Nominal value of ₹ 10/- each)			
Basic		₹ (13.27)	₹ 22.27
Diluted		₹ (10.99)	₹ 21.07
(Refer Note No. C-14 of Schedule No. 16)			
<b>Significant Accounting Policies and Notes to Accounts</b>	<b>16</b>		

As per our report of even date

**For KHANDELWAL JAIN & CO.**  
Chartered Accountants

**SHVRATAN AGARWAL**  
Partner  
Membership No.104180

Place : Mumbai  
Date : 26th May, 2011

**For KADAM & CO.**  
Chartered Accountants

**U. S. KADAM**  
Partner  
Membership No. 31055

For and on behalf of the Board

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

**P. N. DHOOT**  
Whole Time Director

**VINOD KUMAR BOHRA**  
Company Secretary

## CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 31ST DECEMBER, 2010

Particulars	Period ended on 31st Dec., 2010 (₹ Million)	Year ended on 30th Sept., 2009 (₹ Million)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	452.05	6,084.66
Adjustments for:		
Depreciation, Amortisation and Impairment	8,912.00	5,887.57
Interest and Finance Charges	10,892.08	7,478.20
Provision for Leave Encashment	15.25	18.12
Provision for Retirement Benefits	40.95	8.05
Provision for Warranty and Maintenance Expenses	19.78	217.62
Diminution/(Write back) in value of Investments	78.36	(53.15)
(Profit)/Loss on Sale of Fixed Assets	(51.29)	100.61
Provision for Doubtful Debts	41.90	319.17
Minority Interest for the period/year	1.93	0.03
Interest Received	(456.44)	(662.48)
(Income)/Loss from Investments and Securities Division	(195.26)	4.76
Transfer from Pre-Operative Expenditure Pending Allocation	(408.85)	-
<b>Operating Profit before Working Capital Changes</b>	<b>19,342.46</b>	<b>19,403.16</b>
Adjustments for:		
Inventories	(2,597.68)	(1,953.63)
Sundry Debtors	(8,521.75)	(821.04)
Other Current Assets	(165.10)	(164.87)
Loans and Advances	(11,334.11)	(10,988.25)
Current Liabilities	8,302.21	2,604.55
Cash generated from Operations	5,026.03	8,079.92
Less: Taxes Paid/(Refund)-net	1,868.71	937.75
<b>Net Cash from Operating Activities</b>	<b>(A) 3,157.32</b>	<b>7,142.17</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of Fixed Assets/ Adjustment on account of disposal/ cessation of subsidiaries (Net)	255.31	3,219.98
Adjustment on Account of Producing Properties	-	74.12
Interest Received	456.44	662.48
Adjustment on Disposal of Subsidiaries	(173.41)	2.44
Income/(Loss) from Investments and Securities Division	195.26	(4.76)
(Increase) in Fixed Assets including Capital Work-in-Progress	(37,442.95)	(20,919.27)
(Increase)/Decrease in Pre-Operative Expenditure pending Allocation	5,601.35	(5,141.54)
(Increase) in Miscellaneous Expenditure	-	(0.09)
(Increase) in Producing Properties	(503.69)	(5.10)
(Increase)/Decrease in Goodwill	92.21	(26.74)
(Purchase)/Sale of Investments (Net)	4,310.54	16,704.65
<b>Net Cash (Used in) Investing Activities</b>	<b>(B) (27,208.94)</b>	<b>(5,433.83)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase in Equity Share Capital	725.41	1.05
Increase/(Decrease) in Share Application Money (Net of Conversion)	4,049.99	(7,072.48)
Increase/(Decrease) in Minority Interest	2.73	(539.54)
Securities Premium Received	14,882.86	11.90
Forfeited Shares	-	2.72
Increase/(Decrease) in Secured Term Loans from Banks	(13,848.77)	19,134.97
Increase/(Decrease) in Unsecured Loans	36,589.44	(13,062.72)
Increase/(Decrease) in Working Capital Loans from Banks	509.03	1,702.45
Redemption of Secured Non-Convertible Debentures	(408.16)	(753.74)
Increase/(Decrease) in Foreign Currency Translation Reserve on Consolidation	(195.80)	(186.51)
Adjustment in Deferred Tax Liabilities	10.73	(0.97)
Share Issue Expenses	(81.13)	-
Payment of Dividend	(501.69)	(268.59)
Corporate Tax on Dividend	(84.86)	(45.25)
Interest and Finance Charges	(10,892.08)	(7,478.20)
<b>Net Cash from/(used in) Financing Activities</b>	<b>(C) 30,757.70</b>	<b>(8,554.91)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(A + B + C) 6,706.08</b>	<b>(6,846.57)</b>
<b>Opening Balance of Cash and Cash Equivalents</b>	<b>9,358.83</b>	<b>16,205.40</b>
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>16,064.91</b>	<b>9,358.83</b>

As per our report of even date

**For KHANDELWAL JAIN & CO.**  
Chartered Accountants

**SHIVRATAN AGARWAL**  
Partner  
Membership No.104180

Place : Mumbai  
Date : 26th May, 2011

**For KADAM & CO.**  
Chartered Accountants

**U. S. KADAM**  
Partner  
Membership No. 31055

For and on behalf of the Board

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

**P. N. DHOOT**  
Whole Time Director

**VINOD KUMAR BOHRA**  
Company Secretary

## SCHEDULES TO CONSOLIDATED BALANCE SHEET

	As at 31st Dec., 2010 (₹ Million)	As at 30th Sept., 2009 (₹ Million)		As at 31st Dec., 2010 (₹ Million)	As at 30th Sept., 2009 (₹ Million)
<b>SCHEDULE 1 : SHARE CAPITAL</b>			<b>SCHEDULE 2 : (Contd...)</b>		
<b>Authorised:</b>			<b>Securities Premium Account</b>		
500,000,000 (Previous year 500,000,000) Equity Shares of ₹ 10/- each.	5,000.00	5,000.00	As per last Balance Sheet	28,820.84	29,088.31
10,000,000 (Previous year 10,000,000) Redeemable Preference Shares of ₹ 100/- each.	1,000.00	1,000.00	Add: Received during the period	14,886.19	-
	<b>6,000.00</b>	<b>6,000.00</b>	Less: Reversal of Premium on Shares Forfeited	-	5.00
			Less: Share Issue Expenses	81.13	-
			Less: Premium Payable on Redemption of Convertible Bonds	222.03	262.47
				<b>43,403.87</b>	28,820.84
<b>Issued, Subscribed and Paid-up:</b>			Less: Calls in Arrears - by others	3.33	-
<b>Equity Shares</b>			<b>(C)</b>	<b>43,400.54</b>	28,820.84
301,963,634 (Previous year 229,406,816) Equity Shares of ₹ 10/- each fully paid-up.	3,019.64	2,294.07	<b>Debenture/Bonds Redemption Reserve</b>		
			As per last Balance Sheet	3,288.24	1,947.50
<b>Of the above:</b>			Add/(Less): Transferred from/(to) Profit and Loss Account	(258.60)	1,340.74
a) 95,078 (Previous year 95,078) Equity Shares of ₹ 10/- each have been issued on conversion of Unsecured Optionally Convertible Debentures.			<b>(D)</b>	<b>3,029.64</b>	3,288.24
b) 156,394,378 (Previous year 156,394,378) Equity Shares of ₹ 10/- each were allotted pursuant to amalgamations without payments being received in cash.			<b>Legal Reserve</b>		
c) 45,777,345 (Previous year 45,777,345) Equity Shares of ₹ 10/- each were issued by way of Euro issues represented by Global Depository Receipts (GDR) at a price of US\$ 10.00 per share (inclusive of premium).			As per last Balance Sheet	0.01	0.01
d) 8,464,515 (Previous year 8,464,515) Equity Shares of ₹ 10/- each have been issued on conversion of 86,529 Foreign Currency Convertible Bonds of US\$ 1,000 each (inclusive of premium).			Add: Adjustment on Account of Foreign Currency Translation	(0.00)	0.00
Less: Calls in Arrears - by others	0.16	-	<b>(E)</b>	<b>0.01</b>	0.01
<b>(A)</b>	<b>3,019.48</b>	2,294.07	<b>Capital Reserve</b>		
<b>Preference Shares</b>			As per last Balance Sheet	4.24	1.52
a) 4,523,990 (Previous year 4,523,990) 8% Cumulative Redeemable Preference Shares of ₹ 100/- each fully paid up, redeemable at par in 3 equal installments on 1st October, 2011, 1st October, 2012 and 1st October, 2013.	452.40	452.40	Add: On Forfeiture of Shares	-	2.72
b) 76,870 (Previous year 76,870) 8% Cumulative Redeemable Preference Shares of ₹ 100/- each fully paid up, redeemable at par in 3 equal installments on 1st February, 2012, 1st February, 2013 and 1st February, 2014.	7.69	7.69	<b>(F)</b>	<b>4.24</b>	4.24
			<b>Foreign Currency Translation Reserve</b>		
			As per last Balance Sheet	281.00	467.51
			Add/(Less) during the period/year	(195.80)	(186.51)
			<b>(G)</b>	<b>85.20</b>	281.00
			<b>General Reserve</b>		
			As per last Balance Sheet	14,201.48	13,201.48
			Add: Transferred from Profit and Loss Account	1,000.00	1,000.00
			<b>(H)</b>	<b>15,201.48</b>	14,201.48
			<b>Profit and Loss Account</b>		
			As per Account annexed	18,414.22	22,998.35
			<b>(I)</b>	<b>18,414.22</b>	22,998.35
			<b>TOTAL (A to I)</b>	<b>80,678.33</b>	70,137.16
			<b>SCHEDULE 3 : SECURED LOANS</b>		
			(Refer Note No. C-4 of Schedule No. 16)		
			A. Non-Convertible Debentures	86.38	494.54
			B. Term Loans from Banks and Financial Institutions	69,623.32	73,204.03
			C. External Commercial Borrowings	2,980.18	4,076.33
			D. Short Term Loans from Banks	6,316.89	15,690.27
			E. Vehicle Loans from Banks	249.90	48.43
			F. Working Capital Loans From Banks	4,093.23	3,584.20
			<b>TOTAL</b>	<b>83,349.90</b>	97,097.80
			<b>SCHEDULE 4 : UNSECURED LOANS</b>		
			(Refer Note No. C-5, C-6 and C-7 of Schedule No. 16)		
			A. From Banks	45,281.32	17,386.16
			B. Foreign Currency Convertible Bonds	13,967.57	5,257.59
			C. Premium Payable on Redemption on Foreign Currency Convertible Bonds	1,046.62	824.59
			D. From Others	26.00	26.00
			E. Sales Tax Deferral	67.79	83.49
			<b>TOTAL</b>	<b>60,389.30</b>	23,577.83
<b>SCHEDULE 2 : RESERVES AND SURPLUS</b>					
<b>Capital Redemption Reserve</b>					
As per last Balance Sheet	537.50	537.50			
	<b>(A)</b>	537.50			
<b>Capital Subsidy</b>					
As per last Balance Sheet	5.50	5.50			
	<b>(B)</b>	5.50			
(Contd...)					

## SCHEDULES TO CONSOLIDATED BALANCE SHEET (Continued)

Particulars	GROSS BLOCK										DEPRECIATION / AMORTISATION / IMPAIRMENT					NET BLOCK	
	As at 30.09.2009	Addition on Acquisition	Additions	Deductions	Currency Translation Adjustment	As at 31.12.2010	Upto 30.09.2009	Addition on Acquisition	For the Period	Deductions/ Adjustments	Impairment	Currency Translation Adjustment	Upto 31.12.2010	As at 31.12.2010	As at 30.09.2009		
	(₹ Million)																
<b>Tangible Assets</b>																	
Freehold Land	409.97	15.25	155.75	-	-	580.97	-	-	-	-	-	-	-	580.97	409.97		
Leasehold Land	48.05	-	-	-	-	48.05	9.23	0.97	-	-	-	-	10.20	37.85	38.82		
Building	6,534.33	-	80.25	1.39	(8.45)	6,604.74	1,868.45	229.16	0.50	-	(0.92)	2,096.19	4,508.55	4,665.88			
Leasehold Improvements	39.32	-	508.46	-	-	547.78	39.16	58.58	-	-	-	97.74	450.04	0.16			
Plant and Machinery *	80,204.11	-	23,207.25	2,359.26	(26.63)	101,025.47	35,411.44	7,357.69	2,173.26	-	(11.75)	40,584.12	60,441.35	44,792.67			
Furnace	1,995.27	-	-	-	-	1,995.27	1,803.30	95.08	-	-	-	1,898.38	96.89	191.97			
Electrical Installation	150.84	-	5.11	-	-	155.95	88.00	8.18	-	-	-	96.18	59.77	62.84			
Office Equipments	305.83	-	101.51	3.92	-	403.42	187.52	17.18	0.20	-	-	204.50	198.92	118.31			
Computer Systems	261.32	-	38.67	1.36	0.00	298.63	174.84	51.86	0.72	-	0.02	226.00	72.63	86.48			
Furniture and Fixtures	223.48	0.20	128.85	2.13	(1.48)	348.92	129.71	30.26	0.23	-	(0.67)	159.07	189.85	93.77			
Vehicles	740.47	-	129.46	23.00	(0.20)	846.73	393.59	75.92	19.13	-	(0.06)	450.32	396.41	346.88			
Others	26.04	-	1.63	25.13	(0.05)	2.49	21.65	2.67	23.22	-	0.03	1.13	1.36	4.39			
<b>Intangible Assets</b>																	
Computer Software	219.90	-	799.19	27.84	-	991.25	141.08	146.19	22.75	-	-	264.52	726.73	78.82			
License Fees	-	-	17,154.47	-	-	17,154.47	-	534.68	-	-	-	534.68	16,619.79	-			
Others	454.62	-	0.04	-	0.73	455.39	0.10	0.08	-	-	-	0.18	455.21	454.52			
<b>Sub Total</b>	<b>91,613.55</b>	<b>15.45</b>	<b>42,310.64</b>	<b>2,444.03</b>	<b>(36.08)</b>	<b>131,459.53</b>	<b>40,268.07</b>	<b>8,608.50</b>	<b>2,240.01</b>	<b>-</b>	<b>(13.95)</b>	<b>46,623.21</b>	<b>84,836.32</b>	<b>51,345.48</b>			
Producing Properties	3,711.46	-	508.69	-	-	4,215.15	3,095.41	307.30	-	-	-	3,402.71	812.44	616.05			
Capital Work-in-Progress	49,237.04	-	-	-	-	44,380.43	-	-	-	-	-	-	44,380.43	49,237.04			
<b>TOTAL</b>	<b>144,562.05</b>	<b>15.45</b>	<b>42,814.33</b>	<b>2,444.03</b>	<b>(36.08)</b>	<b>180,055.11</b>	<b>43,363.48</b>	<b>8,915.80</b>	<b>2,240.01</b>	<b>-</b>	<b>(13.95)</b>	<b>50,025.92</b>	<b>130,029.19</b>	<b>101,198.57</b>			
As at 30th September, 2009	90,827.36	-	9,910.47	9,215.77	91.49	91,613.55	40,365.70	5,322.10	5,895.18	449.45	26.00	40,268.07	51,345.48				
Producing Properties	3,780.48	-	5.10	74.12	-	3,711.46	2,962.78	132.63	-	-	-	3,095.41	616.05				
Capital Work-in-Progress	38,277.12	-	-	-	135.35	49,237.04	-	-	-	-	-	-	49,237.04				
Total as at 30th September, 2009	132,884.96	-	9,915.57	9,289.89	226.84	144,562.05	43,328.48	5,454.73	5,895.18	449.45	26.00	43,363.48	101,198.57				

\*Gross Block of Plant and Machinery includes the amount added on revaluation on 1st April, 1998 and 1st October, 2002.

