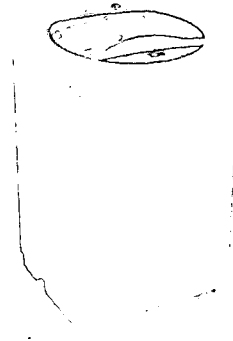


Videocon Appliances Limited
Annual Report 2006-2007



VIDEOCON APPLIANCES LIMITED

BOARD OF DIRECTORS

Venugopal N. Dhoot
Pradipkumar N. Dhoot
Naveen B. Mandhana
Subhash S. Dayama
Avinash H. Malpani

COMPANY SECRETARY

Hiren N. Shah

AUDITORS

KHANDELWAL JAIN & CO.

Chartered Accountants
12 - B, Baldota Bhavan
Opp. Churchgate Railway Station,
Mumbai - 400 020

KADAM & CO.

Chartered Accountants
Ahmednagar College Road , Kothi,
Near Badve Petrol Pump,
Ahmednagar - 414 001

BANKERS

Indian Bank
Bank of Baroda
Punjab National Bank
State Bank of Indore
UCO Bank

Allahabad Bank
Bank of India
State Bank of Bikaner & Jaipur
The Federal Bank Ltd.
Axis Bank Ltd.

REGISTERED OFFICE

14 Km. Stone, Aurangabad – Paithan Road,
Village Chittegaon, Taluka Paithan,
Dist. Aurangabad 431 105 (Maharashtra)

MANUFACTURING FACILITY

15 Km. Stone, Aurangabad – Paithan Road,
Village Chittegaon, Taluka Paithan,
Dist. Aurangabad 431 105, (Maharashtra)

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NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the Members of **VIDEOCON APPLIANCES LIMITED** (the "Company") will be held on Monday, March 31, 2008 at 11.30 A.M. at the registered office of the Company at 14 KM Stone, Aurangabad-Paithan Road, Village Chittagaon, Taluka Paithan, Dist. Aurangabad – 431 105 (Maharashtra) to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at September 30, 2007, Profit and Loss Account for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Mr. Subhash S. Dayama, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Avinash H. Malpani, 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 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."

By order of the Board of Directors of
Videocon Appliances Limited

Hiren N. Shah
Company Secretary

Place : Mumbai

Date : February 25, 2008

Registered Office:

14 KM Stone, Aurangabad- Paithan Road,
Village Chittagaon, Taluka Paithan,
Aurangabad – 431 105 (Maharashtra)

NOTES:

1. 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.
2. 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.
3. In terms of Articles of Association of the Company, Mr. Subhash S. Dayama and Mr. Avinash H. Malpani, Directors of the Company retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. 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, shareholding, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges, forms part of Corporate Governance Report. The Board of Directors of the Company have recommended the re-appointment of the aforesaid Directors.

4. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
5. Members who hold shares in dematerialized form are requested to write their client ID and DP ID Numbers and those who hold shares in physical form are requested to write their folio Number in the attendance Slip for attending the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. The Register of Members and Share Transfer Books shall be closed from Tuesday, March 18, 2008 to Monday, March 31, 2008 (both days inclusive) for determining the names of Members eligible for dividend on Equity Shares, if declared at the Meeting will be paid on or around April 10, 2008 to those Members holding shares in physical form, whose name appears on the Register of Members of the Company, at the close of business hours on Monday, March 31, 2008 after giving effect to all valid transfers in physical form lodged with the Company and/or its Registrar and Share Transfer Agent on or before Monday March 17, 2008. 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 Monday, March 17, 2008.
8. Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, the Company has transferred the unclaimed dividends for the financial year 1999-2000 to the Investor Education and Protection Fund established by the Central Government. Dividends for the financial year ended 2000-2001 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 Registrar 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.
9. Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order of names are requested to send the share certificates to the Company's Registrar and Transfer Agents, M/s. MCS Limited, for consolidation into a single folio.
10. 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 (India) 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.

By order of the Board of Directors of
Videocon Appliances Limited

Hiren N. Shah
Company Secretary

Place : Mumbai

Date : February 25, 2008

Registered Office:

14 KM Stone, Aurangabad- Paithan Road,
Village Chittagaon, Taluka Paithan
Aurangabad – 431 105 (Maharashtra)



DIRECTORS' REPORT

To,
The Shareholders,

VIDEOCON APPLIANCES LIMITED

Your Directors are pleased to present the Twentieth Annual Report together with Audited Accounts for the financial year ended September 30, 2007.

