



VIDEOCON

**VIDEOCON
COMMUNICATIONS
LIMITED**

**16th
Annual Report
2004-2005**

VIDEOCON COMMUNICATIONS LIMITED**BOARD OF DIRECTORS**

Venugopal N. Dhoot
 Pradeepkumar N. Dhoot
 S. Padmanabhan
 Rajesh Rathi
 S. S. Nabar
 B. K. Chopra
 V. D. Dharm
 A. K. Godika

Nominee of IFCI

AUDITORS

Khandelwal Jain & Co.
 Chartered Accountants
 12 - B Baldota Bhavan
 117, Maharshi Karve Road,
 Opp. Churchgate Railway Station, Mumbai - 400 020

Kadam & Co.
 Chartered Accountants
 Ahmednagar College Road , Kothi,
 Near Badve Petrol Pump, Ahmednagar - 414 001

BANKERS

State Bank of Hyderabad
 Central Bank of India
 Punjab National Bank
 Ing Vysya Bank Limited
 Indian Bank

REGISTERED OFFICE & FACTORY

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

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**NOTICE**

NOTICE is hereby given that the Sixteenth Annual General Meeting of **VIDEOCON COMMUNICATIONS LIMITED** will be held on Friday, 31st March, 2006 at the Registered office of the Company at 20 KM Stone, Aurangabad Beed Road, Village Bhalgaon, Aurangabad (Maharashtra) at 4.30 P.M. to transact the following business:

ORDINARY BUSINESS

- To receive, consider and adopt the audited Balance Sheet as at September 30, 2005, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
- To declare dividend on Equity Shares.
- To appoint Director in place of Mr. Pradeepkumar N. Dhoot, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint Director in place of Mr. S. Padmanabhan, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT M/s. Khandelwal Jain & Co., Chartered Accountants and M/s. Kadam & Co., Chartered Accountants, be and are hereby appointed as Joint Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

SPECIAL BUSINESS

- To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:
"RESOLVED THAT in accordance with the provisions of Section 255, 256, 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Mr B K Chopra, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the provisions of the Articles of Association of the Company."
- To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:
"RESOLVED THAT in accordance with the provisions of Section 255, 256, 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Mr V D Dharm, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the provisions of the Articles of Association of the Company."

By order of the Board of Directors

Mandar S. Nargund
Company Secretary

Ahmednagar
February 23, 2006

Registered Office:

20 KM Stone, Aurangabad Beed Road,
Village Bhalgaon
Aurangabad

NOTES

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE COMMENCEMENT OF THE MEETING.
- Corporate Members intending to send their authorised representatives to attend the Annual General Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Annual General Meeting.
- In terms of Articles of Association of the Company, Mr. Pradeepkumar N. Dhoot and Mr. S. Padmanabhan are liable to retire by rotation and being eligible have offered themselves for re-appointment as Director. Mr. B. K. Chopra and Mr. V D Dharm, who were appointed as an Additional Directors are being appointed as Director. Brief resume of these Directors, nature of their expertise in specific functional areas and names of companies in which they hold directorship and membership/ chairmanship of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, are appended to this notice. The Board of Directors of the Company recommends the respective re-appointments of the aforesaid Directors.
- An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Board Meeting is annexed hereto.
- Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
- In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

- Relevant documents referred to in the accompanying Notice are open for inspection at the Registered office of the Company on all working days, except Saturdays, between 12 Noon to 2.00 P. M. upto the date of the Meeting.
- The Register of Members and Share Transfer Books shall be closed from Saturday, March 18, 2006 to Friday, March 31, 2006 for determining the names of Members eligible for dividend on Equity Shares, if declared at the Meeting. The Dividend on Equity Shares, if declared at the Meeting will be paid on or around 25th April, 2006 to those Members whose names appeared on the Company's Register of Members on Friday March 17, 2006. In respect of shares held in dematerialized form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by depositories as at the end of business on Friday, March 17, 2006.
- Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, the Company has transferred the unclaimed dividends for the financial years 1997-1998 to the Investor Education and Protection Fund (IEPF) established by the Central Government. Dividends for the financial year ended 1998-1999 and thereafter, which remain unclaimed for a period of 7 years will be transferred to Investor Education and Protection Fund (IEPF). Members who have not encashed dividend warrant(s) for the aforesaid years are requested to seek issue of duplicate warrant(s) by writing to the Company's Registrars and Transfer Agents, M/s. MCS Limited. Members are requested to note that no claims shall lie against the Company or IEPF in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates they first became due for payment and no payment shall be made in respect of any such claims.
- Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order or names are requested to send the share certificates to the Company's Register and Transfer Agents, M/s. MCS Limited, for consolidation into a single folio.
- The shares of the company are tradeable compulsorily in electronic form and your company has established connectivity with both the depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). In view of the enormous advantages offered by the Depository system, Members are requested to avail the facility of dematerialization of the company's shares on either of the depositories as aforesaid.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.**ITEM NO. 6**

The Board of Directors of the Company ("the Board"), at its meeting held on 8th December 2005 has, pursuant to the provisions of Section 260 of the Companies Act, 1956 (the Act) and Articles of Association of the Company, appointed Mr. B K Chopra as an Additional Director of the Company.