Notes:

- Plant and Machinery (Gross Block) includes assets capitalised under finance lease of ₹ 730.49 million (Previous year Nil) and corresponding accumulated depreciation of ₹ 88.19 million (Previous year Nil)
- Out of the Depreciation for the period, an amount of ₹ 3.80 million (Previous year ₹ 16.61 million) is transferred to "Pre-Operative Expenditure Pending Allocation".



## SCHEDULES TO CONSOLIDATED BALANCE SHEET (Continued)

	As at 31st Dec., 2010 (₹ Million)	As at 30th Sept., 2009 (₹ Million)		As at 31st Dec., 2010 (₹ Million)	As at 30th Sept., 2009 (₹ Million)
<b>SCHEDULE 6: INVESTMENTS</b>			<b>SCHEDULE 7 : CURRENT ASSETS, LOANS AND ADVANCES (Continued)</b>		
<b>LONG TERM INVESTMENTS</b>			<b>C. Cash and Bank Balances</b>		
<b>QUOTED</b>			Cash on hand		
1. In Equity Shares (Fully Paid-up) - Trade	73.84	65.04	Cheque/Drafts on hand/in Transit		
2. In Equity Shares (Fully Paid-up) - Others	434.48	14.32	Balances with Bank		
<b>UNQUOTED</b>			In Current Accounts		
1. In Equity Shares (Fully Paid-up) - Trade	1,330.42	1,330.13	In Fixed Deposits		
2. In Equity Shares (Fully Paid-up) - Others	325.85	426.67	In Earmarked Accounts		
3. In Preference Shares (Fully Paid-up)	0.38	0.38	In Dividend Warrant Accounts (Per Contra)		
4. In Debentures	1,000.00	2,000.00	<b>(C)</b>	<b>16,064.91</b>	<b>9,358.83</b>
5. In Other Investments	0.54	0.52	<b>D. Other Current Assets</b>		
<b>SHARE APPLICATION MONEY PENDING ALLOTMENT</b>	-	1,300.00	Interest Accrued		
<b>CURRENT INVESTMENTS</b>			Insurance Claim Receivable		
<b>UNQUOTED</b>			Other Receivable		
1. In Bonds	50.00	50.00	<b>(D)</b>	<b>570.70</b>	<b>405.60</b>
2. In Units of Mutual Funds/Portfolios	272.51	2,689.86	<b>E. Loans and Advances (Unsecured, considered good)</b>		
<b>TOTAL INVESTMENTS</b>	<b>3,488.02</b>	<b>7,876.92</b>	Advances recoverable in cash or in kind or for value to be received		
Aggregate Book Value of Quoted Investments	508.32	79.36	Balance with Central Excise/Customs Department		
Aggregate Market Value of Quoted Investments	625.92	108.26	Advance Income Tax (Net of Provision)		
Aggregate Book Value of Unquoted Investments/Application Money	2,979.70	7,797.56	Advance Fringe Benefit Tax (Net of Provision)		
			Other Deposits		
			<b>(E)</b>	<b>64,968.89</b>	<b>53,636.30</b>
			<b>TOTAL (A to E)</b>		
				<b>128,871.03</b>	<b>99,589.73</b>
<b>SCHEDULE 7 : CURRENT ASSETS, LOANS AND ADVANCES</b>			<b>SCHEDULE 8 : CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A. Inventories</b>			<b>A. Current Liabilities</b>		
(As taken, valued and certified by the Management)			Sundry Creditors		
Raw Materials including Consumables, Stores and Spares	12,738.99	11,129.45	Due to Micro, Small and Medium Enterprises		
Work in Process	776.49	794.40	Due to Others		
Finished Goods	3,705.92	3,644.92	Bank Overdraft as per books		
Material in Transit and in Bonded Warehouse	2,943.05	2,117.33	Advance Billing and Prepaid Card Revenue		
Drilling and Production Materials	199.06	291.16	Interest Accrued but not due		
Crude Oil	71.70	24.61	Other Liabilities		
Sim Card	164.34	-	Unclaimed Dividend (Per Contra)		
<b>(A)</b>	<b>20,599.55</b>	<b>18,001.87</b>	<b>(A)</b>	<b>22,400.42</b>	<b>14,100.56</b>
<b>B. Sundry Debtors (Unsecured)</b>			<b>B. Provisions</b>		
Outstanding for a period exceeding six months			Proposed Dividend - Equity Shares		
Considered Good	190.75	248.05	Proposed Dividend - Preference Shares		
Considered Doubtful	306.69	264.79	Provision for Corporate Tax on Proposed Dividend		
	497.44	512.84	Provision for Warranty and Maintenance Expenses		
Less: Provision for Doubtful Debts	306.69	264.79	Provision for Leave Encashment		
	190.75	248.05	Provision for Retirement Benefits		
Others - Considered Good	26,476.23	17,939.08	<b>(B)</b>	<b>1,217.22</b>	<b>1,319.58</b>
<b>(B)</b>	<b>26,666.98</b>	<b>18,187.13</b>	<b>TOTAL (A + B)</b>		
				<b>23,617.64</b>	<b>15,420.14</b>

(Contd...)

## SCHEDULES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Period ended on 31st Dec., 2010 (₹ Million)	Year ended on 30th Sept., 2009 (₹ Million)		Period ended on 31st Dec., 2010 (₹ Million)	Year ended on 30th Sept., 2009 (₹ Million)
<b>SCHEDULE 9 : OTHER INCOME</b>			<b>SCHEDULE 13 : SALARY, WAGES AND EMPLOYEES' BENEFITS</b>		
Interest Income	456.44	662.48	Salary, Wages and Other Benefits	3,096.28	1,523.22
Income from Investments and Securities Division	116.90	48.39	Contribution to Provident and Other Funds	167.39	117.79
Profit on Sale of Fixed Assets	51.29	-	Staff Welfare	142.34	108.98
Insurance Claim Received	30.57	17.83			
Miscellaneous Income	913.89	300.45			
<b>TOTAL</b>	<b>1,569.09</b>	<b>1,029.15</b>	<b>TOTAL</b>	<b>3,406.01</b>	<b>1,749.99</b>
<b>SCHEDULE 10 : COST OF GOODS CONSUMED/SOLD</b>			<b>SCHEDULE 14 : MANUFACTURING AND OTHER EXPENSES</b>		
<b>A. Material and Components Consumed</b>			Rent, Rates and Taxes	365.43	244.52
Opening Stock	11,129.45	10,201.57	Power, Fuel and Water	924.50	810.63
Add: Purchases	94,044.05	68,047.01	Repairs to Building	17.09	26.06
	<b>105,173.50</b>	<b>78,248.58</b>	Repairs to Plant and Machinery	71.47	95.70
Less: Closing Stock	12,738.99	11,129.45	Repairs and Maintenance - Others	115.38	100.50
<b>(A)</b>	<b>92,434.51</b>	<b>67,119.13</b>	Bank Charges	583.36	297.46
<b>B. (Increase)/Decrease in Stock</b>			Directors' Sitting Fees	2.14	1.54
<b>Closing Stock</b>			Royalty	29.14	85.96
Finished Goods	3,777.62	3,669.53	Printing and Stationery	45.31	25.90
Work in Process	776.49	794.40	Freight and Forwarding	1,741.03	1,155.98
	<b>4,554.11</b>	<b>4,463.93</b>	Advertisement and Publicity	3,277.75	928.36
<b>Opening Stock</b>			Sales Promotion Expenses	274.79	260.27
Finished Goods	3,669.53	3,563.87	Discount and Incentive Schemes	6,588.06	2,485.67
Work in Process	794.40	765.07	Sim Cost	217.29	-
	<b>4,463.93</b>	<b>4,328.94</b>	Customer Service Cost	211.42	-
<b>(B)</b>	<b>(90.18)</b>	<b>(134.99)</b>	Legal and Professional Charges	1,243.98	467.55
<b>TOTAL (A + B)</b>	<b>92,344.33</b>	<b>66,984.14</b>	Liquidated Damages	84.00	-
<b>SCHEDULE 11 : PRODUCTION AND EXPLORATION EXPENSES - OIL AND GAS</b>			Donation	188.70	134.53
Production and Exploration Expenses	1,203.84	622.12	Insurance Expenses	87.05	190.01
Royalty	312.35	305.95	Auditors' Remuneration	19.88	14.49
Cess	413.68	419.04	Provision for Doubtful Debts	41.90	319.17
Production Bonus	79.78	95.68	Warranty and Maintenance Expenses	1,052.48	851.43
Government Share in Profit Petroleum	6,765.84	5,724.28	Product Development	-	8.59
Insurance Expenses	23.34	39.79	Exchange Rate Fluctuation	962.34	206.37
<b>TOTAL</b>	<b>8,798.83</b>	<b>7,206.86</b>	Loss on Sale of Fixed Assets	-	100.61
<b>SCHEDULE 12 : ACCESS CHARGES, LICENSE FEES AND NETWORK EXPENSES</b>			Loss due to fire	-	254.14
Access and Roaming Charges	1,420.24	-	Miscellaneous Expenses	1,554.50	1,127.30
License Fees and WPC Charges	87.85	-	<b>TOTAL</b>	<b>19,698.99</b>	<b>10,192.74</b>
Rent	1,747.89	-	<b>SCHEDULE 15 : INTEREST AND FINANCE CHARGES</b>		
Leased Line, Port and Bandwidth Charges	342.58	-	On Fixed Period Borrowings	10,171.04	6,799.61
Power and Fuel	703.74	-	On Others	721.04	678.59
IT Expenses	44.37	-	<b>TOTAL</b>	<b>10,892.08</b>	<b>7,478.20</b>
Network Expenses - Others	49.81	-			
Site Expenses - Managed Services	288.76	-			
Repairs and Maintenance-Site Buildings	4.07	-			
<b>TOTAL</b>	<b>4,689.31</b>	<b>-</b>			

## SCHEDULE 16 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Profit and Loss Account includes the Company's share of the results of the operations of the investee.

### A) SIGNIFICANT ACCOUNTING POLICIES:

#### 1. Basis of Consolidation:

- a) The Consolidated Financial Statements ("CFS") relate to Videocon Industries Limited ("the Company" or "the Parent Company") and its subsidiary companies collectively referred to as "the Group".
- b) The financial statements of the subsidiary companies used in the preparation of the CFS are drawn upto the same reporting date as that of the Company i.e., 31st December, 2010.
- c) The CFS have been prepared in accordance with the Accounting Standard 21 "Consolidated Financial Statements" (AS 21), Accounting Standard 27 "Financial Reporting of Interests in Joint Ventures" (AS 27) and Accounting Standard 23 "Accounting for investments in Associates in Consolidated Financial Statements" (AS 23) issued by The Institute of Chartered Accountants of India.
- d) Principles of Consolidation:

The CFS have been prepared on the following basis:

- i) The financial statements of the Company, its subsidiary companies and jointly controlled entities have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances/transactions and unrealised profits or losses.
- ii) All separate financial statements of subsidiaries, originally presented in currencies different from the Group's presentation currency, have been converted into Indian Rupees (INR) which is the functional currency of the Parent Company. In case of foreign subsidiaries being non-integral foreign operations, revenue items have been consolidated at the average of the rate prevailing during the year. All assets and liabilities are translated at rates prevailing at the balance sheet date. The exchange difference arising on the translation is debited or credited to Foreign Currency Translation Reserve.
- iii) The CFS have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as Company's separate financial statements. In case of certain foreign subsidiaries and joint ventures, where the accounts have been prepared in compliance with local laws and/or International Financial Reporting Standards, appropriate adjustments for differences in accounting policies have been made to their financial statements while using in preparation of the CFS as required by AS 21 and AS 27 except in respect of depreciation and retirements benefits, where it was not practicable to use uniform accounting policies. However, the amount of impact of these differences is not material.
- iv) The excess of the cost to the Company of its investment in subsidiary over the Company's share of equity of the subsidiary as at the date on which investment in subsidiary is made, is recognised in the CFS as Goodwill. The excess of Company's share of equity and reserve of the subsidiary company over the cost of acquisition is treated as Capital Reserve in CFS.
- v) The difference between the proceeds from disposal of investment in a Subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the Consolidated Profit and Loss Account as the profit or loss on disposal of Investment in Subsidiary.
- vi) Minority interest's share of net profit of Consolidated Subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to Shareholders of the Company.
- vii) Minority interest in the net assets of Consolidated Subsidiary consists of (a) The amount of equity attributable to minority shareholders at the date on which investment in a subsidiary is made and (b) The minority shareholders' share of movements in equity since the date the Parent Subsidiary relationship came into existence.
- viii) Investments in entities in which the Company or any of its subsidiaries has significant influence but not a controlling interest, are reported according to the equity method. The carrying amount of the investment is adjusted for the post acquisition change in the Group's share of net assets of the investee. The Consolidated

#### 2. Basis of Accounting:

- a) The financial statements are prepared under historical cost convention, except for certain Fixed Assets which are revalued, using the accrual system of accounting in accordance with the accounting principles generally accepted in India (Indian GAAP) and the requirements of the Companies Act, 1956, including the mandatory Accounting Standards as prescribed by the Companies (Accounting Standard) Rules, 2006.
- b) Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Example of such estimates include provisions for doubtful debts, employee retirement benefits plans, provision for income tax and the useful lives of fixed assets. The difference between the actual results and estimates are recognised in the period in which results are known or materialized.

