



TREND ELECTRONICS LIMITED

TREND ELECTRONICS LIMITED

BOARD OF DIRECTORS	:	Pradipkumar N. Dhoot Anirudha V. Dhoot Subhash S. Nabar Bhopinder K. Chopra Subhash S. Dayama Vivek D. Dharm
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. Tarapur Bus Stand, Ahmednagar - 414003
BANKERS	:	State Bank of Hyderabad Central Bank of India Punjab National Bank ING Vysya Bank Limited Indian Bank Canara Bank
COMPANY SECRETARY	:	Kanchan A. Kakade
REGISTERED OFFICE & MANUFACTURING FACILITY	:	20 K.M. Stone, Aurangabad – Beed Road, Village: Bhalgaon, Aurangabad - 431 210 (Maharashtra)

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NOTICE

NOTICE is hereby given that the Twenty First Annual General Meeting of the Members of **TREND ELECTRONICS LIMITED** (the "Company") will be held on Wednesday, 29th June, 2011, at the Registered Office of the Company at 20 K.M. Stone, Aurangabad-Beed Road, Village: Bhalgaon, Aurangabad - 431 210 (Maharashtra) at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the period ended on 31st December, 2010 and the Audited Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a director in place of Mr. Vivek D. Dharm, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. Subhash S. Dayama, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

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

By order of the Board of Directors of
TREND ELECTRONICS LIMITED

KANCHAN A. KAKADE
Company Secretary

Place : Mumbai
Date : 26th May, 2011

Registered Office:

20 K.M. Stone, Aurangabad-Beed Road,
Village: Bhalgaon, Aurangabad - 431 210 (Maharashtra)

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF SELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Corporate Members intending to send their authorised representative(s) to attend the Meeting are requested to send a certified copy of its Board Resolution authorizing such representative(s) to attend and vote at the Meeting.
3. In terms of Articles of Association of the Company, Mr. Vivek D. Dharm and Mr. Subhash S. Dayama are liable to retire by rotation and, being eligible have offered themselves for re-appointment. In terms of Clause 49 of the Listing Agreement entered into with the Stock Exchange, brief profiles of Mr. Vivek D. Dharm and Mr. Subhash S. Dayama, directors retiring by rotation and seeking re-appointment, form part of the Corporate Governance Report.
4. Members/ Proxies/ Representatives should bring the enclosed Attendance Slip, duly filled in, along with their copy of Annual Report to the Meeting.
5. 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.
6. Members holding shares in physical form in multiple folios in identical names or joint names in the same order of names are requested to apply for consolidation to the Company's Registrar and Transfer Agent, M/s. MCS Limited, alongwith the relevant share certificates for the purpose of consolidation of their holdings into a single folio.

7. The Register of Members and Share Transfer Books shall be closed from Thursday, 16th June, 2011 to Wednesday, 29th June, 2011, (both days inclusive) for the purpose of the Meeting and determining the names of members eligible for dividend on equity shares, if declared at the Meeting.
8. The Dividend, as recommended by the Board of Directors, if declared at the Twenty-First Annual General Meeting, will be paid on or around 4th July, 2011:
 - (i) to those Members who hold shares in physical form and whose names appear on the Company's Register of Members on 16th June, 2011; and
 - (ii) in respect of shares held in electronic form, the dividend will be paid to the beneficial owners of the shares as at the close of business hours on 15th June, 2011, as per the particulars of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
9. Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, the Company has transferred the unclaimed dividend of a sum of ₹ 0.22 Million for the financial year 2002-2003 to the Investor Education and Protection Fund (IEPF) established by the Central Government. Dividends for the financial year 2003-04 and thereafter, which remain unclaimed for the period of seven years will be transferred to the IEPF, as and when due. Members who have not encashed the dividend warrant(s)/instrument(s) for the said years are requested to obtain duplicate warrant(s)/demand drafts by writing to the Company's Registrar and Transfer Agent, M/s MCS Limited. Members are requested to note that upon transfer, no claims shall lie against the Company or the IEPF in respect of any amounts which remained unclaimed and unpaid for a period of seven years from the dates they first became due for payment and no payment shall be made in respect of any such claims.
10. The shares of the Company are tradeable compulsorily in electronic form and your Company has established connectivity with both the depositories i.e., NSDL and CDSL. In view of the enormous advantages offered by the depository system, members are requested to avail the facility of dematerialisation of the Company's shares on either of the Depositories, as aforesaid.
11. Members holding shares in electronic form are requested to intimate the change in address to the Depository Participant and those members holding shares in physical form are requested to intimate the Company's Registrar and Transfer Agent, M/s. MCS Limited, quoting their folio number.
12. Relevant documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, between 12.00 noon to 3.00 p.m. upto the date of the Annual General Meeting.
13. 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 and 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 share in physical form and desire to receive the documents in electronic mode are requested to provide their details (name, folio no, email id) on the Company's e-mail address viz. secretarial_trend@videconmail.com. Members who hold shares in electronic form are requested to get their details updated with the respective Depositories.