In terms of the provisions of Section 260 of the Act, Mr. B K Chopra holds office upto the date of next Annual General Meeting. The Company has received a notice in writing from a member alongwith a deposit of Rs. 500/- proposing the candidature of Mr. B. K. Chopra for the office of Director of the Company under the provisions of Section 257 of the Act.

Mr. B K Chopra has to his credit vast experience in the field of Consumer Electronics & Home Appliances. Keeping in view, his enriched expertise and knowledge, it will be in the interest of the Company that Mr. B K Chopra is appointed as a Director, liable to retire by rotation in accordance with the provisions of the Articles of Association of the Company.

A brief resume of Mr. B K Chopra, nature of his expertise and names of companies in which he holds directorship and membership/ chairmanship of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, are appended to the notice.

Save and except Mr. B K Chopra none of the other Directors of the Company is, in any way, concerned or interested in the Resolution set out at Item No.6 of the Notice. The Board recommends the Resolution set out at Item No.6 of the Notice for your approval.

ITEM NO. 7

The Board of Directors of the Company ("the Board"), at its meeting held on 8th December 2005 has, pursuant to the provisions of Section 260 of the Act and Articles of Association of the Company, appointed Mr. V. D. Dharm as an Additional Director of the Company.

In terms of the provisions of Section 260 of the Act, Mr. V D Dharm holds office upto the date of next Annual General Meeting. The Company has received a notice in writing from a member alongwith a deposit of Rs. 500/- proposing the candidature of Mr. V D Dharm for the office of Director of the Company under the provisions of Section 257 of the Act.

Mr. V D Dharm has to his credit vast experience in the field of Law. Keeping in view, his enriched expertise and knowledge, it will be in the interest of the Company that Mr. V D Dharm is appointed as a Director, liable to retire by rotation in accordance with the provisions of the Articles of Association of the Company.

A brief resume of Mr. V D Dharm, nature of his expertise and names of companies in which he holds directorship and membership/ chairmanship of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, are appended to the notice.

Save and except Mr. V D Dharm none of the other Directors of the Company is, in any way, concerned or interested in the Resolution set out at Item No.7 of the Notice. The Board recommends the Resolution set out at Item No.7 of the Notice for your approval.

By order of the Board of Directors

Mandar S. Nargund
Company Secretary

Ahmednagar
February 23, 2006

Registered Office:

20 KM Stone, Aurangabad Beed Road,
Village Bhalgaon
Aurangabad

Brief Profiles of Directors proposed to be appointed/re-appointed are:**A. The brief details of Mr.S Padmanabhan is as under:**

1 Name of the Director	Mr. S. Padmanabhan
2 Date of Birth	01.09. 1939
3 Educational Qualification	B.Sc. Physics (Honours), M.Sc. Physics, Bachelor of General Law, Diploma in Developmental Economics- University of Cambridge, Diploma in Management.
4 Date of Appointment on the Board	30.09.1995
5 Category of Director	Independent Director
6 Area of Expertise/Senior Position Held/Work Experience	Retd. IAS. > Chief Executive Officer of Zilla Parishad – 1 Year. > Collector of a District was Incharge of the Koyna Earthquake Rehabilitation > Director of Tourism, Govt of Maharashtra – 1 Year. > Chief Executive Officer- Bombay Buildings Repair and Reconstruction Board & Ex- officio Dy. Secretary Housing. Govt of Maharashtra – 2 ½ Years. > Director – Department of Atomic Energy, Government of India, dealing with projects, power projects, Nuclear Power Stations, Purchase, Budget Administration, Vigilance – 4 ½ Years. > Managing Director – The State Industrial & Investments Corporation of Maharashtra Ltd (SICOM). > Commissioner – Aurangabad Division. Incharge of 6 Districts for Planning & Development – 1 Year. He is a management consultant and advisor to various corporates.
7 Names of other Directorships in Public Limited Company	1. Videocon Industries Limited 2. Kitchen Appliances India Limited 3. Applicomp India Limited 4. Videocon Power Limited 5. Desai Brothers Limited 6. Asian Electronics Limited 7. Premier Automobiles Limited 8. Sudarshan-Chemical Industries Ltd. 9. Videocon Properties Limited 10. Videocon VCR Securities Limited 11. Videocon Energy Holdings Limited
8 Names of committees in which Chairman	Videocon Industries Limited – Audit Committee
9 Names of Committees in which Member	1. Videocon Communications Ltd. (Audit & Shareholders Committee) 2. Applicomp (India) Limited (Audit Committee) 3. Videocon Power Limited (Audit Committee) 4. Kitchen Appliances India Limited (Audit Committee) 5. The Premier Automobiles Ltd (Audit Committee) 6. The Premier Automobiles Ltd (Whole Time Directors' Remuneration) 7. Asian Electronics Ltd (Audit Committee) 8. Videocon Industries Limited (Shareholders Committee) 9. Videocon Properties Limited (Audit Committee)
10 Number of Shares held	Nil