#### 3. Fixed Assets/Capital Work-in-Progress:

- a) Fixed Assets are stated at cost, except for certain fixed assets which have been stated at revalued amounts, less accumulated depreciation/amortisation and impairment loss, if any. The cost is inclusive of freight, installation cost, duties, taxes, financing cost and other incidental expenses related to the acquisition and installation of the respective assets but does not include tax/duty credits availed.
- b) Capital Work in Progress is carried at cost, comprising of direct cost, attributable interest and related incidental expenditure. The advances given for acquiring fixed assets are shown under Capital Work in Progress.

#### 4. License Fees:

- a) The one time non refundable entry fees paid for acquiring Licenses for providing Unified Access Services (UAS), along with the related borrowing cost is capitalized as an intangible asset and is amortised over the remaining period of License from the commencement of commercial operations.
- b) The variable License fee and spectrum charges computed at prescribed rates of revenue share are charged to the Consolidated Profit and Loss Account in the period in which the related revenues are recognised.

#### 5. Joint Ventures for Oil and Gas Fields:

In respect of unincorporated joint ventures in the nature of Production Sharing Contracts (PSC) entered into by the Company for oil and gas exploration and production activities, the Group's share in the assets and liabilities as well as income and expenditure of Joint Venture Operations are accounted for, according to the Participating Interest of the Group as per the PSC and the Joint Operating Agreements on a line-by-line basis in the CFS. In respect of joint ventures in the form of incorporated jointly controlled entities, the investment in such joint venture is eliminated and share in assets and liabilities as well as income and expenditure of joint venture entities are accounted for on line-by-line basis in CFS.

#### 6. Exploration, Development Costs and Producing Properties:

The Company follows the "Full Cost" method of accounting for its oil and natural gas exploration and production activities. Accordingly, all acquisition, exploration and development costs are treated as capital work in progress and are accumulated in a cost centre. The cost centre is not normally smaller than a country except where warranted by major difference in economic, fiscal or other factors in the country. When any well in a cost centre is ready to commence commercial production, these costs are capitalised from capital work in progress to producing properties in the gross block of assets regardless of whether or not the results of specific costs are successful.

#### 7. Abandonment Costs:

The full eventual estimated liability towards costs relating to dismantling, abandoning and restoring well sites and allied facilities is recognised as liability for abandonment cost based on evaluation by experts at current costs and is capitalised as producing property. The same is reviewed periodically.

#### 8. Depreciation and Amortisation:

- i) The Parent Company and Indian Subsidiary Companies provide depreciation on fixed assets held in India on written down value method in the manner and at the rates specified in the Schedule XIV

to the Companies Act, 1956, except a) on Fixed Assets of Consumer Electronics Division except Glass Shell Division; b) fixed assets of Telecommunications Division and; c) on office buildings acquired after 1st April, 2000, on which depreciation is provided on straight line method at the rates specified in the said Schedule or based on useful life of assets, whichever is higher. Depreciation on fixed assets held outside India is calculated on straight line method at the rates prescribed in the said Schedule or based on useful life of assets whichever is higher. Producing Properties are depleted using the "Unit of Production Method". The rate of depletion is computed in proportion of oil and gas production achieved vis-a-vis proved reserves. Leasehold Land is amortised over the period of lease.

Intangibles: One time entry fees for acquiring licenses for Unified Access Services (UAS) are amortised over the remaining period of license from the date of commencement of commercial operations. Other intangible assets are amortised over a period of five years.

- ii) In case of foreign subsidiaries, depreciation is charged to the income statement on a straight line basis over the estimated remaining useful life of the Assets.

#### 9. Impairment of Assets:

The Fixed Assets or a group of assets (cash generating unit) and Producing Properties are reviewed for impairment at each Balance Sheet date. In case of any such indication, the recoverable amount of these assets or group of assets is determined, and if such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the impairment loss is recognised by writing down such assets and producing properties to their recoverable amount. An impairment loss is reversed if there is change in the recoverable amount and such loss either no longer exists or has decreased.

#### 10. Pre-operative Expenditure/Expenditure during construction period pending allocation:

Expenditure incurred till the commencement of commercial operations of a project is treated as "Pre-operative Expenditure Pending Allocation" and the same is appropriately allocated upon commencement of commercial operations.

#### 11. Investments:

- a) Current Investments: Current Investments are carried at lower of cost and quoted/fair value.
- b) Long Term Investments: Quoted Investment are valued at cost or market value whichever is lower. Unquoted Investments are stated at cost. The decline in the value of the unquoted investment, other than temporary, is provided for.

Cost is inclusive of brokerage, fees and duties but excludes Securities Transaction Tax.

#### 12. Inventories:

Inventories including crude oil stocks are valued at cost or net realisable value whichever is lower. Cost of inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Weighted Average Basis.

#### 13. Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset are capitalised as part of the cost of that asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

#### 14. Excise and Customs Duty:

Excise Duty in respect of finished goods lying in factory premises and Customs Duty on goods lying in customs bonded warehouse are provided for and included in the valuation of inventory.

#### 15. CENVAT/Value Added Tax:

CENVAT/Value Added Tax Benefit is accounted for by reducing the purchase cost of the materials/ fixed assets/ services.

#### 16. Revenue Recognition:

- a) Revenue is recognised on transfer of significant risk and reward in respect of ownership.
- b) Sale of Crude Oil and Natural Gas are exclusive of Sales Tax. Other sales/turnover includes sales value of goods, services, excise duty, duty drawback and other recoveries such as insurance, transportation and packing charges but excludes sales tax and recovery of financial and discounting charges.

- c) Revenue in respect of Telecommunications Services is recognized as and when the services are provided and are net of rebates, discounts and service tax. Activation charges recovered from subscribers is recognized as income on activation. Revenue on upfront charges for services with lifetime validity and fixed validity period of one year or more are recognised over the estimated useful life of subscribers and specified fixed validity period. The estimated useful life is consistent with estimated churn of the subscribers.
- d) Insurance, Duty Drawback and other claims are accounted for as and when admitted by the appropriate authorities.
- e) Dividend on investments is recognised when the right to receive is established.

#### 17. Foreign Currency Transactions:

- a) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transactions. Foreign Currency Monetary Assets and Liabilities are translated at the year end rate. The difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of Monetary Items at the end of the year is recognised, as the case may be, as income or expense for the period.
- b) Forward contracts other than those entered into to hedge foreign currency risk on unexecuted firm commitments or of highly probable forecast transactions are treated as foreign currency transaction and accounted accordingly. Exchange differences arising on such contracts are recognised in the period in which they arise and the premium paid/ received is recognised as expenses/income over the period of the contract. Cash flows arising on account of roll over/cancellation of forward contracts are recognised as income/expenses of the period in line with the movement in the underlying exposure.
- c) All other derivative contracts including forward contract entered into for hedging foreign currency risks on unexecuted firm commitments and highly probable forecast transactions which are not covered by the existing Accounting Standard (AS 11), are recognised in the financial statements at fair value as on the Balance Sheet date, in pursuance of the announcement of The Institute of Chartered Accountants of India (ICAI) dated 29th March, 2008 on accounting of derivatives. The resultant gains and losses on fair valuation of such contracts are recognised in the Consolidated Profit and Loss Account.

#### 18. Employees Benefits:

##### a) Short Term Employees Benefits:

Short Term Employees Benefits are recognized as an expense at the undiscounted amount in the Consolidated Profit and Loss Account of the period/year in which the related services are rendered.

##### b) Post Employment Benefits:

In India:

- i) Provident Fund - Defined Contribution Plan  
The Group contributes monthly at a determined rate. These contributions are remitted to the Employees' Provident Fund Organisation, India for this purpose and is charged to Consolidated Profit and Loss Account on accrual basis.
- ii) Gratuity - Defined Benefit Plan  
The Group provides for gratuity to all the eligible employees. The benefit is in the form of lump sum payments to vested employees on retirement, on death while in employment, or termination of employment for an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs on completion of five years of service. Liability in respect of gratuity is determined using the projected unit credit method with actuarial valuations as on the Balance Sheet date and gains/losses are recognized immediately in the Consolidated Profit and Loss Account.
- iii) Leave Encashment  
Liability in respect of leave encashment is determined using the projected unit credit method with actuarial valuations as on the Balance Sheet date and gains/losses are recognised immediately in the Consolidated Profit and Loss Account.

In foreign subsidiaries:

In case of foreign subsidiaries, liability for retirement benefit have been provided for as per the local laws of respective country.

## 19. Taxation:

Income tax comprises of current tax and deferred tax. Provision for current income tax is calculated on the basis of the provisions of local laws of respective entity. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences, subject to the consideration of prudence. Deferred tax assets and liabilities are measured using the tax rates enacted or substantively enacted by the Balance Sheet date. The carrying amount of deferred tax asset/liability are reviewed at each Balance Sheet date and recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

## 20. Share Issue Expenses:

Share issue expenses are written off to Securities Premium Account.

## 21. Premium on Redemption of Bonds/Debentures:

Premium on Redemption of Bonds/Debentures are written off to Securities Premium Account.

## 22. Research and Development:

Revenue expenditure pertaining to Research and Development is charged to revenue under the respective heads of account in the period in which it is incurred. Capital expenditure, if any, on Research and Development is shown as an addition to Fixed Assets under the respective heads.

## 23. Accounting for Leases:

Where the Company is lessee:

- Operating Leases: Rentals in respect of all operating leases are charged to Profit and Loss Account.
- Finance Leases:
  - Rentals in respect of all finance leases entered before 1st April, 2001, are charged to Profit and Loss Account.
  - Assets acquired on or after 1st April, 2001, under finance lease or similar arrangements which effectively transfer to the Company, substantially all the risks and benefits incidental to ownership of the leased items, are capitalised at the lower of their fair value and present value of the minimum lease payments and are disclosed as leased assets.

## 24. Warranty:

Provision for the estimated liability in respect of warranty on sale of consumer electronics and home appliances products is made in the year in which the revenues are recognised, based on technical evaluation and past experience.

## 25. Prior Period Items:

Prior period items are included in the respective heads of accounts and material items are disclosed by way of Notes to Accounts.

## 26. Provision, Contingent Liabilities and Contingent Assets:

Provisions are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources in respect of which reliable estimate can be made.

Contingent Liabilities are disclosed by way of Notes to Accounts. Disputed demands in respect of Central Excise, Customs, Income tax, Sales Tax and Others are disclosed as contingent liabilities. Payment in respect of such demands, if any, is shown as an advance, till the final outcome of the matter.

Contingent assets are not recognised in the financial statements.

## 27. Other Accounting Policies:

These are consistent with the generally accepted accounting principles.

## B) The Companies which are included in the consolidation with their respective countries of incorporation and the percentage of ownership interest therein of the Company as on 31st December, 2010, are as under:

Name of the subsidiary	Country of Incorporation	Percentage of Ownership Interest as at	
		31st Dec., 2010	30th Sept., 2009
Middle East Appliances LLC	Sultanate of Oman	100%	100%
Videocon Global Limited	British Virgin Islands	100%	100%
Videocon Electronic (Shenzhen) Limited (Chinese name-Wei You Kang Electronic (Shenzhen) Limited)	China	100%	100%

Name of the subsidiary	Country of Incorporation	Percentage of Ownership Interest as at	
		31st Dec., 2010	30th Sept., 2009
Eagle ECorp Limited	British Virgin Islands	100%	100%
Videocon Energy Ventures Limited	British Virgin Islands	100%	100%
Videocon Oman 56 Limited <sup>(1)</sup>	British Virgin Islands	100%	100%
Videocon International Electronics Limited	India	100%	100%
Jumbo Techno Services Private Limited <sup>(2)</sup>	India	99%	99%
Senior Consulting Private Limited <sup>(2)</sup>	India	90%	90%
Videocon Telecommunications Limited <sup>(2)</sup>	India	99.9%	99.9%
Datacom Telecommunications Private Limited <sup>(3)</sup>	India	99.9%	99.9%
Videocon Hydrocarbon Holdings Limited (w.e.f. 21st December, 2010) <sup>(4)</sup>	Cayman Islands	100%	-
Videocon JPDA 06-103 Limited <sup>(5)</sup>	Cayman Islands	100%	100%
Videocon Mozambique Rovuma 1 Limited <sup>(5)</sup>	British Virgin Islands	100%	100%
Videocon Indonesia Nunukan Inc. <sup>(5)</sup>	Cayman Islands	100%	100%
Videocon Energy Brazil Limited <sup>(5)</sup>	British Virgin Islands	100%	100%
Videocon Australia WA-388-P Limited (w.e.f. from 27th August, 2010) <sup>(6)</sup>	Cayman Islands	100%	-
Oil Services International S.A.S. (w.e.f. 9th November, 2010) <sup>(7)</sup>	France	100%	-
Pipavav Energy Private Limited	India	100%	100%
Triumph Energy Private Limited (w.e.f. 5th April, 2010)	India	100%	-
Chhattisgarh Power Ventures Private Limited (w.e.f. 3rd May, 2010)	India	100%	-
Senator Energy Private Limited (w.e.f. 18th May, 2010)	India	100%	-
Videocon Energy Limited (w.e.f. 13th January, 2010)	India	100%	-
Videocon Oil Ventures Limited (w.e.f. 19th January, 2010) <sup>(8)</sup>	India	100%	-
Videocon Power Ventures Limited (w.e.f. 30th January, 2010) <sup>(8)</sup>	India	100%	-
Aim Energy Private Limited (w.e.f. 12th October, 2010) <sup>(9)</sup>	India	100%	-
Viable Energy Private Limited (w.e.f. 12th October, 2010) <sup>(9)</sup>	India	100%	-
Vital Power Private Limited (w.e.f. 12th October, 2010) <sup>(9)</sup>	India	100%	-
Marvel Energy Private Limited (w.e.f. 17th July, 2010) <sup>(9)</sup>	India	100%	-
Proficient Energy Private Limited (w.e.f. 17th July, 2010) <sup>(10)</sup>	India	100%	-
Instant Energy Private Limited (w.e.f. 17th July, 2010) <sup>(11)</sup>	India	85.7%	-
Orchid Energy Private Limited (w.e.f. 30th August, 2010) <sup>(11)</sup>	India	100%	-
Applied Energy Private Limited (w.e.f. 17th July, 2010) <sup>(11)</sup>	India	100%	-
Comet Power Private Limited (w.e.f. 17th July, 2010) <sup>(12)</sup>	India	100%	-