By order of the Board of Directors of
TREND ELECTRONICS LIMITED

KANCHAN A. KAKADE
Company Secretary

Place : Mumbai
Date : 26th May, 2011

Registered Office:

20 K.M. Stone, Aurangabad-Beed Road,
Village: Bhalgaon, Aurangabad - 431 210 (Maharashtra)

DIRECTORS' REPORT

Dear Shareholders,

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

FINANCIAL RESULTS

The working of your Company for the period under review resulted in:

(₹ Million)

Particulars	15 months ended 31st Dec., 2010	12 months ended 30th Sept., 2009
Net Sales	18,966.93	8,271.80
Other Income	42.22	3.66
Total Income	19,009.15	8,275.46
Profit before Interest, Depreciation and Taxation	848.31	267.95
Interest and Finance Charges	374.99	97.28
Depreciation and Amortisation	185.53	115.69
Profit before Tax	287.79	54.98
Provision for Taxation	84.68	18.81
Profit after Tax	203.11	36.17

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

OPERATIONS

The Indian consumer electronics industry, defied the otherwise recessionary trend that were prevalent in 2009-10. It was one of the toughest and most challenging years globally. However, your Company has made positive strides, even against this backdrop, in its business and recorded an impressive growth in its sales. The Gross Sales increased to ₹ 19,645.12 Million from ₹ 8,439.78 Million for the previous year. The increase in sales was primarily contributed by satellite LCDs and LEDs, slim and ultra slim TVs, DVDs with USB port, Set top Boxes and other innovative electronics products. The profit after tax of your Company increased to ₹ 203.11 Million as against ₹ 36.17 Million for the previous year.

APPROPRIATIONS

Dividend:

Your directors are pleased to recommend a dividend of ₹ 1/- (Rupee One Only) per equity share for the financial period ended 31st December, 2010, subject to the approval of the shareholders at the Twenty First Annual General Meeting.

The dividend, if approved as above, would involve a payout of ₹ 7.50 Million towards dividend and ₹ 1.25 Million towards dividend distribution tax. The dividend is free of tax in the hands of the shareholders.

Transfer to Reserves:

Your Directors propose to transfer an amount of ₹ 20.00 Million to the General Reserve. An amount of ₹ 323.59 Million is proposed to be retained in the Profit and Loss Account.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The Company has transferred a sum of ₹ 0.22 Million in respect of unpaid/unclaimed dividend for the financial year 2002-2003 to the Investor Education and Protection Fund.

FIXED DEPOSIT

Your Company has never 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 of the Balance Sheet date.

PERSONNEL

The particulars of employees as required under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended from time to time, are as under:

Sr. No.	Name of the Employee	Designation	Remuneration (in ₹)	Qualification	Age (Years)	Experience (Years)	Date of Joining	Name of last Employer	Position in last organisation
1.	Sanjay S. Mehra	Vice President	8,396,844	B.Com	58	33	1.04.1993	Videocon International Limited	Manager

- 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.
- The Employee is in whole-time employment of the Company and the employment is contractual in nature.
- The Employee is not a relative of any of the Directors of the Company.