B. The brief details of Mr.Pradeepkumar N. Dhoot is as under:

1 Name of the Director	Mr. Pradeepkumar N. Dhoot
2 Date of Birth	22.03.1960
3 Educational Qualification	Commerce Graduate
4 Date of Appointment on the Board	16.06.1989
5 Category of Director	Promoter – Non Executive
6 Area of Expertise/Senior Position Held/Work Experience	> Industrialist with more than 2 decades experience to his credit. > One of the Promoters of Videocon Group
7 Names of other Directorships in Public Limited Company	1. Videocon Industries Limited 2. Videocon Appliances Limited 3. Applicomp (India) Limited 4. Indian Refrigerator Company Limited 5. E Mart India Limited 6. Sky Appliances Limited 7. Videocon Power Limited 8. Videocon Industrial Finance Limited 9. Millennium Appliances India Limited 10. Akai Consumer Electronics India Limited 11. EKL Appliances Limited 12. Videocon VCR Securities Limited
8 Names of committees in which Chairman	Videocon Power Limited – Audit Committee

9 Names of Committees in which Member	Videocon Communications Limited – (Shareholders) Videocon Industries Limited (Remuneration) Videocon Industrial Finance Limited (Audit) Indian Refrigerator Company Limited (Audit) Millennium Appliances India Limited (Audit)
10 Number of Shares Held	10

B. The Brief details of Mr. B K Chopra is as under:

1 Name of the Director	Mr. B K Chopra
2 Date of Birth	13.11.1934
3 Educational Qualification	B.Sc.(Hons) and PGD (DLL Se) in Electrical Communication Engineering from IIS, Bangalore.
4 Date of Appointment on the Board	08.12.2005
5 Category of Director	Independent
6 Area of Expertise/Senior Position Held/Work Experience	Vast Experience in the fields of Manufacturing and Marketing. Senior Positions held in Philips and Videocon International Limited in past
7 Names of other Directorships in Public Limited Company	India Floor Care & Appliances Limited
8 Names of committees in which Chairman	Nil
9 Names of Committees in which Member	India Floor Care & Appliances Limited (Audit)
10 Number of Shares held in the Company	Nil

b) The Brief details of Mr. V. D. Dharm is as under:

1 Name of the Director	Mr. V. D. Dharm
2 Date of Birth	08.12.2005
3 Educational Qualification	Law Graduate
4 Date of Appointment on the Board	08.12.2005
5 Category of Director	Independent-Non Executive
6 Area of Expertise/Senior Position Held/Work Experience	Vast experience in the fields of Law
7 Names of other Directorships in Public Limited Company	1. Bharath Business Channel Limited 2. Videocon International Electronics Limited 3. Videocon VCR Securities Limited 4. Videocon Properties Limited 5. Dhoot Securities Limited 6. Dhoot Entertainment & Gaming Solutions Ltd. 7. Videocon Services Limited 8. Videocon Securities Limited 9. Millennium Appliances India Limited
8 Names of committees in which Chairman	Millennium Appliances India Limited (Audit)
9 Names of Committees in which Member	Videocon Communications Limited (Shareholders) Videocon Properties Limited (Audit)
10 Number of Shares held in the Company	Nil



DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors of Videocon Communications Limited (the Company) are pleased to present the 16th Annual Report and the Audited Accounts for the year ended September 30, 2005.

FINANCIAL RESULTS

The performance of the Company for the financial year ended September 30, 2005 is as summarized below:

Particulars	Rs. Crores	
	Year ended 30.09.2005	Year ended 30.09.2004
Net Sales	740.49	674.92
Other Income	1.60	2.56
Total Income	742.09	677.48
Profit before Interest, Tax and Depreciation	41.97	46.49
Interest & Finance charges	14.81	17.19
Depreciation	10.36	11.08
Profit before Tax	16.80	18.22
Provision for Taxation	3.58	4.45
Profit after Tax	13.22	13.77

REVIEW OF THE OPERATIONS OF THE COMPANY

During the year under review, your Company has posted a total income of Rs. 742.09 Crores as against total income of Rs.677.48 Crores for the previous year ended 30th September 2004. The profit after tax amounted to Rs. 13.22 Crores as against profit of Rs. 13.77 Crores for the previous period.

DIVIDEND

In view of the good performance during the year under review, the Board has pleasure in recommending a dividend of 5% for the financial year ended September 30, 2005, subject to approval by shareholders at the 16th Annual General Meeting. The equity dividend amounting to Rs.0.38 Crores, if approved by the shareholders at the ensuing Annual General Meeting, would be paid out of the profits for the year. The dividend is free of tax in the hands of the shareholders.