Name of the subsidiary	Country of Incorporation	Percentage of Ownership Interest as at	
		31st Dec., 2010	30th Sept., 2009
Galaxy Power Private Limited (w.e.f. 17th July, 2010) <sup>(12)</sup>	India	100%	-
Percept Energy Private Limited (w.e.f. 17th July, 2010) <sup>(12)</sup>	India	100%	-
Unity Power Private Limited (w.e.f. 17th July, 2010) <sup>(12)</sup>	India	100%	-
Venus Corporation Limited (upto 30th November, 2009)	Cayman Islands	19%	100%
Powerking Corporation Limited (upto 30th November, 2009)	Cayman Islands	19%	100%
Mayur Household Electronics Appliances Private Limited (upto 15th January, 2010)	India	-	100%
Godavari Consumer Electronics Appliances Private Limited (upto 15th January, 2010)	India	-	100%
Videocon Display Research Co. Limited (Voluntarily liquidated on 1st September, 2010)	Japan	-	100%
Paramount Global Limited (upto 23rd December, 2010)	Hong Kong	2%	100%
Sky Billion Trading Limited (upto 30th December, 2010)	Hong Kong	19%	100%
Name of the Associate/Joint Venture	Country of Incorporation	Percentage of Ownership Interest as at	
		31st Dec., 2010	30th Sept., 2009
VB (Brasil) Petroleo Private Ltda. (Merged with IBV Brasil Petroleo Limitada w.e.f. 1st April, 2010)	Brazil	-	50%
IBV Brasil Petroleo Limitada (w.e.f. 1st April, 2010) (Was subsidiary of VB (Brasil) Petroleo Private Ltda. upto 31st March, 2010 which merged with this Company, w.e.f. 1st April, 2010) <sup>(13)</sup>	Brazil	50%	-
Videocon Infinity Infrastructure Private Limited	India	50%	50%
Goa Energy Private Limited <sup>(14)</sup>	India	26%	26%
Radium Energy Private Limited (w.e.f. 1st November, 2010)	India	26%	-

**Notes:**

- (1). Subsidiary of Videocon Energy Ventures Limited
- (2). Subsidiary of Videocon International Electronics Limited
- (3). Subsidiary of Videocon Telecommunications Limited
- (4). Videocon Hydrocarbon Holdings Limited was incorporated as a subsidiary of Videocon Energy Ventures Limited on 30th November, 2009. It became subsidiary of Videocon Oil Ventures Limited on 29th April, 2010 and subsequently on and from 21st December, 2010, it became subsidiary of the Company, Videocon Industries Limited, which directly holds 97.54% of ownership.
- (5). Subsidiary of Videocon Hydrocarbon Holdings Limited and prior to this date it was subsidiary of Videocon Industries Limited
- (6). Incorporated as a subsidiary of Videocon Energy Ventures Limited on 30th November, 2009. It became subsidiary of Videocon Hydrocarbon Holdings Limited w.e.f. from 27th August, 2010
- (7). Subsidiary of Videocon Hydrocarbon Holdings Limited
- (8). Subsidiary of Videocon Energy Limited
- (9). Subsidiary of Videocon Power Ventures Limited
- (10). Subsidiary of Marvel Energy Private Limited
- (11). Subsidiary of Proficient Energy Private Limited
- (12). Subsidiary of Applied Energy Private Limited
- (13). Joint Venture of Videocon Energy Brazil Limited
- (14). The Company holds 2,600 Shares of Goa Energy Private Limited which constitute 26% of the paid-up capital of the said Company. However, this entity (associate) has been excluded from consolidation as, the investment is held with a view of its subsequent disposal in the near future.

**C) NOTES TO ACCOUNTS:**

(₹ Million)

	As at 31st Dec., 2010	As at 30th Sept., 2009
<b>1. Contingent Liabilities not provided for:</b>		
a) Letters of Guarantees	<b>38,002.14</b>	30,301.93
b) Letters of Credit opened	<b>17,806.63</b>	4,998.77
c) Customs Penalty	<b>11.00</b>	23.96
d) Customs Duty demands under dispute [Amount paid under protest ₹ 0.07 million (Previous year ₹ 0.82 million)]	<b>400.74</b>	156.09
e) Income Tax demands under dispute	<b>351.13</b>	349.38
f) Excise Duty and Service Tax demands under dispute [Amount paid under protest ₹ 4.21 million (Previous year ₹ 4.21 million)]	<b>324.55</b>	189.37
g) Sales Tax demands under dispute [Amount paid under protest ₹ 30.92 million (Previous year ₹ 57.91 million)]	<b>108.04</b>	156.38
h) Others [Amount paid under protest ₹ 50.00 million (Previous year ₹ 50.00 million)]	<b>422.33</b>	422.30

- i) Show Cause Notices (SCNs) have been served on the Operator of the Ravva Oil & Gas Field Joint Venture (Ravva JV) for non payment of Service Tax and Educational Cess on various services for the period 16th August, 2002 to 31st March, 2010. The amount involved relating to Ravva Block is ₹ 420.55 million (Previous year ₹ 415.28 million).

The Operator is contesting the SCNs/demands before Commissioner of Service Tax and has filed writ petition before Hon'ble High Court of Madras challenging service tax demands on some of the services and believes that its position is likely to be upheld. The ultimate outcome of the matter cannot be presently determined and no provision for any liability that may result has been made in the accounts as the same is subject to agreement by the members of the Joint Venture. Should it ultimately become payable, the Company's share as per the participating interest would be upto ₹ 105.14 million (Previous year ₹ 103.82 million).

- j) Disputed Income Tax demand amounting to ₹ 22.29 million (Previous year ₹ 22.29 million) in respect of certain payments made by Ravva Oil & Gas Field Joint Venture is currently pending before the Income Tax Appellate Tribunal. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made as the same is subject to agreement by the members of the Joint Venture. Should it ultimately become payable, the Company's share as per the participating interest would be upto ₹ 5.57 million (Previous year ₹ 5.57 million).

2. a) There is a dispute regarding the deductibility of certain cost in the computation of post tax rate of return. A Partial / Interim Award was issued by an International Arbitration Tribunal under the UNCITRAL Rules on 31st March, 2005 in favour of the Company in respect of a dispute between the Company and Government of India ("GOI") inter-alia regarding deductibility of Oil and Natural Gas Corporation Limited Carry costs ("ONGC Carry") while computing the Post Tax Rate of Return ("PTRR") under the Ravva Production Sharing Contract ("PSC"). However, the Company and the GOI were not able to agree upon the amounts due to/payable by the Company in terms of the Partial/Interim Award, and therefore the Company on 7th July, 2005 filed Interim Applications before the Arbitral Tribunal seeking a determination of the amounts due to/payable by the Company on the basis of the calculations made by the Company in these Applications and interest payable/receivable on such final determined amounts. The said Partial/Interim Award was challenged by GOI on 10th May, 2005 before the High Court in Malaysia with a prayer for setting aside the Partial Award dated 31st March, 2005. The Company challenged the jurisdiction of the High Court in Malaysia and therefore the maintainability of such a proceeding before that Court. The High Court in Malaysia, by a pronouncement dated 5th August, 2009, upheld the contentions of the Company and dismissed the challenge filed by the GOI to the Award dated 31st March, 2005 on the ONGC Carry issue. The GOI filed a Notice of Appeal in December, 2010 before the Appellate Court



- at Malaysia. Simultaneously the Company moved an application on 13th October, 2009 before the High Court of Justice, Queen's Bench Division, Commercial Court at London seeking a declaration that the Seat of the arbitration in respect of the said Arbitration matter between the Company and the GOI is London, England. The GOI and the Company had in the SLP (Civil) No. 16371 of 2008 before the Hon'ble Supreme Court of India (see note (c) below) agreed that except for completion of pleadings, neither party will proceed with the hearing of their respective matters before the Appellate Court at Malaysia and the High Court at London till the disposal of the SLP (Civil) No. 16371 of 2008.
- b) There is a dispute with regards to conversion of US\$ into Indian Rupees for payment of invoice for sale of crude. A dispute regarding the rate of conversion from US\$ into Indian rupees applicable to the Nominees of the GOI for the purpose of payment of amount of the invoices for sale of the Crude Oil by the Company under the Ravva PSC was referred to an International Arbitral Tribunal under the UNCITRAL Rules in accordance with the provisions of the Ravva PSC. The Tribunal by its Partial / Interim Award dated 31st March, 2005 held that the payment to the Company should be made after converting the US\$ amount into Indian Rupees at the average of the State Bank of India TT Buying and TT Selling Rate (the "Middle Rate"). While accepting the said Award, the Company has worked out and submitted a computation on 30th June, 2005 to GOI indicating the amount receivable at ₹ 121.43 million being the amount short paid by GOI nominees up to 19th June, 2005 and interest thereon also calculated up to 19th June, 2005. The Company further sent various communications updating its' claim receivable from GOI Nominees. During the period, the Company further updated its' claim in this respect vide its' letter dated 27th November, 2010 wherein total amount receivable from GOI Nominees is computed at ₹ 665.37 million, being the amount short paid by GOI Nominees up to 30th September, 2010 and interest thereon also calculated up to 30th September, 2010. The payments to be made by the GOI's nominees in terms of the Award dated 31st March, 2005 is also pending before the Arbitral Tribunal in terms of the Interim Applications filed. The GOI has filed an Original Miscellaneous Petition (OMP) 329 of 2006 dated 20th July, 2006 before Hon'ble Delhi High Court challenging the award in respect of this issue. Another OMP 223 of 2006 dated 9th May, 2006 has been filed by GOI's nominees HPCL and BRPL in the Hon'ble Delhi High Court challenging the Partial Award dated 31st March, 2005 in respect of Conversion/Exchange Rate Matter. Both OMP 223 of 2006 and OMP 329 of 2006 are presently sub-judice before the Hon'ble Delhi High Court. The GOI nominees continue to make payments at the exchange rate without considering the directives of the Hon'ble Arbitral Tribunal in this regard.
- c) GOI has filed OMP 255 of 2006 dated 30th May, 2006 before the Hon'ble Delhi High Court under section 9 of the Arbitration and Conciliation Act, 1996, seeking a declaration that the seat of the arbitration as regards the disputes between the Company and the GOI is Kuala Lumpur and not London. The Hon'ble Arbitral Tribunal vide its' letter dated 11th April, 2007 has indicated that it shall continue with the arbitration proceedings, in respect of the disputes referred above, after receiving the judgement of the Hon'ble Delhi Court in OMP 255 of 2006. The Hon'ble Delhi High Court has held, vide judgement dated 30th April, 2008, that it has the jurisdiction to hear the matters arising out of arbitration process and that the matter be heard on merits as against the Company's contention that the said petition itself was not maintainable. The Company has, in this respect, filed Special Leave Petition (SLP) (Civil) No. 16371 of 2008 before the Hon'ble Supreme Court of India to decide the issue of maintainability of OMP 255 of 2006. The Hon'ble Supreme Court, after hearing the Parties, has on 11th May, 2011, passed judgement in the matter upholding the Company's contentions while quashing the judgement dated 30th April, 2008 of the Hon'ble Delhi High Court.
- d) In respect of disputes with regards to additional profit petroleum, the GOI had vide its' letter dated 3rd November, 2006 raised a collective demand of ₹ 334.13 Million on account of additional profit petroleum payable and interest on delayed payments of profit petroleum calculated up to 30th September, 2006 pursuant to the Partial Arbitral Award dated 31st March, 2005 in the Dispute stated above and Interim Award dated 12th February, 2004 and Partial Award dated 23rd December, 2004. The Company has disputed such demand and is instead seeking refund of US\$ 16.70 million equivalent to ₹ 668.67 million already excess paid by the Company to the GOI with interest thereon. Subsequently, GOI has in June 2008 through its Nominees deducted a further sum of ₹ 372.21 million being its' claim of additional profit petroleum and interest on delayed payment of profit petroleum computed up to 30th April, 2008. Such deduction, also being in contravention of the above-referred Arbitral Awards, is disputed by the Company.
- e) Dispute with regards to Base Development Costs. The matter with respect to additional profit petroleum payable on account of disputed Base Development Costs was referred to international arbitration. The GOI had contended that the Contractors had claimed base development costs to the extent of US\$ 499 million which is in excess of the admissible base development costs of US\$ 261.57 million thus impacting the profit petroleum figures for the period upto Financial Year 2008-09. The GOI had contended that it was eligible for sharing profit petroleum, to be calculated each year upto FY 2008-09 in respect of excessive base development costs claimed by the Contractors. The Hon'ble Arbitration Tribunal has passed the Arbitral Award on 18th January, 2011 substantially in favour of the Company. However, the Arbitration Tribunal held that the GOI is entitled to be credited with US\$ 22.31 million (out of which the Company's share is US\$ 5.58 million) in the final settlement of cost recovery accounts in relation to Development Costs incurred during contract year 1994-95 to 1999-2000 in excess of US\$ 198.43 million. Accordingly the Operator on behalf of the Company has revised the cost recovery accounts statement and calculation of the Companies' PTRR, in the DGH format, for the years 1997-98 till 2009-10, based on the findings of the Arbitration Award, and such revised statements are submitted on 29th April, 2011. The GOI has not yet responded to such communication of the Operator. Instead, the GOI has preferred an appeal against the said Arbitral Order before the Hon'ble Malaysian Federal Court at Kuala Lumpur in April 2011 and also before the Hon'ble High Court of Delhi in April 2011 seeking quashing of the Arbitral Award.
- Any further sum required to be paid or returnable in respect of disputes referred above at (a) to (e) in accordance with the determination of the amount by the Hon'ble Arbitral Tribunal/relevant courts in this behalf shall be accounted for on the final outcome in this regard.
3. a) The Department of Telecommunications ('DOT') has issued demand notices for Liquidated Damages aggregating to ₹ 528.00 million for 20 out of the 21 circles (all the circles except Delhi) allotted to the Subsidiary Company viz. Videocon Telecommunications Limited ('VTL') on account of delay in meeting 10% roll-out obligations as stipulated in the Unified Access Service License ('UASL'). Against these demand notices, VTL, in the manner and for the reasons stated in sub-paragraph (i), (ii) and (iii) below, has paid a total sum of ₹ 412.80 million of which VTL has charged to the Profit and Loss Account ₹ 169.50 million and the remaining amount of ₹ 243.30 million has been shown under Loans and Advances as the same is paid 'under protest'.
- i) VTL is confident that eventually it will (a) not be required to pay any claim of Liquidated Damages for 7 circles (i.e. Andhra Pradesh, Assam, Haryana, Jammu & Kashmir, Karnataka, Madhya Pradesh and North East) for which a sum of ₹ 235.00 million is demanded, (b) pay lesser claim of ₹ 63.50 million of Liquidated Damages for 6 circles (i.e. Kolkata, Uttar Pradesh – East, West Bengal, Maharashtra, Orissa and Rajasthan) for which a sum of ₹ 165.00 million is demanded and (c) pay the full demand of ₹ 128.00 million of Liquidated Damages for 7 circles (i.e. Bihar, Himachal Pradesh, Kerala, Mumbai, Tamil Nadu, Gujarat and Uttar Pradesh – West).
- ii) VTL has challenged before the Telecom Dispute Settlement Appellate Tribunal ('TDSAT') the claim of Liquidated Damages in respect of 10 circles (i.e. Andhra Pradesh, Assam, Haryana, Jammu & Kashmir, Karnataka, Kolkata, Madhya Pradesh, North East, Uttar Pradesh – East and West Bengal) for which the aggregate demand is of ₹ 357.50 million, seeking interim stay and finally setting aside the demand, inter alia on the ground that (1) there has been a delay in the allocation of start-up spectrum; (2) delay in SACFA clearance should have been calculated on the actual maximum delay and not the average delay; and (3) delay in meeting 10% roll-out obligations was on account of introduction by the DOT of new and onerous conditions in the license agreement (e.g. LI Testing, security clearance of equipment, etc). The TDSAT vide its various interim orders (separately for each circle), directed VTL to pay 60% of the liquidated damages stated in the Demand notices in respect of each of the circle wherever no payment was made till the date of such respective interim orders. Pursuant to such interim orders of TDSAT, VTL has deposited ₹ 172.80 million 'under protest' subsequent to the Balance Sheet date in respect of 9 circles (i.e. Andhra Pradesh, Assam, Haryana, Jammu & Kashmir, Karnataka, Madhya Pradesh, North East, Uttar Pradesh – East and West Bengal) and another ₹ 69.50 million in respect of 1 circle (i.e. Kolkata for which the amount demanded was fully deposited before the interim order by TDSAT was issued) and the remaining amount of claim is not paid as it has been stayed by the TDSAT.