CONSERVATION OF ENERGY

Your Company is conscious about its responsibility to conserve energy, power and other energy sources wherever possible. Your Company not only lays great emphasis towards a safe and clean environment but also continues to adhere to all regulatory requirements and guidelines. Your Company continues to explore the possibilities of reducing energy consumption in the office premises and manufacturing plant and is an ongoing activity.

During the period 2009-10, your Company initiated several energy conservation programs. It implemented innovative measures at its plant to save the environment leading to significant reduction in energy consumption. The Utility Engineering Team under the valuable guidance of expert engineers from the Research and Development Centre of the Company continuously monitors and devise various means to conserve energy and identify methods for the optimum use of energy without affecting productivity.

This is ensured through:

- Adoption of the latest techniques of production;
- Acquiring energy efficient machines and equipments;
- Induction of Energy Checks at the manufacturing unit;
- Maintaining the "Power Factor" of the energy consumed;
- Energy saving "un-plug initiative" which involves power switch off on holidays; and/or when not in use.

- Effective utilisation of natural light on the shop floor;
- Usage of inverter based machines to reduce power consumption;
- Use of Solar Lamp at factory street lights;
- On-the-job training to production team members and making them aware of energy conservation;
- Timely maintenance and up-gradation of machines and equipments;
- Display of Notice Boards and Information Boards at all work stations for information and awareness of the workers and employees;
- Plantation of trees at the manufacturing unit; and
- Encourage communications through e-mails.

The above initiatives have resulted in significant reduction in power consumption. Your Company's endeavor to introduce energy efficient electronic products has met with success.

RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

Your Company remains committed to introducing new products and improving the existing products which meet stringent reliability requirements, have higher levels of performance and lower life cycle costs, in order to meet market needs.

Your Company views its Research & Development (R&D) activities as an integral component of its growth plans. It believes that a vigorous intelligent research initiative not only enables cost reduction through effective process improvement but also value-addition through sustained ability to put innovative and customised products in line with customer requirements.

The Company has a well-equipped R&D Centre at its manufacturing facility. The R&D team consists of skilled dedicated engineers/experts, who facilitate in making state-of-the-art technology products satisfying customer expectations.

At the R&D Centre, products are developed with research in all areas of consumer concern like quality, safety, reliability, performance, aesthetics and ease of operation by implementing the latest technologies. Implementation of new and innovative technological ideas in the products developed has given a young, vibrant and innovative brand image in the consumer market.

The R&D Centre and the Quality Assurance Centre houses some of the best test equipment for performance & reliability testing. These equipments include high band width oscilloscopes/signal analysers & climate chambers.

The operations of R&D team are focused towards delighting the customers with new and attractive features, superior technology, thoughtful design and sleek aesthetics, providing absolute value for money. The R&D team has identified key areas with potential for growth and has developed path breaking prototypes in the space of High Definition and LED Televisions, Set Top Boxes to name a few.

This team has conducted research in the following areas:

- Compilation of the product requirement as perceived by the customer & translate them into the actual product. This involves market research/feedback from the marketing division and actual end-users;
- Design and development of new models of Televisions in the 21" and 14" segment, satellite LCDs & LEDs, slim & ultra slim TVs and new models of DVD players & recorders/Music Systems/Home Theatre Systems;
- Design a Set Top Box with High Definition & 3D capabilities;
- Design of complete multimedia interface DVDs with USB ports;

- Increasing the productivity;
- Improvement in quality of products;
- Incorporation of dedicated efficient utilities and optimizing of parameters;
- Providing technical support services for solving problems related to the operations; and
- Provide data for optimizing the process units.