FIXED DEPOSIT

The company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the financial year Foreign Exchange earnings amounted to Rs. Nil and Foreign Exchange outgo was Rs.89.73 Crores as against Rs.Nil and Rs. 40.72 Crores, respectively for the previous period.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The Company lays emphasis on conservation of energy. The Company has formed an Inhouse team of experts to study the possibilities of optimal use of energy. The team submits its report on its findings to the top management along with its recommendations. As continuous efforts the company takes various steps such as:

- Training of personnel engaged in the production activity for optimal use of resources and conservation of energy;
- Proper and timely maintenance of all machinery & other equipment;
- Use of advanced technology in production;
- Maximum utilization of available resources;
- Display of Charts at the premises, plant, office showing the ways and means for conservation of energy.

RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

The Company being predominantly in the Home Appliances sector, gives utmost importance to the R & D. The main focus of Research and Development activity is on:

- Design and development of new models of Audio/Video Systems, DVD, MP3 players, Music Systems, Home Theatre and Composite system;
- Launching innovative products to meet the perceived needs of consumers;
- Increasing the productivity;
- Improvement in the quality of products;
- Providing technical support services.

The company has derived the following benefits:

- Development and launch of various new models;
- Increased Capacity and Productivity;
- Products with better features, better quality and improved reliability;
- Increase in demand for the products in rural areas;

- Consumer satisfaction;
- Products with more features that are suitable to all income groups.

The Company continues to adapt the latest advances in technology and upgrade its manufacturing base.

INFORMATION TECHNOLOGY

The company firmly believes that IT is the backbone of any industry in today's environment. The Company has taken it as a tool to improve the productivity, efficiency and reliability

HEALTH, SAFETY AND ENVIRONMENT

The company recognizes its role in health and safety, as well as its responsibility towards environment and society. The Company accords high priority to health education and awareness.

APPOINTMENT/REAPPOINTMENT OF DIRECTORS

On 8th December 2005, Mr. B K Chopra and Mr. V D Dharm were appointed as an Additional Director on the Board of the Company.

Mr. B K Chopra and Mr. V D Dharm carries with them vast experience in the fields of Consumer Electronics and administration respectively. The Board recommends appointment of Mr. B K Chopra and Mr. V D Dharm as director(s) of the Company who were appointed as an Additional Director pursuant to Section 260 of the Act. The Board is of the opinion that their experience and knowledge shall be of immense help in the growth of the Company.

Mr. P N Dhoot and Mr. S Padmanabhan retires by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. The Board recommends their appointment.

The Brief profiles of directors being appointed/re-appointed at the ensuing Annual General Meeting forms part of the notice convening 16th Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) read with Section 292A of the Companies Act, 1956, we, the Directors of VIDEOCON COMMUNICATIONS LIMITED, state in respect of Financial Year 2004-05 that:

- in the preparation of annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts on a going concern basis;
- the Board has constituted an Audit Committee comprising of Three Independent Directors, *inter alia* for holding discussions with the Auditors periodically, review of quarterly, half yearly and annual financial statements before submission to Board, review of observations of Auditors and to ensure compliance of internal control systems;
- the Audit Committee has also been delegated with authority for investigation and access for full information and external professional advice for discharge of the functions delegated to it by the Board;
- the Board agrees that the recommendations of the Audit Committee on any matter relating to financial and management including the audit report would be binding on the Board; and
- based on the above and the Internal Audit System, the Audit Committee, the Board opines that the Company has internal control system commensurate with the size of the Company and the nature of its business.

PARTICULARS OF EMPLOYEES

There are no employees drawing remuneration exceeding the monetary ceiling prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

SUBSIDIARY COMPANIES

As per the requirements of Section 212 of the Companies Act, 1956, the Annual Report and Accounts together with statement showing the extent of the Company's interest in the Subsidiary Company viz., Videocon VCR Securities Limited have been attached to the balance sheet.

CONSOLIDATED FINANCIAL STATEMENTS

As per the provisions of Clause 32 of the Listing Agreement with the Stock Exchanges and mandatory requirements of Accounting Standard on Consolidated Financial Statements (AS 21) issued by the Institute of Chartered Accountants of India, the Board presents the Consolidated Financial Statement duly incorporating financials of its subsidiary viz., Videocon VCR Securities Limited.

AUDITORS' REPORT

The Auditors' report is unqualified. The notes to the Accounts referred to in the Auditors Report are self explanatory and therefore do not call for any further clarifications under Section 217(3) of the Companies Act, 1956.

AUDITORS

M/s.Khandelwal Jain & Co., Chartered Accountants, Mumbai and M/s.Kadam & Co., Chartered Accountants, Ahmednagar, Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has received certificates from these Auditors to the effect that their reappointment, if made, would be within prescribed limit under Section 224(1-B) of the Companies Act, 1956.