FINANCIAL RESULTS:

The performance of the Company for the financial year ended September 30, 2007 is summarized below:

| Particulars | Rs. in Million | |
|--|--------------------------|--------------------------|
| | Year ended 30.09.2007 | Year ended 30.09.2006 |
| Net Sales | 12,914.83 | 11,198.57 |
| Other Income | 266.09 | 275.46 |
| Total Income | 13,180.92 | 11,474.03 |
| Profit before Interest, Tax and Depreciation | 1,725.23 | 1,431.77 |
| Interest & Finance charges | 542.59 | 421.73 |
| Depreciation | 846.81 | 724.47 |
| Profit before Impairment Loss and Taxation | 335.83 | 285.57 |
| Impairment Loss | 40.06 | 269.43 |
| Profit before Tax | 295.77 | 16.14 |
| Provision for Taxation | 168.20 | (21.97) |
| Profit for the Year | 127.57 | 38.11 |

During the year under review, your Company posted a total income of Rs. 13,180.92 Million as against total income of Rs. 11,474.03 Million for the previous year ended 30th September 2006. The profit after tax amounted to Rs. 127.57 Million as against profit after tax of Rs. 38.11 Million for the previous period.

On October 26, 2007, the Hon'ble High Court of Judicature at Bombay sanctioned the Scheme of Amalgamation of Ranjangaon Industries Private Limited (Formerly Matsushita Washing Machine India Private Limited) with the Company. The Scheme became effective on October 31, 2007. The appointed date was March 1, 2006. The performance of the Company includes the effect of said amalgamation. Pursuant to the Scheme, the Company will allot 6,138,359 Equity Shares of the Company to the Shareholders of erstwhile Ranjangaon Industries Private Limited.

SIGNIFICANT DEVELOPMENTS AFTER BALANCE SHEET DATE:

The Board of Directors of the Company, at its meeting held on February 9, 2008, inter-alia accorded their approval to the following:

- In order to diversify its activities and to de-risk the business model, the Company has proposed to expand its product portfolio. The Board of Directors of the Company has proposed to alter the Object Clause of the Company, by insertion of additional clause relating to providing, executing, implementing, hiring, working as EPC Contractors, Providing turnkey services for industrial activities and manufacturing, trading, of all kinds of machineries, components, engineering equipments, etc., and
- Change the name of the Company to "Value Industries Limited"

The Board has decided to pass inter-alia the above mentioned business(es) through Postal Ballot.

DIVIDEND:

Your Directors have recommended a dividend of 5% (Re. 0.50 per Equity Share) (Previous year Rs. 0.50 per Equity Share) on the Equity Shares of the Company for the year ended September 30, 2007, which if approved at the ensuing Annual General Meeting by the members, will be paid to all those members, whose names appear in the Register of Members as on March 31, 2008 and to all those members whose names appear at the end of business March 17, 2008, as the Beneficial owner, as furnished by the respective depositories. The dividend is free of tax in the hands of the shareholders.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND:

During the year, the Company has transferred a sum of Rs. 713,929/- in respect of unclaimed/unpaid dividend for 1999-2000, to Investor Education and Protection Fund, since the amount was due and payable and remained unclaimed for a period of 7 years, in terms of Section 205A(5) of the Companies Act, 1956.

TRANSFER TO RESERVE:

Your Directors propose to transfer an amount of Rs. 40.00 Million to the General Reserve. After appropriations, the balance amount of Rs. 687.54 Million is proposed to be carried to Balance Sheet.

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 outflow amounted to Rs. 775.09 Million as against an outflow of Rs. 789.78 Million for the previous year. There was no foreign exchange earning during the year.

CONSERVATION OF ENERGY:

The Company has taken adequate steps to conserve energy at all levels. The Company has formed an in-house team comprising of experts to regularly keep a check on all the energy conservation systems applied by the Company at the work place. The emphasis is on:

- Maximum utilization of available resources;
- Proper maintenance of all machinery & other equipment and timely replacement of worn-out components;
- Appointment of personnel specially trained for this task; and
- Bringing awareness amongst employees/workers.

RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION:

The Company being predominantly in the Home Appliances sector gives utmost importance to Research & Development (R&D). The R&D activity focuses on:

- Increasing productivity;
- Improvement in the quality of products;
- Providing technical support services;
- Reduction of costs;
- Introducing newer models;
- Improving the design of the products; and
- Innovative products to meet the perceived needs of consumers.