Benefits derived from R&D Activities:

The R&D initiatives taken by the Company have resulted in introducing energy efficient products with superior technology. As stated above, products are designed keeping in view customers requirements. Such in-house efforts facilitate all round savings in costs as well.

Apart from these, the other benefits derived as a result of R&D activities are:

- Introduction of several digitalized products including satellite LCDs, LEDs, set-top boxes with 3D functionality, DVDs with USB ports. The Company has unveiled its latest range of HD satellite LCDs - a revolutionary breakthrough in LCD technology;
- Launch of new models and other eco-friendly products with more features that are suitable to all income groups;
- Developing new designs and models of electronic products;
- Develop product range that converges the "Entertainment Technology" & "Information Technology", thus creating new entity "Infotainment Technology";
- Increase in the productivity;
- Lower running cost to the consumer due to increased energy efficiency;
- Perceived and experienced quality improvement;
- Higher consumer satisfaction; and
- Raised Standards of quality.

Future Plan of action:

In near future, the Company plans to focus on launching innovative products in LCD and LED segments, which are emerging technology products gaining popularity in the Indian market.

Your Company is proposing to concentrate on all areas mentioned earlier, hereinbefore and to focus efforts on new technologies which could offer better products in the domestic market. The Company also has the following plans through R&D:

- Launch of 3D LED TVs and various models of LCDs;
- Launch of IPTV/Triple Play Gadgets;
- Launch of other digitalized electronic products;
- Increasing television market in other countries;
- Enhancing brand value;
- Enlarge the market share; and
- Reducing electricity consumption.

During the period under review, the Company has incurred an amount of ₹ 12.85 Million towards R&D activities representing 0.07% of turnover.

TREND ELECTRONICS LIMITED

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the period under review no foreign exchange earnings were made. The foreign exchange outgo, however, amounted to ₹ 2,989.99 Million as against ₹ 1,156.30 Million for the previous year.

INFORMATION TECHNOLOGY

The management believes that information technology can be extensively used in all spheres of its activities to improve productivity and efficiency levels. The Company has already implemented mySAP, a customized ERP module, at all its branches and manufacturing facilities.

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

The Company has established a 2Mbps dedicated Leased Line for mySAP connectivity. Apart from the Leased Line, there also exists a 1 Mbps Broadband connection as a fallback arrangement.

Your Company has successfully developed & deployed a "Data Pairing" Software, required for the creation & encryption of the data files of the Set Top Boxes. The same has been successfully integrated with SAP.

The Company has also developed Data Warehousing, CRM & Web Portal and intends to leverage benefits out of the real time data. This would definitely help your Company get closer to the Customers.

HEALTH, SAFETY AND ENVIRONMENT

Your Company is committed for creating, improving and assessing the occupational health and safety awareness with view to create safe and comfortable environment.

Your Company lays special emphasis to ensure safety at its manufacturing plant and also undertakes continuous efforts to reduce the accidents by constantly improving the standards of safety equipments. The following steps have been taken to improve the safety standards at the factory:

- Training of workers to inculcate safety consciousness;
- Carrying out Safety Checks/Mock Drills;
- Installation of fire extinguishers at identified locations in the factory;
- Regular meetings of Safety Teams in which various analysis are made meticulously with a view to reduce the injury rate; and
- A close interaction with employees at all levels to prevent accidents to the maximum extent possible.

Your Company accords high priority to health education and awareness. The Company has taken following steps to ensure good health of its employees:

- Health/Medical check-up camps;
- Hepatitis B & C screening tests;
- Supply of hygienic food at subsidized cost;

- Free distribution of medicines;
- Provision of first-aid boxes at the several points in the factory;
- AIDS Awareness Program;
- Support to a few institutions engaged in social service; and
- Arrange Blood Donation Camps every year.

The Company has taken various initiatives to achieve greater heights in environment conservation. It has adopted new policies for greener surroundings at its manufacturing location. The Company has recently installed & commissioned an Efficient Treatment Plant.

As a good corporate citizen, the Company has continued its efforts and carried several welfare programs under Corporate Social Responsibility.