CORPORATE GOVERNANCE

As required under clause 49 of the Listing Agreement with the Stock Exchanges, Corporate Governance and Management Discussion and Analysis Report form part of this Annual Report. The Company is in full compliance with the requirements and disclosures that have to be made in this regard. The Auditors' certificate confirming compliance of the Corporate Governance is attached to the Report on Corporate Governance.

ACKNOWLEDGEMENT

The Directors would like to express their grateful appreciation for the assistance and co-operation received from the Financial Institutions, Banks and Government Authorities.

The Directors are happy to place on record their gratitude to the employees at all levels for their commitment and dedicated efforts. The Directors are also thankful to the shareholders for their continued support to the Company.

For and on Behalf of the Board of Directors

V. N. DHOOT
Director

Place : Ahmednagar

Date : February 23, 2006

CORPORATE GOVERNANCE

This report sets out the compliance status of the Company on Corporate Governance as set out in the Amended Clause 49 of the Listing Agreement with the Stock Exchanges.

I. Company's Philosophy on Corporate Governance

The Company continues to follow the basic principles of transparency, integrity and accountability to achieve sustain growth and deliver long term value to its stakeholders. As part of the governance process, the Company lays great store by fair business practices and professionalism.

II. Board of Directors**1. Composition of the Board of Directors as on September 30, 2005**

Category	Directors	No. of Directors
Promoter-Non Executive Director	Mr. V. N. Dhoot Mr. P. N. Dhoot	2
Non-Executive-Independent	Mr. S. Padmanabhan Mr. Rajesh Rathi Mr. S. S. Nabar	3
Nominee Directors-Representing Foreign Collaborators	Mr. Yishinori Maeda Mr. Naoki Saito Mr. Hisao Ishiyama Mr. Nagao Ibayashi	4
Nominee Directors-Representing IFCL Ltd.	Mr. A. K. Godika	1

2. Board/Committee Meetings and Proceedings**a. Scheduling and Selection of Agenda Items:**

All Board/Committee Members has been given notice of the meetings in advance. The meetings are governed by structured agenda. The agenda alongwith the explanatory notes are distributed well in advance.

b. Availability of Information to the Members:

The Members have unqualified access to all information available with the Company. In

fact, all items in the agenda are supported by detailed background information to enable the members to take informed decisions. The information generally provided to the Members include:-

- Quarterly and financial results
- Minutes of the meeting of Audit and other Committees to the Board;
- Acquisitions/Amalgamation etc.,
- Minutes of the Board Meeting, Annual General Meetings of Subsidiary Companies and significant transactions if any.
- Related Party Transactions

c. Recording minutes of the proceedings:

Minutes of the proceedings each board/committee meetings are recorded. Draft minutes are circulated amongst all members for their comments. The minutes of the proceedings of the meetings are entered in the minutes book.

d. Follow up mechanism:

The guidelines for the Board/Committee meetings facilitate an effective post meeting follow-up, review and reporting process for the actions taken on decisions of the Board and Committees:

e. Compliance:

The board periodically reviews the compliance reports to ensure adherence to all applicable provisions of law, rules and guidelines.

f. Code of conduct:

The Company has laid down code of conduct which binds all the board members and senior management of the company. A declaration by the Chairman and Managing Director to this effect is appended to this report.

3. Board Meetings and Attendance

10 Board Meetings were held during the year 2004 -05 on the following dates :

31.10.2004, 30.11.2004, 31.01.2005, 25.02.2005, 29.04.2005, 29.06.2005, 05.07.2005, 27.07.2005, 10.09.2005 and 30.09.2005

Sl. No.	Name of Director	Whether attended AGM held on 31.03. 2005	Attendance in Board Meetings		Other Board		
			Total	Attended	Directorship	Committee Chairmanship	Committee Membership
1	Mr.Venugopal N Dhoot Promoter - Non Executive Director	No	10	10	14	1	2
2	Mr.Pradeepkumar N Dhoot Promoter - Non Executive Director	No	10	10	12	1	4
3	Mr. S Padmanabhan Non Executive - Independent	Yes	10	9	11	1	8
4	Mr. Rajesh Rathi Non Executive - Independent	Yes	10	8	1	1	Nil
5	Mr. S S Nabar Non Executive - Independent	Yes	10	9	3	Nil	1
6	Mr. Yishinori Maeda Nominee - Foreign Collaborator - Non Executive	No	10	0	Nil	Nil	Nil
7	Mr. Naoki Saito Nominee - Foreign Collaborator - Non Executive	No	10	0	Nil	Nil	Nil
8	Mr. Hisao Ibayashi Nominee - Foreign Collaborator - Non Executive	No	10	0	Nil	Nil	Nil
9	Mr. Nagao Ibayashi Nominee - Foreign Collaborator - Non Executive	No	10	0	Nil	Nil	Nil
10	Mr. A K Godika Nominee - IFCL Limited	No	10	1	Nil	Nil	Nil



4. Brief Details of Directors proposed to be re-appointment:

The brief details of directors retiring by rotation and seeking re-appointment are appended to the Notice convening the ensuing 16th Annual General Meeting.