The Company has derived the following benefits:

- Consumer satisfaction;

- Innovation of products which consumes low power;
- Ability to compete favorably with the foreign players in the Indian Markets and International Markets;
- Increased Productivity; and
- Products with better features, quality and improved reliability.

During the year, the Company incurred revenue expenditure of Rs. 0.85 Million on R&D representing 0.01% of the turnover. The Company continues to adapt the latest advances in technology and upgrade its manufacturing base.

INFORMATION TECHNOLOGY (IT):

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. The Company has implemented mySAP, an customized ERP Programme at its manufacturing facility.

HEALTH, SAFETY AND ENVIRONMENT:

The Company accords high priority to health education and awareness. Safety and security of personnel and environmental protection are on the top of the agenda of the Company at its manufacturing facility. All projects and activities are planned and designed with environment protection as an integral part to ensure a safe and clean environment.

APPOINTMENT/REAPPOINTMENT OF DIRECTORS:

During the year, Mr. Deepak Kumar Jain, Nominee Director of IFCI Limited ceased to be Director of the Company, consequent to the withdrawal of nomination by IFCI Limited. The Board places on record its sincere appreciation for the valuable guidance received from Mr. Deepak Kumar Jain during his tenure as a member of the Board.

Mr. Subhash S. Dayama and Mr. Avinash H. Malpani retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. The Board recommends their appointment.

The Brief profiles of Mr. Subhash S. Dayama and Mr. Avinash H. Malpani forms part of Report on Corporate Governance.

DIRECTORS' RESPONSIBILITY STATEMENT:

In terms of Section 217(2AA) read with Section 292A of the Companies Act, 1956, we, the Directors of VIDEOCON APPLIANCES LIMITED, state in respect of Financial Year 2006-2007 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 judgement(s) 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;
- 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:

The Company does not have any subsidiary.

CASH FLOW STATEMENT:

As required under Clause 32 of the Listing Agreement with the Stock Exchanges, in India, a 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 alongwith 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, 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 forms part of 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.

Your 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

S. S. DAYAMA
Director

V.N.DHOOT
Director

Place : Mumbai

Date : February 25, 2008



CORPORATE GOVERNANCE

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

I. Company's Philosophy on Corporate Governance:

The Company's philosophy on Corporate Governance is centered around maintaining highest standards of integrity, accountability, equity, commitment to highest values and ensuring transparency and fairness in all its dealings with stakeholders.

The Company is committed to good corporate governance practices that create a long term relation of trust and harmony between the Company and the stakeholders. The corporate governance policy of the Company ensures the following.

- Proper composition of the Board of Directors
- Timely dissemination of material Information to the Stakeholders concerning their interests
- Adequate Internal Control measures
- Transparency and accountability
- Compliance with the applicable laws and regulations

II. Board of Directors:

1. As on September 30, 2007, the Board of Directors of the Company comprised of following eminent persons having experience in the fields of Finance, Manufacturing, Marketing and Capital Markets. The Directors of the Company are categorized as follows:

| PROMOTER – NON EXECUTIVE | |
|---|--|
| Venugopal N. Dhoot Pradipkumar N. Dhoot | |
| INDEPENDENT | |
| Subhash S. Dayama Avinash H. Malpani Naveen B. Mandhana | |

2. Board/Committee Meetings and Proceedings:

- a. With a view to institutionalize all corporate affairs and setting up system and procedures for advance planning for matters requiring discussion/decision by

Details of number of Board meetings held during the year, number of meeting(s) attended by Directors, attendance of Directors at last Annual General Meeting, number of other directorship/committee membership held by them during the year 2006-07 are as hereunder:

| Sl. No. | Name of Director | Whether Attended AGM held on 30.03.07 | Attendance at Board Meeting | | Other Board | | |
|---------|--------------------------|---------------------------------------|-----------------------------|----------|---------------|--------------------------|------------------------|
| | | | Total Meetings held | Attended | Directorship# | Committee Chairmanship** | Committee Membership** |
| 1 | Mr. Venugopal N. Dhoot | No | 10 | 9 | 14 | 1 | 1 |
| 2 | Mr. Pradipkumar N. Dhoot | No | 10 | 3 | 14 | Nil | 2 |
| 3 | Mr. Naveen B. Mandhana | No | 10 | 7 | 1 | 1 | 0 |
| 4 | Mr. Avinash H. Malpani | No | 10 | 5 | 0 | 0 | 0 |
| 5 | Mr. Deepak K. Jain* | No | 8 | 0 | 0 | 0 | 0 |
| 6 | Subhash S. Dayama | Yes | 10 | 10 | 7 | 4 | 0 |

* IFCI Limited has withdrawn its nomination of Mr. D. K. Jain from the Board of Directors of the Company. The Company, at the Meeting of Board of Directors of the Company held on 17th September, 2007, has taken on record the withdrawal of nomination of Mr. Deepak K. Jain.