HUMAN RESOURCES MANAGEMENT

Human Resources continue to be a focus area for your Company. Several initiatives were taken to facilitate the performance and developmental requirements of employees.

Your Company follows best HR practices and has won runners' award for the HR practices in the local region for the 2nd time in row.

Your Company continues to focus on the training requirements of its employees on a continuing basis, both on the job and through training programs conducted by internal and external experts. Your Company continuously gives emphasis on use of the advanced technology in the production. With a view to increase the productivity and output, the management organizes training programs, lectures of experts, training camps, on regular basis, which boosts, motivates the employees to give their best to the organisation.

BOARD OF DIRECTORS

Mr. Anirudha V. Dhoot was appointed as the Director on the Board of the Company at the Twentieth Annual General Meeting in place of Mr. Venugopal N. Dhoot, who retired by rotation and not offered himself for re-appointment. Mr. S. Padmanabhan ceased to be a Director on the same date, since not offered himself for re-appointment. The Board places on record its sincere appreciation for the valuable guidance received from Mr. Venugopal N. Dhoot and Mr. S. Padmanabhan, during their tenure as Directors of the Company.

Pursuant to the provisions of the Companies Act, 1956 and in terms of Articles of Association of the Company, Mr. Vivek D. Dharm and Mr. Subhash S. Dayama are liable to retire by rotation and have offered themselves for re-appointment. The Board recommends re-appointment of Mr. Vivek D. Dharm and Mr. Subhash S. Dayama as the Directors of the Company.

Pursuant to the provisions of Clause 49 of the Listing Agreement, a brief profile of the Directors proposed to be re-appointed forms part of the Corporate Governance Report.

CASH FLOW STATEMENT

As per the requirements of Clause 32 of the Listing Agreement with the Stock Exchange, the Cash Flow Statement as prepared in accordance with the Accounting Standard on Cash Flow Statement (AS-3) issued by the Institute of Chartered Accountants of India, is given along with Balance Sheet and Profit and Loss Account.

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

The Board recommends re-appointment of M/s. Khandelwal Jain & Co., Chartered Accountants, Mumbai and M/s. Kadam & Co., Chartered Accountants, Ahmednagar, as Statutory Auditors from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting.

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 the meetings held during the period under review forms part of Corporate Governance Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed review of performance and future prospects is included in the section "Management Discussion and Analysis Report" of the Annual Report.

CORPORATE GOVERNANCE

As required under Clause 49 of the Listing Agreement with the Stock Exchange, 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, we, the directors of TREND ELECTRONICS LIMITED, state in respect of financial period 2009-10 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 period 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; and
- the directors have prepared the annual accounts on 'going concern' basis.

ACKNOWLEDGEMENT

Your Directors record their sincere appreciation for the encouragement, assistance, co-operation and consistent support received from Members, Government Authorities, Banks, Financial Institutions, Customers and Business Partners. We also thank them for the trust they reposed in the Management and wish to thank all employees for their commitment and contributions.

The Directors are also thankful to all the stakeholders for their continued support to the Company.

For and on Behalf of the Board of Directors of
TREND ELECTRONICS LIMITED

P. N. DHOOT
Director

S. S. DAYAMA
Director

Place : Mumbai
Date : 26th May, 2011

As required under Clause 49 of the Listing Agreement with the Stock Exchange, the Corporate Governance Report forms part of the Annual Report.

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance refers to the application of best management practices, compliance of law and adherence to ethical standards to achieve the Company's objective of enhancing shareholders value and discharge of social responsibility. It is an integral part of the Company's Management and business philosophy. The Company believes that sound corporate governance is necessary to enhance and retain stakeholders' trust. Even in a tough competitive business environment, the Company subscribes fully to the principles and spirit of good Corporate Governance and embeds the principles of independence, integrity, accountability and transparency into the value system driving the Company.