III. Board Committees

Currently the board has constituted three committees i.e., Audit Committee, Shareholders/ Investors Grievance Committee and Remuneration Committee.

1. Audit Committee:

(i) Composition (As of 30th September, 2005)

Name of the Committee Member	Category
Mr. S S Nabar - Chairman	Non Executive - Independent
Mr. Rajesh Rathi	Non Executive Independent
Mr. S Padmanabhan	Non Executive Independent

(ii) Scope of Audit Committee:

The terms of reference are broadly as under:

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

The Audit 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.

(iii) Meetings and Attendance:

During the financial year under consideration, five meetings of the Committee were held on 30.10.2004, 29.01.2005, 15.02.2005, 29.04.2005 and 26.07.2005

Name of the Committee Member	Category	Meetings held during respective tenure	Meetings attended
Mr. S. S. Nabar - Chairman	Non Executive Independent	5	5
Mr. Rajesh Rathi	Non Executive - Independent	5	5
Mr. S Padmanabhan	Non Executive Independent	5	5

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

2. Remuneration Committee:

(i) Composition (As of 30th September, 2005)

Name of the Member	Category
Mr. Rajesh Rathi - Chairman	Non Executive Independent
Mr. S S Nabar	Non Executive Independent
Mr. S Padmanabhan	Non Executive Independent

(ii) Scope of Remuneration Committee:

The following matters are referred to the Remuneration Committee:

- Fixing the remuneration payable to the Directors;
- Determining the remuneration policy of the Company; and
- Reviewing the performance of employees and their compensation.

(iii) Directors' Remuneration:

- The Executive Directors are not drawing any remuneration/sitting fee.
- The non-executive/independent directors are paid only sitting fees for attending Board/ Committee meetings. The details of sitting fee paid to non executive directors during the year under review are as follows:

Name of Director	Sitting fee paid (Rs)
Mr. S Padmanabhan	13,000
Mr. Rajesh Rathi	12,000
Mr. S S Nabar	11,000

(iv) Meetings and Attendance:

Three meetings of members of remuneration committee were held on 24th February, 2005, 7th May, 2005 and 20th August 2005.

Name of the Member	Meetings held	Meetings attended
Mr. Rajesh Rathi	3	3
Mr. S S Nabar	3	3
Mr. S Padmanabhan	3	3

(v) Stock Options:

The Company has not issued any stock options to its Directors.

3. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

(i) Composition: (As on 30th September, 2005)

Name of the Member	Category
Mr. Rajesh Rathi - Chairman	Non Executive Independent
Mr. Pradeepkumar N. Dhoot	Promoter Non - Executive
Mr. S Padmanabhan	Non Executive Independent

(ii) Scope of Shareholders/Investors Grievance Committee:

The Committee administers the following activities:

- 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/Rematerialisation of shares

The Board has delegated the power of Share Transfer to Registrar & Share Transfer agents, M/s. MCS Ltd., who process the transfers. The Committee also looks after Redressal of Investors Grievances and performance of the Registrar and Transfer Agents of the Company.

The committee monitors violations of the code of conduct prescribed by the Company for prevention of insider trading.

(iii) Compliance Officer

Mr. Mandar S. Nargund, Company Secretary is the Compliance Officer.

(iv) Share Transfer Details

The number of Shares transferred during the year under review is given below:

	Equity
a Number of transfers	706
b Average No of transfer per month	59
c Number of Shares transferred	59757

(v) Demat/Remat of Shares:

Details of Shares Dematerialised/ Rematerialised during the year under review is given below:

- Number of Demat Transfers approved - 3323
- Number of Sub-committee Meetings held - 46

c. Number of Shares Demated	- 361222
d. Percentage of Shares Demated	- 4.82
e. Number of Remat requests approved	- 1
f. Number of Shares Remated	- 1

(vi) Details of complaints received and redressed during the year 2004 - 05:

Sl. No.	Particulars	Received	Redressed	Pending as on 30.09.2005
1.	Non receipt of refund orders	Nil	Nil	Nil
2.	Non receipt of dividend/interest/redemption of warrants	165	165	Nil
3.	Non receipt of share certificates	40	40	Nil
4.	Others	20	20	Nil
	Total	225	225	Nil

Note:

Representatives of the company are in constant touch with MCS Limited, Share Transfer Agents of the Company, and review periodically the outstanding complaints.

IV. General Body Meetings

1) Details of location, time and date of last three AGMs:

AGM	AGM Date	Location	Time	No. of Special Resolution Passed
13 th AGM	27.03.2003	20 KM Stone, Aurangabad-Beed Road, Village Bhalgaon, Aurangabad	03.30 P.M	Nil
14 th AGM	31.03.2004	20 KM Stone, Aurangabad-Beed Road, Village Bhalgaon, Aurangabad	12.30 P.M	1
15 th AGM	31.03.2005	20 KM Stone, Aurangabad-Beed Road, Village Bhalgaon, Aurangabad	9.00 A.M	Nil

2) Postal Ballot:

During the year under review no special resolution(s) were transacted through Postal Ballot. At the ensuing meeting there are no special resolutions proposed to be put through postal ballot.