iii) VTL has also paid ₹ 153.00 million in respect of 8 circles (i.e. Bihar, Himachal Pradesh, Kerala, Maharashtra, Mumbai, Orissa, Rajasthan and Tamil Nadu) under protest and ₹ 17.50 million in respect of 2 circles (i.e. Gujarat and Uttar Pradesh – West) without any protest.

b) VTL has received a notice dated 14th December, 2010 from the Department of Telecommunications (Access Service Division) ('DOT'), Ministry of Communications & IT directing it to show cause why the Unified Access Services (UAS) Licenses issued for 21 Service Areas should not be terminated as, prima facie, VTL was not in compliance with one of the eligibility conditions of the Guidelines No.10-21/2005-AS-I (Vo.II)49 dated 14th December, 2005 for the UAS Licenses. According to the DOT, the Authorised Share Capital of VTL on date of application for grant of UAS Licenses was less than the required paid-up equity capital as per Clause 9 of the aforesaid Guidelines.

VTL in its response to the said show cause Notice has completely denied the allegation made against it and has submitted that as on the date of filing of the application, VTL had the required authorised and paid-up capital and there was no violation of the eligibility conditions of the said UASL Guidelines and accordingly the said show cause notice is not sustainable on facts and in law for the reasons given therein.

Based on legal advice obtained from highly reputed experts, VTL is confident of succeeding in the matter. Accordingly, the accounts have been prepared on a going concern basis.

- c) i) A Public Interest Litigation has been filed in the Supreme Court in W.P.No.423 of 2010 against various telecom operators, including VTL, to whom UASL were issued, seeking (i) cancellation of the entire allocation of the 2G Spectrum and the telecom licenses issued by the DOT on or after 10th January, 2008 pursuant to the press releases issued on 10th January, 2008 and (ii) cancellation of the allotment of spectrum and telecom license made by DOT on or after 10th January, 2008 of the 85 license found to be ineligible by the CAG and the 69 licensees, who had not rolled out their services as per TRAI.
- ii) A Public Interest Litigation has been filed in the Supreme Court in W.P. No.10 of 2011 against various telecom operators, including VTL, to whom UASL were issued, seeking the cancellation of the 2G Spectrum license already issued and acted upon and fresh auction to be held for these licenses and that the participation should be permitted to all eligible applicants who had applied before the pre-announced cut-off date of 1st October, 2007.

The Hon'ble Supreme Court has clubbed both the above W.Ps., the arguments in both the above W.Ps. have been concluded on 17th March, 2011 and the judgments have been reserved. Based on the legal advice obtained by the Company, it is of the view that these matters are likely to be decided in its favour.

#### 4. Secured Loans:

##### a) Non-Convertible Debentures

The Non-Convertible Debentures are secured by first charge on immovable and movable properties, both present and future, subject to prior charge on specified movables created/to be created in favour of Company's Bankers for securing borrowings for working capital requirements, and ranking *pari passu* with the charge created/to be created in favour of Financial Institutions/Banks in respect of their existing and future financial assistance. Also guaranteed by Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.

The Debentures are redeemable at par, in four equal quarterly installments with the earliest redemption being on 31st March, 2011 and last redemption date being 31st December, 2011.

##### b) Term Loans

The Term Loans are secured by mortgage of existing and future assets of the Company and a floating charge on all movables assets, present and future except book debts, subject to prior charge of the Bankers on stock of raw materials, finished, semi finished goods and other movables, for securing working capital loans in the ordinary course of business, and exclusive charge created on specific items of machinery financed by the respective lenders. The above charges rank *pari passu* inter-se for all intents and purposes. The above loans are guaranteed by Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot. A part of term loans from banks are secured by first *pari passu* charge on book debts of consumer electronics and home appliances division which are not charged to bankers for securing working capital loans.

A part of term loans from banks are secured by the assignment of fixed and floating charge on all moneys received/to be received by the Company in relation to and from the Ravva Joint Venture, including all receivables of the Ravva Oil and Gas field, subject to the extent

necessary, to the charge in favour of the Joint Ventures in terms of the Production Sharing Contract/ Joint Operating Agreement in respect of Ravva Joint Venture; and the assignment/ fixed and floating charge of all the right, title and interest into and under all project documents, including but not limited to all contracts, agreements or arrangements which the Company is a part to, and all leases, licenses, consents, approvals related to the Ravva Joint Venture, insurance policies in the name of the Company, in a form and manner satisfactory to Trustee.

A part of term loans from banks are secured by first *pari passu* charge on existing and future assets of the Subsidiary Company viz. Videocon Telecommunications Limited (VTL), pledge of 51% Equity Shares of VTL, assignment of all telecom licenses held VTL by way of tripartite agreement to be executed between the Department of Telecommunications, VTL and Lenders and personal guarantees of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.

- c) External Commercial Borrowings are secured by a first charge ranking *pari passu* over all the present and future movable and immovable fixed assets. The loan is further secured by personal guarantees of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.
- d) Short Term Loans from Banks are secured by negative lien on the telecom license, pledge/non-disposal undertaking of shares of VTL held by Parent Company and personal guarantees of Mr. Venugopal N. Dhoot, Mr. Pradipkumar N. Dhoot and Mr. Rajkumar N. Dhoot.
- e) Vehicle Loans from Banks are secured by way of hypothecation of Vehicles acquired out of the said loan. The loans are also secured by personal guarantee of Mr. Venugopal N. Dhoot.
- f) Working capital loans from banks are secured by hypothecation of the Company's stock of raw materials, packing materials, stock-in-process, finished goods, stores and spares, book debts of Glass Shell Division only and personal guarantees of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.

#### 5. Unsecured Loans:

- a) Unsecured Loans from Banks are guaranteed by Mr. Venugopal N. Dhoot and/or Mr. Pradipkumar N. Dhoot, the directors of the Company.
- b) The Company has availed interest free Sales Tax Deferral under Special Incentive to Prestigious Unit (Modified) Scheme. Out of total outstanding, ₹ 46.53 million is repayable in three equal annual installments commencing from 30th May, 2011, ₹ 8.78 million in seven monthly installments commencing from 20th October, 2013 and ₹ 12.48 million in seven monthly installments commencing from 20th October, 2014.

#### 6. The Parent Company had, during the year 2006, issued:

- a) 90,000 Foreign Currency Convertible Bonds of US\$ 1,000 each (Bonds) due on 7th March, 2011, out of which 41,820 (Previous year 41,820) Bonds are outstanding.
- i) The Bonds are convertible at the option of the bondholders at any time on and after 20th March, 2006, upto the close of business on 28th February, 2011 at a fixed exchange rate of ₹ 44.145 per 1 US\$ and at initial conversion price of ₹ 545.24 per share being at premium of 15% over the reference share price. The conversion price shall be adjusted downwards in the event that the average closing price of shares for 15 consecutive trading days immediately prior to the reset date is less than conversion price, subject to a floor price of ₹ 410/- as adjusted in accordance with the anti-dilution provisions.
- ii) The Bonds are redeemable in whole but not in part at the option of the Company on or after 7th February, 2009 but prior to 28th February, 2011, if aggregate value on each of 30 consecutive trading days ending not earlier than 14 days prior to the date upon which notice of such redemption is given was at least 130% of the accreted principal amount.
- iii) The Bonds are redeemable at maturity date i.e. on 7th March, 2011 at 116.738% of its principal amount, if not redeemed or converted earlier.
- b) 105,000 Foreign Currency Convertible Bonds of US\$ 1,000 each (Bonds) due on 25th July, 2011, out of which 66,651 (Previous year 66,651) Bonds are outstanding.
- i) The Bonds are convertible at the option of the bondholders at any time on or after 2nd September, 2006, until 18th July, 2011 except for certain closed periods, at a fixed exchange rate of ₹ 46.318 per 1 US\$ and at initial conversion price of ₹ 511.18 per share being at premium of 22% over reference share price. The conversion price shall be adjusted downwards in the event that the average closing price of shares for 15 consecutive trading days immediately prior to the reset date is less than conversion

price, subject to a floor price of ₹ 410/- as adjusted in accordance with the anti-dilution provisions.

- ii) The Bonds are redeemable in whole but not in part at the option of the Company on or after 24th August, 2009, if aggregate value on each of 30 consecutive trading days ending not earlier than 14 days prior to the date upon which notice of such redemption is given was at least 130% of the accreted principal amount.
  - iii) The Bonds are redeemable at maturity date i.e. on 25th July, 2011 at 127.65% of its principal amount, if not redeemed or converted earlier.
7. The Parent Company has, during the period further issued 2,000 Foreign Currency Convertible Bonds of US\$ 100,000 each (Bonds) due on 16th December, 2015, amounting to US\$ 200 million:
- i) The Bonds are convertible at the option of the bondholders at any time on or after 25th January, 2011 to 7 days before maturity date i.e. 16th December, 2015, at a fixed exchange rate of ₹ 45.255 per 1 US\$ and at initial conversion price of ₹ 239.5265 per share being at premium of 3% over reference share price. The conversion price will be subject to adjustment for, among other things, subdivision or consolidation of shares, rights issues, capital distributions, stock dividends and other dilutive events.
  - ii) The Bonds are redeemable in whole but not in part at the option of the Company on or after 15th December, 2013, if the closing price of shares for each of the 30 consecutive trading days prior to the date on which notice of such redemption is given was at least 130% of the conversion price.
  - iii) The Bonds are redeemable at maturity date i.e. on 16th December, 2015 at its principal amount, if not redeemed or converted earlier.
8. a) The Parent Company has issued and allotted 11,765,000 Warrants on 1st June, 2009 for a consideration of ₹ 42.50 per warrant being the warrant subscription price. Each Warrant entitled the holder to subscribe to one Equity Share within a period of 18 months from the date of allotment at the price of ₹ 170/- per equity share. Accordingly, during the period, the Company has allotted 11,765,000 Equity Shares of face value of ₹ 10/- each, at a price of ₹ 170/- per Equity Share to Warrant Holder pursuant to option exercised by them.
- b) During the period, the Parent Company has allotted:
- i) 1,858,275 and 7,541,300 Equity Shares of face value of ₹ 10/- each, at a price of ₹ 242.16 per Equity Share and ₹ 211.96 per Equity Share, respectively, on Preferential Basis.
  - ii) 51,392,243 Equity Shares of face value of ₹ 10/- each at a price of ₹ 225/- per Equity Share on Rights Basis. As on 31st December, 2010, first and final call of ₹ 112.50 (including ₹ 107.50 towards Securities Premium) per Equity Share on 30,915 Equity Shares are in arrears.
9. Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 28,867.50 million (Previous year ₹ 27,007.97 million).
10. Capital Work in Progress includes advances for capital assets of ₹ 18,783.74 million (Previous year ₹ 25,154.90 million).
11. During the period, the Parent Company has discarded/disposed off certain fixed assets which were out of active use and accordingly have been eliminated from the financial statements. The resultant gain or loss has been recognised in the Consolidated Profit and Loss Account.

(₹ Million)

	As at 31st Dec., 2010	As at 30th Sept., 2009
<b>12. The major components of deferred tax liabilities/assets are as under :</b>		
a) Deferred Tax Liabilities		
i) Related to Depreciation on Fixed Assets and Amortisation	<b>6,766.62</b>	5,375.79
ii) Others	<b>371.62</b>	168.72
	<b>7,138.24</b>	5,544.51
b) Deferred Tax Assets		
i) Expenses charged in the financial statements but allowable as deduction in future years under the Income Tax Act, 1961	<b>312.41</b>	218.72
ii) Others	<b>84.60</b>	33.65
	<b>397.01</b>	252.37
Net Deferred Tax Liability	<b>6,741.23</b>	5,292.14

### 13. Joint Venture Disclosure:

- A. The Financial Statements reflect the share of the Company in the assets and the liabilities as well as the income and the expenditure of Joint Venture Operations on a line by line basis. The Company incorporates its share in the operations of the Joint Venture based on statements of account received from the Operator. The Company has, in terms of Accounting Policy No. A-7 above, recognised abandonment costs based on the technical assessment of current costs as cost of producing properties and has provided Depletion thereon under 'Unit of Production' method as part of Producing Properties in line with Guidance Note on Accounting of Oil and Gas Producing Activities issued by The Institute of Chartered Accountants of India.