The Board of Directors exercise their fiduciary responsibilities towards all stakeholders by ensuring transparency and independence in the decision making process. The Whistle Blower Policy of the Company provides a mechanism for the employees to approach the Chairman of Board/Audit Committee and disclose information that may evidence unethical or improper activity concerning the Company.

The Company's philosophy on the Corporate Governance is based on the following principles:

- Ensure integrity and ethics in all the dealings;
- Simple and transparent corporate structure driven solely by business needs;
- Maintain transparency with a high degree of disclosure and adequate control system;
- Compliance with all the laws and regulations as applicable to the Company; and
- Promote interest of all stakeholders including of customers, shareholders, employees, lenders, vendors, government and the community at large.

The Company believes that all its actions must serve the underlying goal of enhancing overall shareholders' value on a sustained basis.

BOARD OF DIRECTORS

As on 31st December, 2010, the strength of the Board is six, comprising of two Promoter Non-Executive Directors and four Independent Directors. The Company has duly complied with the requirements under Clause 49 of the Listing Agreement with the stock exchange as regards to the composition of the Board.

The Board consists of eminent persons with considerable professional experience and expertise in business and industry. The composition of the Board of Directors as on 31st December, 2010, is tabulated below:

Category	Directors	No. of Directors	% to the Total
Promoter - Non-Executive Directors	Mr. Pradipkumar N. Dhoot Mr. Anirudha V. Dhoot	2	33.33%
Independent Directors	Mr. Subhash S. Nabar Mr. Vivek D. Dharm Mr. Bhopinder K. Chopra Mr. Subhash S. Dayama	4	66.67%
	TOTAL	6	100%

- None of the Directors of the Company hold any office or place of profit in terms of Section 314 of the Companies Act, 1956.
- None of the Directors of the Company received any loans and advances during the period.

Board/Committee Proceedings

The Company has a well-defined process for the meetings of the Board of Directors and Committees thereof. The meetings of the Board of Directors are held after giving due advance notice to review and discuss the performance of the Company, its future plans, strategies and other pertinent issues relating to the Company. It helps to facilitate decision making in an informed and efficient manner as under:

- a) 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. All items in the agenda are supported by notes on agenda which are also circulated well in advance. To address specific urgent need, meetings are also being called at shorter notice. The Board is also authorized to pass resolution by circulation for all such matters which are of utmost urgent nature.
- b) The Board has complete and unqualified access to all information available with the Company. The information regularly provided to the Board, inter-alia includes:
 - Annual Operating plans and budgets;
 - Quarterly results of the Company;
 - Annual Accounts, Report of the Board of Directors etc;
 - Minutes of the meetings of Audit and other Committees to the Board;
 - Minutes of the Board Meeting, Annual General Meetings, Extra-Ordinary General Meetings;
 - Information on recruitment of senior officers and Company Secretary;
 - Related Party Transactions;
 - Disclosure of Interest by Directors about directorship and committee positions occupied by them in other companies; and
 - Other materially relevant information.
- c) Minutes of the proceedings of the 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) 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) The Board periodically reviews the compliance reports to ensure adherence to all applicable provisions of law, rules and guidelines as may be applicable to the Company and takes steps to rectify non-compliances, if any.
- f) The Company has laid down code of conduct which binds all the board members and senior management of the Company. A declaration by the Head Operations and Company Secretary to this effect is appended to this report.

Board Meetings and Attendance

12 (Twelve) Board Meetings were held during the period 2009-10 on the following dates:

31st October, 2009, 13th November, 2009, 22nd December, 2009, 30th January, 2010, 19th February, 2010, 30th March, 2010, 14th May, 2010, 19th June, 2010, 11th August, 2010, 17th September, 2010, 15th October, 2010 and 13th November, 2010. The gap between any two meetings has been less than four months.