V. Disclosures:

a) Materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the company at large.	There are no transactions, which may have potential conflicts with the interests of company at large. Transactions with related parties are disclosed in Note No.6B of Schedule 14B to the Accounts in the Annual Report.
b) Non-compliance by the company, penalties, 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 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 this clause	The Company has complied with mandatory requirements and adopted the following non mandatory requirements: i) The Company has constituted a remuneration committee. ii) Whistle Blower Policy.

VII. Means of Communication

- (i) The company regularly intimates of its unaudited as well as audited financial results to the Stock Exchanges, as soon as these are taken on record/approved. These financial results are published in Free Press Journal (English) and Navshakti (Marathi), dailies with wide circulation. The results are posted on Electronic Data Information Filing and Retrieval website namely www.sebidifir.nic.in. The same is also accessible through hyperlink 'EDIFAR' from SEBI's official website, www.sebi.gov.in.

The official news releases and the presentations made from time to time to investors and financial analysts at investors' meets are also displayed on the Company's website. The results are not sent individually to the shareholders.

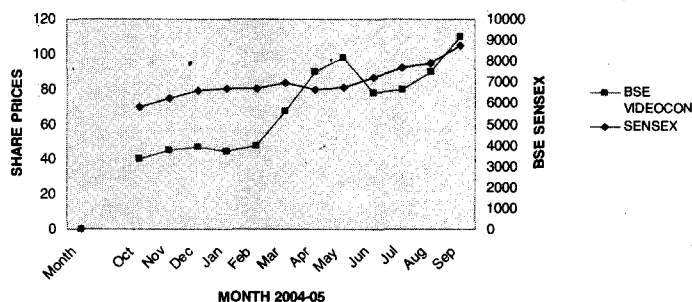
- (ii) Management Discussion and Analysis report forms part of the Report of the Directors

VIII. General Shareholder Information

1. Annual General Meeting	The 16 th Annual General Meeting will be held on March 31, 2006 at 4.30 p.m. at 20 KM Stone, Aurangabad Beed Road, Village Bhalgaon, Aurangabad (Maharashtra)
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2.	Financial Calendar	Financial Calendar for 2005-2006 Financial Year : October 1, 2005 - September 30, 2006 First Quarterly Result: On or before January 31, 2006 Second Qly Result : On or before April 30, 2006 Third Qly Result : On or before July 31, 2006 Fourth Qly Result : On or before October 31, 2006 Annual General Meeting for year ending September,2006: On or before March 31, 2007.																																										
3.	Date of Book Closure	March 18, 2006 to March 31, 2006 (both days inclusive)																																										
4.	Dividend Payment Date	April 25, 2006 (Tentatively)																																										
5.	Listing On Stock Exchanges	<p>The equity shares of your company are listed on Bombay Stock Exchange Limited. The company has paid Listing Fees for financial year 2005- 2006. The share holders of the Company at their meeting held on 31.03.2004 have accorded approval for delisting of equity shares from The Madras Stock Exchange Limited, The Stock Exchange, Ahmedabad, Bangalore Stock Exchange Limited, The Calcutta Stock Exchange Association Limited, Pune Stock Exchange Limited, Delhi Stock Exchanges Limited. The Company has complied the formalities for delisting.</p> <p>The names and addresses of the respective stock exchanges where the equity shares of the Company shall continue to be listed are given below:</p> <table><tr><th>Sl. No.</th><th>Name and Address of the Stock Exchange</th></tr><tr><td>1.</td><td>Bombay Stock Exchange Ltd. (BSE) 1st Floor, New Trading Ring, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.</td></tr></table> <p>Stock Code at Mumbai Stock Exchange is: 517228</p>	Sl. No.	Name and Address of the Stock Exchange	1.	Bombay Stock Exchange Ltd. (BSE) 1 st Floor, New Trading Ring, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.																																						
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6.	Market Price Data	<p>Average monthly High and Low prices at BSE are given below:</p> <table><tr><th></th><th colspan="2">BSE</th></tr><tr><th>Month</th><th>High</th><th>Low</th></tr><tr><td>October 2004</td><td>40.20</td><td>28.50</td></tr><tr><td>November 2004</td><td>45.00</td><td>31.50</td></tr><tr><td>December 2004</td><td>47.00</td><td>37.20</td></tr><tr><td>January 2005</td><td>44.80</td><td>32.50</td></tr><tr><td>February 2005</td><td>48.00</td><td>38.00</td></tr><tr><td>March 2005</td><td>67.00</td><td>41.15</td></tr><tr><td>April 2005</td><td>90.00</td><td>50.20</td></tr><tr><td>May 2005</td><td>98.10</td><td>62.35</td></tr><tr><td>June 2005</td><td>77.80</td><td>57.00</td></tr><tr><td>July 2005</td><td>80.00</td><td>60.05</td></tr><tr><td>August 2005</td><td>89.80</td><td>65.00</td></tr><tr><td>September 2005</td><td>110.00</td><td>75.00</td></tr></table>		BSE		Month	High	Low	October 2004	40.20	28.50	November 2004	45.00	31.50	December 2004	47.00	37.20	January 2005	44.80	32.50	February 2005	48.00	38.00	March 2005	67.00	41.15	April 2005	90.00	50.20	May 2005	98.10	62.35	June 2005	77.80	57.00	July 2005	80.00	60.05	August 2005	89.80	65.00	September 2005	110.00	75.00
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VIDEOCON COMMUNICATIONS LTD V/S BSE SENSEX