### B. Unincorporated Joint Ventures

- a) The Company has participating interest of 25% in Ravva Oil and Gas Field Joint Venture (JV) through a Production Sharing Contract (PSC). Other members of the JV are Oil and Natural Gas Corporation Ltd, Cairn Energy India Pty Limited and Ravva Oil (Singapore) Pte. Ltd. The parties have pursuant to the PSC, entered into a Joint Operating Agreement. Cairn Energy India Pty Ltd. is the Operator.
- b) The Consortium comprising the Company, Oilex Ltd., Gujarat State Petroleum Corporation Ltd., Hindustan Petroleum Corporation Ltd. and Bharat Petroleum Corporation Ltd. has been awarded Block WA-388-P for a term of 6 years by Government of Western Australia. Joint Operating Agreement has been signed in March 2007. A Farm-out Agreement was entered into with Sasol Petroleum Australia Ltd. on 12th August, 2008, whereby, Sasol acquired 30% participating interest in the Block. In November 2010, the WA-388-P Joint Venture entered into a Farm-in Agreement with Apache Northwest Pty Ltd. ("Apache"). As per the terms of the said Farm-in Agreement, Apache has obtained 40% participating interest in the WA-388-P permit. Apache has replaced Oilex as the permit operator. The participating interest of the Company after this Farm-in Agreement is 8.4%. The Capital Commitments based on estimated minimum work programme in relation to it's participating interest is ₹ 7.69 million (Previous year ₹ 450.77 million).
- c) The Consortium comprising the Company, Oilex Oman Limited, GAIL India Limited, Hindustan Petroleum Corporation Limited and Bharat Petroleum Corporation Limited were awarded the Block #56, on the Eastern Flank of the Central Salt Producing Oil Field in Oman. The Exploration Production Sharing Agreement and Joint Operating Agreement have been executed on 28th June, 2006. Pursuant to the fulfillment of minimum expenditure commitment in the Exploration Phase of the committed Minimum Work Programme in the Block, the JV has, with the approval of the Government of Oman, decided to relinquish the Block as exploration did not yield any commercial discovery of hydrocarbon. The relinquishment process is in progress and expected to be completed soon. The participating interest of the Company in the said venture of 25% has been during the period transferred to Videocon Oman 56 Limited, a wholly owned subsidiary of Videocon Energy Ventures Limited, which, in turn is a wholly owned subsidiary of the Company. The Capital Commitments based on estimated minimum work programme in relation to it's participating interest is Nil (Previous year ₹ 336.62 million).
- d) On 15th November, 2006, the consortium, comprising Videocon JPDA 06-103 Limited ("Videocon JPDA") (formerly Global Energy Inc.) one of the wholly owned subsidiaries of the Company, Oilex (JPDA 06-103) Limited – (as Operator), Bharat PetroResources JPDA Limited and GSPC (JPDA) Limited, was allotted the petroleum block JPDA 06-103, under a PSC by the Timor Sea Designated Authority. This block is located in the Timor Sea between Australia and Timor-Leste. Videocon JPDA had originally a participating interest of 25% in the PSC.

Oilex has farmed-out 15% of its 25% Participating Interest to Japan Energy. Videocon JPDA has farmed-out 5% of its Participating Interest to Pan Pacific Petroleum of Australia reducing the same to 20%.

Out of the 4 commitment wells, two exploration wells at Lore and Lolotoe were drilled unsuccessfully during the period in question.



Autoridade Nacional do Petroleo (ANP) has agreed to a 12 months extension to the primary Exploration period, subject to a 25% relinquishment of the PSC area. The Joint Venture (JV) has proposed to drill one out of the two remaining commitment wells in lieu of excess seismic data acquired, to which ANP has reserved its position until the results of the drilling of the third commitment well are available. JV has further proposed 140 sq. kms. 3D Seismic Survey in the northern part of the Block to facilitate finalizing the location for the third commitment well. The capital commitments of Videocon JPDA, based on work programme is ₹ 261.17 million (Previous year ₹ 733.78 million).

- e) Videocon Mozambique Rovuma 1 Limited (VMRL), one of the wholly owned subsidiaries, has executed a participation agreement with Anadarko Mozambique Area 1 Limitada, a wholly owned subsidiary of Anadarko Petroleum Corporation, USA. Pursuant to this Agreement, VMRL has acquired 10% participating interest in the Oil Block covering Area 1 Offshore of the Rovuma Block, Republic of Mozambique. The Agreement was closed on 26th December, 2008 (the Closing Date).

The discoveries have been made in four wells viz. Windjammer Well drilled in February 2010 which encountered 555 feet of natural gas net pay, Barquentine Well drilled in October 2010 intersected over 108 net feet of gas pay in two Oligocene and a further 108 feet of gas pay in deeper Palaeocene target, Lagosta Well has encountered over 1,804 feet of gas pay in multiple Oligocene and Eocene sands and Tubarao Well has also encountered 110 net feet of natural gas. Coring Programme of these four wells is currently being carried out. These discoveries are being assessed for various commercialisation options. The Capital commitment of VMRL for the next year, based upon the work programme is ₹ 3,886.54 million (Previous year ₹ 1,986.58 million).

- f) On 4th September, 2009, Videocon Indonesia Nunukan Inc. (VIN), one of the wholly owned subsidiaries, has executed a Farmout Agreement with Anadarko Indonesia Nunukan Company - a wholly owned subsidiary Anadarko Petroleum Corporation, USA along with the related Joint Operating Agreement. The transaction was completed on 28th December, 2009 (the Closing Date). Pursuant to this agreement, VIN has acquired a 12.5 % participating interest in the Production Sharing Contract, covering the area referred to as Nunukan Block, located offshore Indonesia, with effect from 1st August, 2009 (the Effective Date). Other members of the consortium are Anadarko Petroleum Corporation, USA, PT Medco and BPRL Ventures Indonesia, BV (a step down wholly owned subsidiary of Bharat Petroleum Corporation Limited). Badik-1 well intersected 133 net feet of Oil and gas pay, which has been notified as a discovery. It is proposed to acquire 1400 sq. km. 3D seismic survey in the Block to locate possible well location and identify further leads and prospects for drilling two appraisal wells and one commitment exploration well in the exploration phase. The Capital commitment of the company for next year based on minimum work programme is ₹ 155.22 million.

**C. Incorporated Jointly Controlled Entities:**

- a) Erstwhile VB (Brasil) Petroleo Private Limitada ("VB Brasil") was a 50 : 50 joint venture company incorporated in Brazil with Bharat PetroResources Limited ("BPRL"), a wholly owned subsidiary of Bharat Petroleum Corporation Ltd. VB Brasil in turn held 100% equity in IBV Brasil Petroleo Limitada (IBV). IBV has interests in four concessions with ten deep water offshore exploration blocks in Brazil. Petroleo Brasileiro S.A., is the operator in three of the four concessions whereas Anadarko Corporation U.S.A. through its Brazilian subsidiary is the operator in one concession. During the period, VB Brasil merged with IBV.

A discovery of hydrocarbons was made in Wahoo structure in Campos Concession and Drill Stem Tests (DST) was successfully performed for 72 hours. Another discovery of hydrocarbons was announced on 27th October, 2010 in Barra structure in Sergipe Concession. Re-entry of Barra well to access the Companion level and to perform a DST on the original Barra Discovery is planned. Drilling of commitment wells in second phase of exploration in Espirito Concession, Santos Concession and first phase of exploration in Potiguar Concession are scheduled in 2011. The Capital commitment of the company for next year based on minimum work programme is ₹ 3,380.12 million (Previous year ₹ 3,316.76 million).

- b) Videocon Infinity Infrastructures Private Limited is a 50 : 50 Joint Venture Company incorporated in India, with Infinity Infotech Parks Limited to carry on the business of infrastructure development like construction of IT/Tes Parks, Biotech Parks etc. The Joint Venture Company has not commenced its commercial operations and has no capital commitments as on the Balance Sheet date.
- c) The financial interest of the Group in the jointly controlled incorporated entities based on audited/unaudited financial statement received from these Joint Venture entities are as under:

(₹ Million)

Group's share in	31st Dec. 2010	30th Sept. 2009
Assets	13,336.30	9,811.40
Liabilities	12,771.19	9,730.72
Other Income	698.86	570.52
Expenses	47.39	68.09
Tax	192.17	143.09

(₹ Million)

	Period ended 31st Dec., 2010	Year ended 30th Sept., 2009
<b>14. Earnings Per Share:</b>		
i) Net Profit/(Loss) attributable to Equity Shareholders		
Net Profit/(Loss) as per Profit and Loss Account	(2,970.19)	4,159.69
Add/(Less): Excess/(Short) Provision of Income Tax for earlier years	(57.83)	991.63
Add/(Less): Transfer from Pre-Operative Expenditure pending Allocation	(408.85)	-
	(3,436.87)	5,151.31
Less: Dividend on Preference Shares including Tax on the same	53.73	43.06
Net Profit/(Loss) attributable to Equity Shareholders	(3,490.60)	5,108.25
Add: Changes (net) related to FCCBs	328.47	266.42
Adjusted Net Profit/(Loss) for Diluted EPS	(3,162.13)	5,374.67
ii) Weighted Average number of Equity Shares for Basic EPS	263,129,174	229,406,816
Weighted Average number of Equity Shares for Diluted EPS	287,605,936	255,062,493
iii) Basic Earnings/(Loss) per Share	₹ (13.27)	₹ 22.27
Diluted Earnings/(Loss) per Share	₹ (10.99)	₹ 21.07
iv) Reconciliation of weighted average Numbers of Equity Shares outstanding during the period		
For Basic Earnings per Share	263,129,174	229,406,816
Add: Adjustment for Diluted EPS	24,476,762	25,655,677
For Diluted Earnings per Share	287,605,936	255,062,493

**15. Disclosure pursuant to Accounting Standard (AS) 15 (Revised)**
**I) Defined Contribution Plans:**

Amount of ₹ 167.39 million (Previous year ₹ 117.79 million) is recognised as an expense and shown under the head "Salary, Wages and Employees' Benefits" (Schedule 13) in the Profit and Loss Account.

**II) Defined Benefit Plans:**

(₹ Million)

	Gratuity		Leave Encashment	
	31st Dec., 2010	30th Sept., 2009	31st Dec., 2010	30th Sept., 2009
a) The amounts recognised in the Balance Sheet as at the end of the period/year				
1 Present value of Defined Benefit Obligation	157.78	110.39	64.34	41.44
2 Fair value of Plan Assets	50.05	43.60	-	-
3 Funded Status – Surplus/(Deficit)	(107.73)	(66.79)	(64.34)	(41.44)
4 Net Assets/(Liability)	(107.73)	(66.79)	(64.34)	(41.44)
b) The amounts recognised in Profit and Loss Account/ Pre-operative Expenditure pending Allocation for the period/year				
1 Current Service Cost	42.44	21.07	29.92	14.87
2 Interest Cost	11.32	6.81	4.73	2.57
3 Actuarial (Gains)/Losses	16.78	17.66	16.76	2.71
4 Actual Return on Plan Assets	6.36	4.91	-	-
5 Total Expenses	62.33	40.63	51.41	20.15
c) The changes in Obligations during the period/year				
1 Present value of Defined Benefit Obligation at the beginning of the period/year	110.39	80.20	41.44	33.03
2 Current Service Cost	40.59	21.07	29.92	14.87
3 Interest Cost	11.32	6.81	4.73	2.57
4 Actuarial (Gains)/Losses	16.78	17.66	16.76	2.71
5 Benefit Payments	21.30	15.35	28.51	11.74
6 Present value of Defined Benefit Obligation at the end of the period/year	157.78	110.39	64.34	41.44
d) The changes in Plan Assets during the period/year				
1 Plan Assets at the beginning of the period/year	43.60	34.37	-	-
2 Contribution by Employer	9.67	9.21	-	-
3 Actual Benefit Paid	9.58	4.89	-	-
4 Plan Assets at the end of the period/year	50.05	43.60	-	-
5 Actual return on Plan Assets	6.36	4.91	-	-

**Actuarial assumptions:**

i Discount Rate	8% per annum
ii Mortality	L.I.C. (1994-96) Ultimate
iii Turnover Rate	5% at younger ages reducing to 1% at older ages
iv Future Salary Increase	5% per annum

16. a) The Financial Institutions have a right to convert, at their option, the whole outstanding amount of term loans or a part not exceeding 20% of defaulted amount of loan, whichever is lower, into fully paid-up Equity Shares of the Company at par on default in payments/repayments of three consecutive installments of principal and/or interest thereon or on mismanagement of the affairs of the Company.
- b) The Financial Institutions have a right to convert at their option, the whole or a part of outstanding amount of Preference Shares, into fully paid up Equity Shares of the Company as per SEBI guidelines, on default in payment of dividend or a default in redemption of Preference Shares or any combination thereof.
17. The Balances of some of the Debtors, Creditors, Deposits, Advances and Other Current Assets are subject to confirmation.
18. In the opinion of the Board, the value on realisation of Current Assets, Loans and Advances in the ordinary course of the business would not be less than the amount at which they are stated in the Balance Sheet and the provision for all known and determined liabilities is adequate and not in excess of the amount reasonably required.