Details of number of Board meetings attended by Directors (including participation through audio conferencing) during the period 2009-10, attendance at the last Annual General Meeting, number of other directorships/committee memberships held by them as on 31st December, 2010, are as under:

Sr. No.	Name	No. of Board Meetings Attended	Attendance at the last AGM (held on 30.03.2010)	No. of Other Directorships held	No. of Company Chairmanships	Number of Committee Memberships in Other Companies	
						As Chairman	As Member
1.	Mr. Pradipkumar N. Dhoot	8	No	14	-	-	5
2.	Mr. Anirudha V. Dhoot	4	No	14	-	2	1
3.	Mr. Subhash S. Nabar	9	No	2	-	-	-
4.	Mr. Bhopinder K. Chopra	7	No	2	-	-	1
5.	Mr. Vivek D. Dharm	9	Yes	13	-	4	1
6.	Mr. Subhash S. Dayama	9	Yes	13	-	5	2
7.	Mr. Venugopal N. Dhoot#	5	No	13	1	2	4
8.	Mr. S. Padmanabhan#	5	No	14	-	-	7

Mr. Venugopal N. Dhoot and Mr. S. Padmanabhan ceased to be the directors of the Company with effect from the date of the Twentieth Annual General Meeting, since not offered themselves for re-appointment.

Notes:

- Number of Directorships held by Directors excludes Alternate Directorships, Directorships in Foreign Companies, Companies incorporated under Section 25 of Companies Act, 1956 and Private Limited Companies.
- Membership/Chairmanships of only the Audit Committee and Shareholders'/Investors' Grievance Committee of Public Limited Companies have been considered in terms of Clause 49 of the Listing Agreement.

Brief Details of Directors seeking Re-Appointment

The brief details of Directors retiring by rotation and seeking re-appointment, as required pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges in India, as on date of this Report, are as under:

Sr. No.	Particulars	Profile	
1.	Name of the Director	Mr. Vivek D. Dharm	Mr. Subhash S. Dayama
2.	Date of Birth	22nd November, 1964	5th May, 1961
3.	Educational Qualification	B.Com, LL.B.	B.Com
4.	Date of appointment on the Board	8th December, 2005	30th March, 2009
5.	Category of the Director	Independent	Independent
6.	Area of Expertise/ Senior Position Held/ Work Experience	He carries with him more than fifteen years of experience in the fields of Law, Management and Finance.	He carries with him more than two decades of experience in the fields of Finance, Capital Markets, Management and Administration.
7.	Details of Directorships in other Public Limited Companies	<ol style="list-style-type: none"> 1. Millennium Appliances India Limited 2. Indian Refrigerator Company Limited 3. Videocon Oil Services Limited 4. Videocon Power Limited 5. Sky Appliances Limited 6. Planet 'M' Retail Limited 7. Akai Consumer Electronics India Limited 8. Videocon Power Ventures Limited 9. PE Electronics Limited 10. Videocon Energy Limited 11. Videocon Oil Ventures Limited 12. Bharat Business Channel Limited 13. Videocon Services Limited 	<ol style="list-style-type: none"> 1. Value Industries Limited 2. Shree Dhoot Trading And Agencies Limited 3. Videocon Telecommunications Limited 4. Pacific Appliances Manufacturing & Trading Limited 5. Videocon Realty And Infrastructures Limited 6. Evans Fraser and Co. (India) Limited 7. Universal Digital Connect Limited 8. PE Electronics Limited 9. Videocon Energy Limited 10. Videocon Oil Ventures Limited 11. Maharashtra Semiconductor & Displays Limited 12. Jumbo Techno Services Private Limited 13. Senior Consulting Private Limited
8.	Names of other Committees in which Chairman	<ol style="list-style-type: none"> 1. Bharat Business Channel Limited (Audit) 2. Videocon Energy Limited (Audit) 3. Videocon Oil Ventures Limited (Audit) 	<ol style="list-style-type: none"> 1. Value Industries Limited (Audit) 2. Videocon Telecommunications Limited (Audit and Share Transfer Committee) 3. Videocon Realty and Infrastructures Limited (Audit) 4. Jumbo Techno Services Private Limited (Audit)
9.	Names of other Committees in which Member	<ol style="list-style-type: none"> 1. Sky Appliances Limited (Audit) 2. Videocon Power Limited (Audit) 	<ol style="list-style-type: none"> 1. Videocon Energy Limited (Audit) 2. Videocon Oil Ventures Limited (Audit) 3. Evans Fraser and Co.(India) Limited (Audit)
10.	Number of Shares held	NIL	NIL