7. Registrar and Transfer Agents	M/s. MCS Limited Sri Venkatesh Bhavan, Plot No.27, Phase II, Road No.11 MIDC Marol, Andheri(E), Mumbai - 400 093. Ph : (022) 5502 5235 Fax : (022) 5502 5256
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8. Share Transfer System	Applications for transfer of shares held in physical form are received at the office of the Registrars and Share Transfer Agents of the Company. All valid transfers are processed within 15 days from the date of receipt.
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9. a) Shareholding Pattern as on 30.09.2005 is as given below:

S NO	CATEGORY	NO OF SHARES HELD	%AGE OF HOLDING
A	PROMOTER'S HOLDING		
1	PROMOTER'S HOLDING		
	Indian Promoters	1804265	24.06
	Foreign Promoters	1875000	25.00
2	PERSON ACTING IN CONCERT	Nil	Nil
	Sub- Total	3679265	49.06
B	NON-PROMOTER'S HOLDING		
3	INSTITUTIONAL INVESTORS		
A	Mutual Funds and UTI	4300	0.06
B	Banks, Financial Institutions, Insurance Companies, (Central/State Govt Institutions, Non-Government Institutions)	925	0.01
C	FIs		
	Sub- Total	5225	0.07
4	OTHERS		
A	Private Corporate Bodies	192265	2.56
B	Indian Public	3423966	45.65
C	NRIs/OCBs	199279	02.66
D	Any Other GDR		
	Sub- Total	3815510	50.87
	GRAND TOTAL	7500000	100.00

b) Distribution of Shareholding as on 30.09.2005 is as given below:

Share Holding of Nominal Value of Rs.	Number of Share-holders	% to Total	No. of Shares	Amount in Rs.	% to Total
Up to 5,000	22045	98.25	1759142	17591420	23.46
5,001 to 10,000	199	0.89	159847	1598470	2.13
10,001 to 20,000	96	0.43	146435	1464350	1.95
20,001 to 30,000	28	0.12	73339	733390	0.98
30,001 to 40,000	10	0.04	36228	362280	0.48
40,001 to 50,000	17	0.08	80836	808360	1.08
50,001 to 1,00,000	25	0.11	179930	1799300	2.40
1,00,001 and above	18	0.08	5064243	50642430	67.52
Total	22438	100.00	7500000	75000000	100.00

10. Dematerialization of Shares and liquidity:	The Securities and Exchange Board of India (SEBI), through a notification has made it mandatory that any delivery in the Company's shares against stock exchange trades shall be in demat form. As on 30.09.2005, 34,98,653 equity shares (representing 46.65% of the total number of shares) have been dematerialized.
11. Outstanding GDRs/ ADRs/ Warrants or Conversion Instruments, Conversion Date and like impact on equity.	Nil
12. Plant locations	20 KM. Stone, Aurangabad- Beed Road, Village Bhalgaon, Dist. Aurangabad, Maharashtra
13. Address for Correspondence	20 KM. Stone, Aurangabad- Beed Road, Village Bhalgaon, Dist. Aurangabad, Maharashtra The correspondence address for shareholders in respect of their queries is: M/s. MCS Limited Sri Venkatesh Bhavan, Plot No.27, Phase II, Road No.11 MIDC Marol, Andheri(E), Mumbai - 400 093. Ph : (022) 5502 5235, Fax : (022) 5502 5256

DECLARATION

The Board has laid down a code of conduct for all 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 COMMUNICATIONS LIMITED

Sd/-

J. L. BANGAD
HEAD- OPERATIONS

Sd/-

MANDAR S. NARGUND
COMPANY SECRETARY

CEO/CFO CERTIFICATION

The Chief Finance Officer, certify to the Board that:

- The Financial Statements and the Cash Flow Statements for the year have been reviewed and to the best of their knowledge and belief are true and present a true & fair view of the Company' affairs.
- To the best of their knowledge and belief, no transactions entered are fraudulent, illegal or violate the Company's Code of Conduct.
- They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- They indicated to the Auditors and the Audit Committee:
 - Significant changes in Internal Control over financial reporting during the year;
 - Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

COMPLIANCE CERTIFICATE OF THE AUDITORS

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