## 19. The details of Pre-operative Expenditure Pending Allocation are as under:

(₹ Million)

	As at 31st Dec., 2010	As at 30th Sept., 2009
a) Balance at the beginning of the year	6,433.86	1,127.94
b) Incurred during the period/year (net)	5,929.70	5,305.92
c) Expenditure apportioned over cost of Fixed Assets/Capital work-in-progress	11,122.20	-
d) Charged to Profit and Loss Account	408.85	-
e) Balance at the end of the period/year	832.51	6,433.86

## 20. The effect of acquisition/disposal of subsidiaries during the period on the Consolidated Financial Statements is as follows:

(₹ Million)

Name of the Company	Effect on Consolidated Profit/(Loss)	Net Assets as at 31st Dec., 2010
<b>a) Acquisitions</b>		
Triumph Energy Private Limited	(0.01)	0.09
Chhattisgarh Power Ventures Private Limited	(0.01)	1,000.09
Senator Energy Private Limited	(0.01)	0.09
Videocon Energy Limited	(7.10)	992.90
Videocon Oil Ventures Limited <sup>(1)</sup>	(40.10)	959.90
Videocon Power Ventures Limited <sup>(1)</sup>	(0.00)	0.48
Aim Energy Private Limited <sup>(2)</sup>	(0.08)	0.02
Viable Energy Private Limited <sup>(2)</sup>	(0.08)	0.02
Vital Power Private Limited <sup>(2)</sup>	(0.00)	0.02
Marvel Energy Private Limited <sup>(2)</sup>	(0.01)	0.09
Proficient Energy Private Limited <sup>(3)</sup>	(0.00)	0.07
Instant Energy Private Limited <sup>(4)</sup>	(8.85)	19.13
Orchid Energy Private Limited <sup>(4)</sup>	(1.12)	(1.08)
Applied Energy Private Limited <sup>(4)</sup>	(0.00)	0.09
Comet Power Private Limited <sup>(5)</sup>	(0.01)	0.06
Galaxy Power Private Limited <sup>(5)</sup>	(0.03)	0.05
Percept Energy Private Limited <sup>(5)</sup>	(0.00)	(0.93)
Unity Power Private Limited <sup>(5)</sup>	(0.01)	0.08
Videocon Hydrocarbon Holdings Limited	132.83	11,949.86
Videocon Australia WA-388-P Limited <sup>(6)</sup>	(0.48)	(0.48)
Oil Services International S.A.S. <sup>(6)</sup>	(0.00)	0.00
<b>b) Disposals/Cessation</b>		
Powerking Corporation Limited (Ceased to be Subsidiary)	(252.43)	(234.42)
Mayur Household Electronics Appliances Private Limited	(11.10)	(11.20)
Godavari Consumer Electronics Appliances Private Limited	(3.86)	(3.65)
Videocon Display Research Co. Limited (Voluntarily Liquidated)	(35.91)	-
Paramount Global Limited (Ceased to be Subsidiary)	(108.22)	(645.23)
Sky Billion Trading Limited (Ceased to be Subsidiary)	298.28	278.11
Venus Corporation Limited (Ceased to be Subsidiary)	(125.45)	(80.13)

## Notes:

<sup>(1)</sup> Subsidiary of Videocon Energy Limited<sup>(2)</sup> Subsidiary of Videocon Power Ventures Limited<sup>(3)</sup> Subsidiary of Marvel Energy Private Limited<sup>(4)</sup> Subsidiary of Proficient Energy Private Limited<sup>(5)</sup> Subsidiary of Applied Energy Private Limited<sup>(6)</sup> Subsidiary of Videocon Hydrocarbon Holdings Limited



**21. Related Party Disclosures:**

As required under Accounting Standard 18 on "Related Party Disclosures", the disclosure of transaction with related parties as defined in the Accounting Standard are given below:

a) List of Related Parties where control exists and related parties with whom transactions have taken place and relationship:

i) Associates and Joint Ventures:

- Ravva Oil & Gas Field (unincorporated) Joint Venture - Participating Interest 25%
- WA-388-P Joint Venture - Participating Interest 8.4%
- Block 56 Oman Joint Venture - Participating Interest 25%
- JPDA 06-103 Joint Venture - Participating Interest 20%
- Rovuma Offshore Area 1 Block Joint Venture - Participating Interest 10%
- Nunukan Block - Participating Interest 12.5%
- VB (Brasil) Petroleo Private Ltda. - Joint Venture 50% (Merged with IBV Brasil Petroleo Limitada w.e.f. 1st April, 2010)
- IBV Brasil Petroleo Limitada - Joint Venture 50%
- Videocon Infinity Infrastructure Private Limited - Joint Venture 50%
- Goa Energy Private Limited - Associate - 26%
- Radium Energy Private Limited - Associate - 26% (w.e.f. 1st November 2010)

ii) Key Management Personnel:

- Mr. Venugopal N. Dhoot - Chairman & Managing Director
- Mr. Rajkumar N. Dhoot - Chairman & Managing Director (Videocon Telecommunications Limited)
- Mr. Pradipkumar N. Dhoot - Whole Time Director
- Mr. K. R. Kim - Chief Executive Officer
- Mr. S. K. Jain - Senior Vice President (w.e.f. 1st April, 2010)
- Mr. P. K. Gupta - Vice President (upto 31st January, 2010)
- Mr. Amit Gupta - Vice President (upto 31st January, 2010)
- Mr. Shekhar Jyoti - Vice President
- Mr. Abhijit Kotnis - Associate Vice President

b) Transactions/outstanding balances with Related Parties :

The Company has entered into transactions with certain related parties during the period as listed below. The Board considers such transactions to be in normal course of business:

(₹ Million)

Nature of Transactions	Associates/ Joint Venture	Key Management Personnel
Contribution towards share of Expenditure	<b>9,117.52</b> (3,696.43)	
Remuneration		<b>60.86</b> (52.86)
<b>Outstanding as at 31st December, 2010</b>		
Receivable from Unincorporated Joint Venture	<b>0.33</b> (0.30)	
Payable to Unincorporated Joint Venture	<b>200.46</b> (1.57)	
Receivable from Incorporated Joint Venture		<b>-</b> (58.67)

c) Material transactions with Related Party during the period are:

Contribution towards Group's Share of Expenditure (Joint Venture) includes Ravva Oil & Gas Field ₹ 1,178.04 million (Previous year ₹ 590.03 million), Rovuma Offshore Area 1 Block ₹ 3,647.07 million (Previous year ₹ 749.39) and IBV Brasil Petroleo Limitada (Erstwhile VB Brasil Petroleo Private Ltda.) ₹ 3,490.00 million (Previous year ₹ 1,889.61 million).

**22. Reserves:**

Share of the Company in Ravva Oil & Gas field (Unincorporated) Joint Venture remaining reserves on proved and probable basis (as per Operator's estimates)

Particulars	Unit of measurement	As at 31st Dec., 2010	As at 30th Sept., 2009
Crude Oil	Million Metric Tonnes	<b>1.85</b>	1.45
Natural Gas	Million Cubic Metres	<b>359.13</b>	338.95

23. As required by Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets" issued by The Institute of Chartered Accountants of India, the disclosure with respect to provisions are as follows:

(₹ Million)

Warranty and Maintenance Expenses	Period ended 31st Dec., 2010	Year ended 30th Sept., 2009
a) Amount at the beginning of the year	<b>618.73</b>	401.11
b) Additional provision made during the period/year	<b>617.91</b>	528.47
c) Amount used	<b>598.13</b>	310.85
d) Amount at the end of the period/year	<b>638.51</b>	618.73

24. a) Operating Lease:

- i) Lease payments under cancellable leases are recognised as an expense in the Consolidated Profit and Loss Account.
- ii) The maximum obligation on long-term non-cancellable operating leases entered on or after 1st April, 2001 payable as per the rentals stated in respective agreements are as follows:

(₹ Million)

Minimum Lease Payments	As at 31st Dec., 2010	As at 30th Sept., 2009
Not later than 1 year	<b>71.18</b>	124.85
Later than 1 year and not later than 5 years	<b>316.83</b>	733.12
More than 5 years	<b>484.90</b>	674.86
<b>Total</b>	<b>872.91</b>	1,532.83

b) The Subsidiary Company viz. Videocon Telecommunications Limited (VTL) has entered into composite IT outsourcing agreements, wherein vendors have supplied the fixed assets and IT related services to VTL. Based on the risk and rewards incidental to the ownership, the fixed asset and liability are recorded at the fair value of the leased assets at the time of the receipt of the assets, since it is not possible for VTL to determine the extent of fixed assets and services under the contract at the inception of the contract. Such fixed assets received have been accounted for as finance lease. These assets are depreciated over the stated useful lives applicable to similar assets of VTL. Since the entire amount payable to vendors towards the supply of fixed assets and services during the period is accrued, the disclosures as per Accounting Standard 19 are not applicable.

**25. Segment Information:**

The Company and its subsidiaries have identified four reportable segments viz. Consumer Electronics and Home Appliances, Crude Oil and Natural Gas, Telecommunications and Power. Segments have been identified and reported taking into account nature of products and services, the differing risks and return.

- Segment revenue and expenses include the respective amounts identifiable to each of the segments on the basis of relationship to operating activities of the segment as also amounts allocated on a reasonable basis. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".
- Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other corporate assets and liabilities that cannot be allocated between the segment are disclosed as "Unallocable".
- Primary Segment Information - Business segment:

(₹ Million)

Particulars	Consumer Electronics and Home Appliances		Crude Oil and Natural Gas		Telecommunications		Power		Total	
	31.12.2010	30.09.2009	31.12.2010	30.09.2009	31.12.2010	30.09.2009	31.12.2010	30.09.2009	31.12.2010	30.09.2009
<b>1. Segment Revenue</b>										
- External	135,403.79	96,111.80	13,203.33	10,625.49	1,679.75	-	-	-	150,286.87	106,737.29
- Inter Segment	-	-	-	-	-	-	-	-	-	-
Total Segment	135,403.79	96,111.80	13,203.33	10,625.49	1,679.75	-	-	-	150,286.87	106,737.29
<b>2. Segment Result before Interest</b>	16,418.09	10,179.12	3,742.58	2,979.67	(9,394.87)	-	(12.88)	-	10,752.92	13,158.79
Less: Interest Expenses	-	-	-	-	-	-	-	-	10,892.08	7,478.20
Add: Other Unallocable	-	-	-	-	-	-	-	-	591.21	404.07
Profit before Taxation	-	-	-	-	-	-	-	-	452.05	6,084.66
Add: Profit/(Loss) on Disposal/ Cessation of Subsidiaries/ Associates	-	-	-	-	-	-	-	-	(173.41)	2.44
Less: Provision for Current Tax	-	-	-	-	-	-	-	-	1,812.40	881.20
Less: Provision for Deferred Tax	-	-	-	-	-	-	-	-	1,438.36	1,029.71
Less: Provision for Fringe Benefit Tax	-	-	-	-	-	-	-	-	-	16.53
Profit/(Loss) before Minority Interest	-	-	-	-	-	-	-	-	(2,972.12)	4,159.66
Add: Minority Interest	-	-	-	-	-	-	-	-	1.93	0.03
Profit/(Loss) for the period/year	-	-	-	-	-	-	-	-	(2,970.19)	4,159.69

**3. Other Information**

(₹ Million)

Particulars	Consumer Electronics and Home Appliances		Crude Oil and Natural Gas		Telecommunications		Power		Others/Unallocable		Total	
	31.12.2010	30.09.2009	31.12.2010	30.09.2009	31.12.2010	30.09.2009	31.12.2010	30.09.2009	31.12.2010	30.09.2009	31.12.2010	30.09.2009
Segment Assets	143,513.66	128,883.48	28,693.98	17,673.67	48,753.39	29,464.18	10,219.35	-	32,078.78	39,126.18	263,259.16	215,147.51
Segment Liabilities	75,247.79	68,793.28	24,947.98	14,793.90	44,590.11	28,094.18	4,729.97	-	29,585.41	30,574.83	179,101.26	142,256.19
Capital Expenditure	1,728.71	9,455.30	8,369.71	5,718.47	16,834.07	10,573.81	5,334.47	-	104.86	269.45	32,371.82	26,017.03
Depreciation	6,568.80	5,549.42	577.75	268.45	1,685.19	-	0.05	-	80.21	69.70	8,912.00	5,887.57

- Secondary Segment Information:

(₹ Million)

Particulars	Within India		Outside India		Total	
	31.12.2010	30.09.2009	31.12.2010	30.09.2009	31.12.2010	30.09.2009
Segment Revenue-External Turnover	143,253.07	94,388.36	7,033.80	12,348.93	150,286.87	106,737.29
Segment Assets	230,377.54	193,448.54	32,881.62	21,698.97	263,259.16	215,147.51
Segment Liabilities	157,032.01	122,306.76	22,069.25	19,949.43	179,101.26	142,256.19
Capital Expenditure	24,474.25	20,822.63	7,897.57	5,194.40	32,371.82	26,017.03

- The figures of the current period are not comparable with those of the previous year, as: a) the current period's figures do not include operations of certain subsidiaries, consequent to their cessation to be subsidiaries of the Company in the previous year and include operations of certain subsidiaries for part of the year, consequent to their acquisition as stated in Note No. B above; b) the figures for the current period are for a period of 15 months as against 12 months in previous period. Figures in respect of previous year have been regrouped, reclassified and recasted wherever necessary to make them comparable with those of current period.

## FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

STATEMENT PURSUANT TO EXEMPTION RECEIVED UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Amount in	Exchange Rate	Capital	Share Application Money Received	Reserves	Total Assets	Total Liabilities**	Investments (Other than Investments in Subsidiaries)	Turnover/ Total Income	Profit Before Tax	Provision for Tax	Profit after Tax	Proposed Dividend	Country
1.	Chhattisgarh Power Ventures Private Limited	INR	INR Mn		0.10	1,000.00	(0.01)	2,530.05	1,529.96	-	-	(0.01)	-	(0.01)	-	India
2.	Eagle Ecorp Limited	USD	INR Mn	45.28	0.45	-	985.02	987.66	2.19	-	1,542.58	661.04	-	661.04	-	British Virgin Island
			USD Mn			0.01	-	21.75	21.81	0.05	-	34.07	14.60	-	14.60	-
3.	Middle East Appliances LLC	RO	INR Mn	118.04	285.80	200.15	(547.87)	330.26	412.18	-	339.76	(241.52)	-	(241.52)	-	Sultanate Of Oman
			RO Mn			2.25	1.70	(4.64)	2.80	3.49	-	2.88	(2.05)	-	(2.05)	-
4.	Pipavav Energy Private Limited	INR	INR Mn		5,500.00	-	(1.18)	7,509.17	2,010.35	-	-	(0.53)	-	(0.53)	-	India
5.	Senator Energy Private Limited	INR	INR Mn		0.10	-	(0.01)	0.10	0.01	-	-	(0.01)	-	(0.01)	-	India
6.	Triumph Energy Private Limited	INR	INR Mn		0.10	-	(0.01)	0.10	0.01	-	-	(0.01)	-	(0.01)	-	India
7.	Videocon Electronic (Shenzhen) Limited (Chinese Name - Wei You Kang Electronic (Shenzhen) Co. Ltd.)	CNY	INR Mn	6.87	6.32	-	(0.96)	18.31	12.95	-	73.12	32.23	1.07	31.16	-	China
			CNY Mn			0.92	-	(0.14)	2.67	1.89	-	10.64	4.69	0.16	4.54	-
8.	Videocon Global Limited	USD	INR Mn	45.28	0.11	-	1,842.06	10,150.82	8,308.65	-	370.04	(276.66)	-	(276.66)	-	British Virgin Island
			USD Mn			0.003	-	40.68	224.18	183.50	-	8.17	(6.11)	-	(6.11)	-
9.	Videocon Energy Ventures Limited	USD	INR Mn	45.28	0.05	-	(0.33)	399.05	399.33	-	-	(0.16)	-	(0.16)	-	British Virgin Island
			USD Mn			0.001	-	(0.01)	8.81	8.82	-	-	(0.003)	-	(0.003)	-
10.	Videocon Oman 56 Limited	USD	INR Mn	45.28	0.05	4.44	(553.33)	2.42	551.26	-	-	(499.11)	-	(499.11)	-	British Virgin Island
			USD Mn			0.001	0.098	(12.22)	0.05	12.17	-	-	(11.02)	-	(11.02)	-
11.	Videocon Energy Limited	INR	INR Mn		1,000.00	-	(7.10)	2,932.51	1,999.61	-	0.02	(7.10)	0.00	(7.10)	-	India
12.	Videocon Oil Ventures Limited	INR	INR Mn		1,000.00	-	(40.10)	2,866.86	1,906.96	-	0.02	(40.10)	0.00	(40.10)	-	India
13.	Videocon Power Ventures Limited	INR	INR Mn		0.50	-	(0.02)	9.11	8.63	-	-	(0.02)	-	(0.02)	-	India
14.	Aim Energy Private Limited	INR	INR Mn		0.10	-	(0.08)	0.10	0.08	-	-	(0.08)	-	(0.08)	-	India
15.	Viable Energy Private Limited	INR	INR Mn		0.10	-	(0.08)	0.10	0.08	-	-	(0.08)	-	(0.08)	-	India
16.	Vital Power Private Limited	INR	INR Mn		0.10	-	(0.08)	0.10	0.08	-	-	(0.08)	-	(0.08)	-	India
17.	Marvel Energy Private Limited	INR	INR Mn		0.10	-	(0.01)	8.41	8.32	-	-	(0.01)	-	(0.01)	-	India
18.	Proficient Energy Private Limited	INR	INR Mn		0.10	-	(0.03)	63.57	63.50	-	-	(0.005)	-	(0.005)	-	India
19.	Instant Energy Private Limited	INR	INR Mn		35.00	-	(12.68)	60.37	38.05	-	0.85	(12.68)	-	(12.68)	-	India
20.	Orchid Energy Private Limited	INR	INR Mn		0.10	-	(1.18)	74.84	75.92	-	0.07	(1.17)	-	(1.17)	-	India
21.	Applied Energy Private Limited	INR	INR Mn		0.10	-	(0.01)	0.34	0.25	-	-	(0.004)	-	(0.004)	-	India

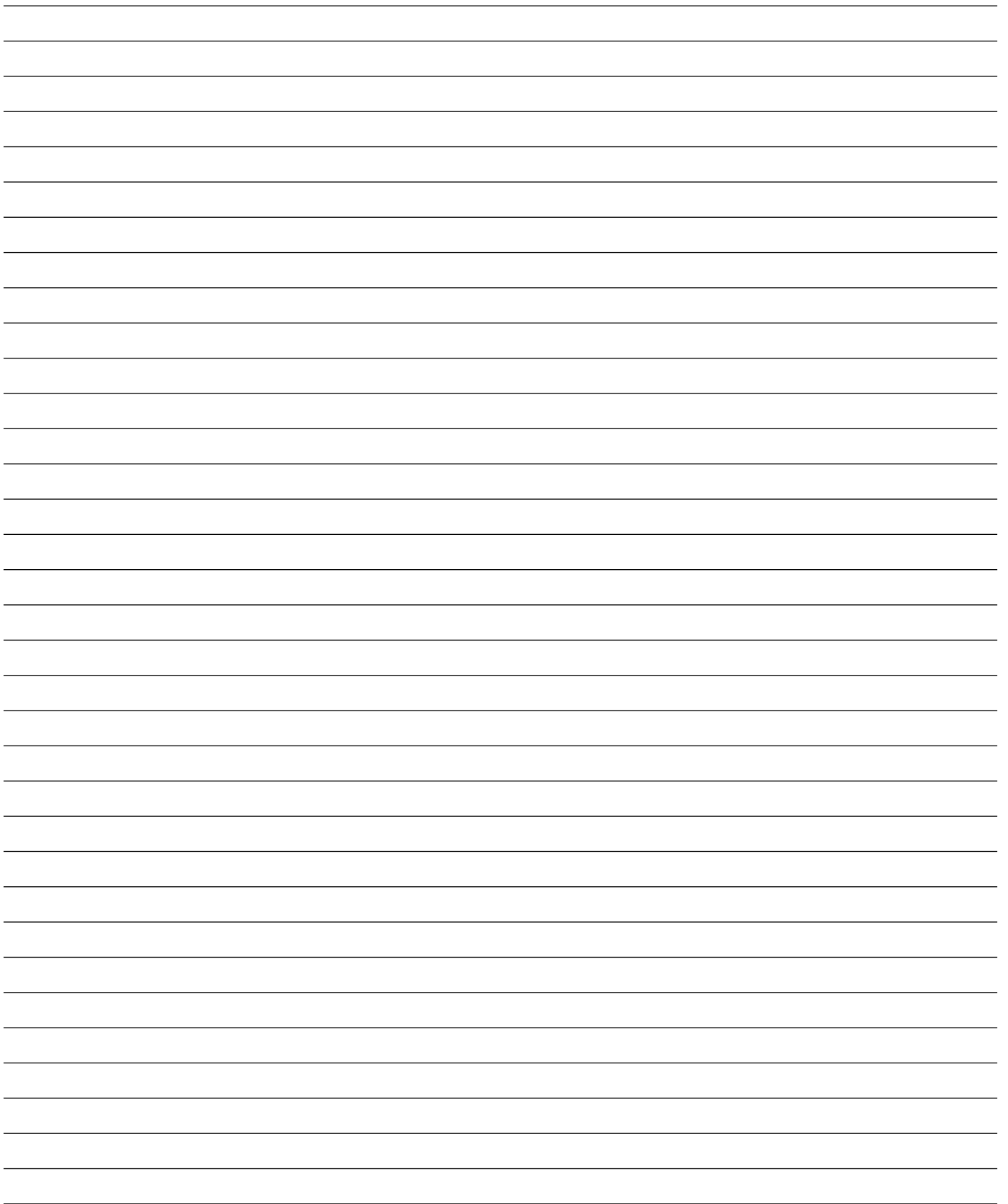
## FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

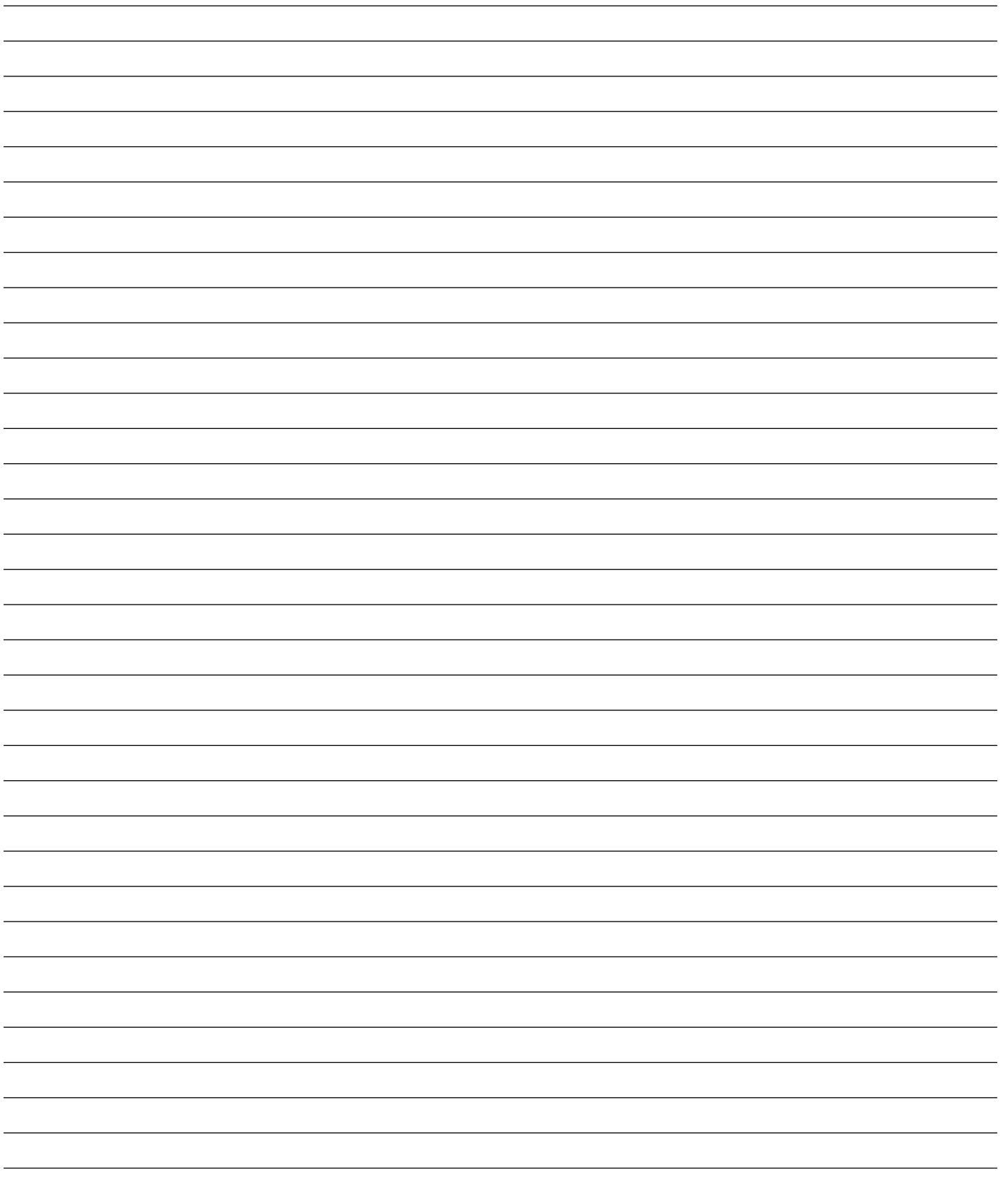
STATEMENT PURSUANT TO EXEMPTION RECEIVED UNDER SECTION 212(B) OF THE COMPANIES ACT, 1956

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Amount in	Exchange Rate	Capital	Share Application Money Received	Reserves	Total Assets	Total Liabilities**	Investments (Other than Investments in Subsidiaries)	Turnover/ Total Income	Profit Before Tax	Provision for Tax	Profit after Tax	Proposed Dividend	Country
22.	Comet Power Private Limited	INR	INR Mn		0.10	-	(0.04)	12.56	12.50	-	-	(0.01)	-	(0.01)	-	India
23.	Galaxy Power Private Limited	INR	INR Mn		0.10	-	(0.05)	20.89	20.84	-	-	(0.04)	-	(0.04)	-	India
24.	Percept Energy Private Limited	INR	INR Mn		0.10	-	(1.03)	0.10	1.03	-	-	(1.02)	-	(1.02)	-	India
25.	Unity Power Private Limited	INR	INR Mn		0.10	-	(0.02)	8.26	8.18	-	-	(0.01)	-	(0.01)	-	India
26.	Videcon International Electronics Limited	INR	INR Mn		20,000.00	-	(638.98)	32,534.14	13,173.12	-	-	(494.50)	-	(494.50)	-	India
27.	Jumbo Techno Services Private Limited	INR	INR Mn		1,000.00	-	1,222.51	3,312.55	1,090.04	-	-	(0.01)	-	(0.01)	-	India
28.	Senior Consulting Private Limited	INR	INR Mn		10.00	-	(2.93)	1,386.16	1,379.09	-	-	(0.22)	-	(0.22)	-	India
29.	Videcon Telecommunications Limited	INR	INR Mn		15,000.00	10,000.00	(10,837.00)	48,753.53	34,590.53	0.02*	1,867.85	(10,428.50)	-	(10,428.50)	-	India
30.	Datacom Telecommunications Private Limited	INR	INR Mn		0.50	-	(0.14)	0.83	0.47	-	0.40	(0.14)	-	(0.14)	-	India
31.	Videcon Hydrocarbon Holdings Limited	USD	INR Mn USD Mn	45.28	9,191.84 203.00	2,626.24 58.00	131.78 2.91	11,973.79 264.44	23.93 0.53	-	192.47 4.25	131.78 2.91	-	131.78 2.91	-	Cayman Island
32.	Videcon JPDA 06-103 Limited	USD	INR Mn USD Mn	45.28	0.05 0.001	- -	(286.07) (6.32)	507.42 11.20	793.44 17.52	-	-	(0.41) (0.01)	-	(0.41) (0.01)	-	Cayman Island
33.	Videcon Mozambique Rovuma 1 Limited	USD	INR Mn USD Mn	45.28	0.45 0.01	- -	(9.79) (0.22)	4,721.46 104.27	4,730.80 104.48	-	-	(3.09) (0.07)	-	(3.09) (0.07)	-	British Virgin Island
34.	Videcon Indonesia Nunukan Inc.	USD	INR Mn USD Mn	45.28	0.05 0.001	- -	(0.80) (0.02)	811.53 17.92	812.28 17.94	-	-	(0.45) (0.01)	-	(0.45) (0.01)	-	Cayman Island
35.	Videcon Energy Brazil Limited	USD	INR Mn USD Mn	45.28	0.05 0.001	- -	(211.44) (4.67)	13,955.40 308.20	14,166.79 312.87	-	696.30 15.38	531.46 11.74	191.47 4.23	340.00 7.51	-	British Virgin Island
36.	Videcon Australia WA-388-P Limited	USD	INR Mn USD Mn	45.28	0.000 0.000	- -	(0.48) (0.01)	0.000 0.000	0.48 0.01	-	-	(0.48) (0.01)	-	(0.48) (0.01)	-	Cayman Island
37.	Oil Services International S.A.S.	EURO	INR Mn EURO Mn	60.08	0.01 0.000	- -	(0.003) (0.000)	0.004 0.000	0.000 0.000	-	-	(0.003) (0.000)	-	(0.003) (0.000)	-	France

\* Represents investment in National Savings Certificates

\*\* Excluding Share Application Money Received









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