COMMITTEES OF THE BOARD OF DIRECTORS

The Board has constituted the following three committees:

- Audit Committee
- Shareholders'/Investors' Grievance Committee
- Remuneration Committee

AUDIT COMMITTEE

During the period 2009-10, the Audit Committee of the Board of Directors comprised of two Independent Directors and one Promoter Director. The Composition as on 31st December, 2010, was as under:

Name	Designation	Category
Mr. Vivek D. Dharm	Chairman	Independent
Mr. Anirudha V. Dhoot	Member	Promoter, Non-Executive
Mr. Bhopinder K. Chopra	Member	Independent

During the period, the Audit Committee of the Board of Directors was reconstituted.

Name	Appointment	Cessation
Mr. S. Padmanabhan	-	30th March, 2010
Mr. Anirudha V. Dhoot	30th March, 2010	-

The Company Secretary of the Company acts as a Secretary to the Committee.

The terms of reference of the Audit Committee are in accordance with all the items listed in Clause 49 (II) (D) and (E) of the Listing Agreement.

Terms of reference and scope of the Audit Committee:

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

- 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/re-appointment and replacement/removal of statutory auditors, fixation of audit fee and also approval for payment for any other services rendered by the statutory auditors;
- Reviewing with the management, the performance of statutory and internal auditors and the adequacy of internal control systems;
- Reviewing with the 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 judgement 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;
 - Compliance with stock exchange and legal requirements concerning financial statements; and
 - Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, with the subsidiary company or relatives etc., that may have potential conflict with the interests of Company at large.
- 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;

- Discussion with statutory auditors before the audit commences about 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; and
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee also reviews:

- Management discussion and analysis of financial conditions and results of operations;
- Internal Audit Reports relating to internal control weaknesses;
- Statement of significant related party transactions, if any;
- Management Letters/Letters of internal control weaknesses, if any, issued by the Statutory Auditors; 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 any information from any employee;
- To obtain external legal and professional advice; and
- To secure attendance of outsiders with relevant expertise if the Committee considers necessary.

Meetings and Attendance:

During the financial period under consideration, 6 (Six) meetings of the Committee were held on 31st October, 2009, 30th January, 2010, 19th February, 2010, 14th May, 2010, 11th August, 2010 and 13th November, 2010.

The details of the meetings of Audit Committee attended by the members are as under:-

Members of the Committee	Meetings attended
Mr. Vivek D. Dharm	6
Mr. S. Padmanabhan	3
Mr. Anirudha V. Dhoot	1
Mr. Bhopinder K. Chopra	5

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

During the period 2009-10, the Shareholders'/Investors' Grievance Committee of the Board of Directors comprised of two independent directors and one promoter non-executive director. The composition as on 31st December, 2010, was as under:

Name	Designation	Category
Mr. Vivek D. Dharm	Chairman	Independent
Mr. Pradipkumar N. Dhoot	Member	Promoter Non-Executive
Mr. Subhash S. Dayama	Member	Independent

During the period, the Shareholders'/Investors' Grievance Committee of the Board of Directors was reconstituted.

Name	Appointment	Cessation
Mr. S. Padmanabhan	-	30th March, 2010
Mr. Subhash S. Dayama	30th March, 2010	-

The Company Secretary is the Compliance Officer of the Company.

Scope of Shareholders'/Investors' Grievance Committee:

The Committee monitors redressal of Shareholders' and Investors' complaints and also administers the following activities:

- Transfer/Transmission of shares;
- Issue of Duplicate Share Certificates;
- Change of Status of holding;
- Change of Name;