Directorships in Public Limited Companies.

** In terms of provisions of Clause 49 of the Listing Agreement, chairmanship/membership of Audit Committee and Shareholders/Investors' grievance committee are considered.

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

A brief profile of each of the director, retiring by rotation and seeking re-appointment, is as under:

- A. The brief details of Mr. Subhash S. Dayama are as under:

| | | |
|---|--|---|
| 1 | Name of the Director | Mr. Subhash S. Dayama |
| 2 | Date of Birth | 05.05.1961 |
| 3 | Educational Qualification | Commerce Graduate |
| 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 and knowledge in the fields of Capital Markets and Finance. |

the Board, the Company has defined guidelines for the Meeting of the Board of Directors and Committee thereof. The Company is in substantial compliance of the Secretarial Standard I issued by The Institute of Company Secretaries of India with regards to the Meeting of Board of Directors.

- b. The Company has a well-defined process of placing vital and sufficient information before the Board pertaining to business to be considered at each Board Meeting so as to enable the members of the board to participate in the discussion and discharge its responsibilities effectively.
- c. The Members have unqualified access to all the information available with the Company. All items in agenda are supported by detailed background information to enable the members to take informed decisions. The information generally provided to the members include:
- Periodical Financial Results.
 - Minutes of the Meetings of Board and Committees thereof.
 - Material Transactions entered by the Company.
 - Acquisitions/Amalgamations.
 - Capital budgets.
 - Annual Operating plans and production details, if any.
 - Details of Joint Venture / Collaboration Agreements
- d. Minutes of proceedings of each Board/Committee meetings are recorded. Draft minutes are circulated amongst all the members for their comments. The minutes of the proceedings of the meetings are entered in the minute(s) book.
- e. The Board periodically reviews the Compliance reports to ensure adherence to all applicable provisions of laws, rules and guidelines.

3. Board Meetings and Attendance:

10 Board Meetings were held during the year 2006-2007 on the following dates:

31.10.2006, 31.01.2007, 24.02.2007, 31.03.2007, 27.04.2007, 21.05.2007, 26.05.2007, 31.07.2007, 17.09.2007 and 30.09.2007

| | | |
|----|--|--|
| 7 | Names of other Directorships in Public Limited Company | <ol style="list-style-type: none"> 1. Shree Dhoot Trading and Agencies Limited 2. Videocon Realty and Infrastructures Limited 3. Videocon Housing Finance Corporation Limited 4. Videocon Power Limited 5. Aircon Technologies India Limited 6. Videocon SEZ Infrastructures (Aurangabad) Ltd 7. Videocon SEZ Infrastructures (West Bengal) Limited |
| 8 | Names of other Committees in which Chairman | <ol style="list-style-type: none"> 1. Videocon Power Limited – Audit 2. Shree Dhoot Trading and Agencies Limited – Audit 3. Videocon Realty and Infrastructures Limited – Audit 4. Videocon Housing Finance Corporation Limited – Audit |
| 9 | Names of other Committees in which Member | Nil |
| 10 | Number of Shares held in the Company | Nil |

B. The brief details of Mr. Avinash Malpani are as under:

| | | |
|----|--|----------------------------------|
| 1 | Name of the Director | Mr. Avinash Malpani |
| 2 | Date of Birth | 15.09.1950 |
| 3 | Educational Qualification | Commerce Graduate |
| 4 | Date of Appointment on the Board | 30.09.1996 |
| 5 | Category of Director | Independent |
| 6 | Area of Expertise/Senior Position Held/Work Experience | Experience in diversified fields |
| 7 | Names of other Directorships in Public Limited Company | Nil |
| 8 | Names of other committees in which Chairman | Nil |
| 9 | Names of other Committees in which Member | Nil |
| 10 | Number of Shares held in the Company | 9,264 |

III. Board Committees:

The Board has constituted three committees i.e., Audit Committee, Shareholders/Investors' Grievance Committee and Remuneration Committee.

1. Audit Committee:

(i) Composition of Audit Committee as on 30th September, 2007:

| Name of the Member | Category |
|----------------------------------|-------------|
| Mr. Subhash S. Dayama - Chairman | Independent |
| Mr. Avinash H. Malpani | Independent |
| Mr. Naveen B. Mandhana | Independent |

The Committee members have requisite financial and management experience and have held or hold senior positions in other reputed organizations.

(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.
- Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of section 217 of the Companies Act, 1956.
 - Major accounting entries based on exercise of judgment by management.
 - The going concern assumption.
 - Significant changes/amendments, if any, arising out of audit.
 - Compliance with stock exchange and legal requirements concerning financial statements.
 - Compliance with accounting standards.
 - Changes, if any, in accounting policies and practices.

- Observations if any, in draft audit report.
 - Qualification in the draft audit report, if any
 - 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 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 internal auditors any significant findings and follow up there on.
 - 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.
 - Discussions with external auditors before the audit commence nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
 - 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.
 - Reviewing the Company's financial and risk management policies.
 - 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.



VIDEOCON APPLIANCES LIMITED

(iii) Meetings and Attendance:

During the financial year under consideration, five meetings of the Committee were held on 31.10.2006, 31.01.2007, 22.02.2007, 27.04.2007 and 31.07.2007.

| Name of the Member | Meetings held during the year | Meetings attended |
|------------------------|-------------------------------|-------------------|
| Mr. Subhash S. Dayama | 5 | 5 |
| Mr. Avinash H. Malpani | 5 | 5 |
| Mr. Naveen B. Mandhana | 5 | 5 |

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

2. Remuneration Committee:

(i) Composition of Remuneration Committee as on 30th September, 2007:

| Name of the Member | Category |
|-----------------------------------|-------------|
| Mr. Naveen B. Mandhana - Chairman | Independent |
| Mr. Avinash H. Malpani | Independent |
| Mr. Subhash S. Dayama | 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 independent directors are paid only sitting fees for attending Board/Committee meetings. The details of payment of sitting fee to independent directors during the year under review are as follows:

| Name of Director | Sitting Fee (Rs.) |
|------------------------|-------------------|
| Mr. Avinash H. Malpani | 15,000 |
| Mr. Naveen B. Mandhana | 15,500 |
| Mr. Subhash S. Dayama | 19,000 |

(iv) Meetings and Attendance:

One meeting was held on 31.01.2007

| Name of the Member | Meetings held during the year | Meetings attended |
|------------------------|-------------------------------|-------------------|
| Mr. Naveen B. Mandhana | 1 | 1 |
| Mr. Avinash H. Malpani | 1 | 1 |
| Mr. Subhash S. Dayama | 1 | 1 |

(v) Stock Options:

The Company has not issued any stock options.

3. Shareholders/Investors' grievance committee:

(i) Composition of Shareholders/Investors' Grievance Committee as on 30th September, 2007:

| Name of the Member | Category |
|-----------------------------------|--------------------------|
| Mr. Avinash H. Malpani - Chairman | Independent |
| Mr. Pradipkumar N. Dhoot | Promoter Non - Executive |
| Mr. Naveen B. Mandhana | Independent |

(ii) Meetings and attendance:

The committee met 4 times during the year on 10.11.2006, 03.02.2007, 02.05.2007 and 03.08.2007.

| Name of the Member | Meetings held during the year | Meetings attended |
|--------------------------|-------------------------------|-------------------|
| Mr. Avinash H. Malpani | 4 | 4 |
| Mr. Pradipkumar N. Dhoot | 4 | 2 |
| Mr. Naveen B. Mandhana | 4 | 4 |

(iii) 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 Agent, who process the transfers. The Committee also looks after Redressal of Investors Grievances and performance of the Registrar and Transfer Agent of the Company.

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

(iv) Compliance Officer:

Mr. Hiren N. Shah, Company Secretary is the Compliance Officer.

(v) Share Transfer Details:

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

| | Equity |
|------------------------------------|--------|
| a Number of transfers | 931 |
| b Average No of Transfer per month | 78 |
| c Number of Shares Transferred | 94,374 |

(vi) Demat/Remat of Shares:

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

| Particulars | |
|--|---------|
| Number of Dematerialisation Transfers approved | 2,673 |
| Number of Sub-committee Meetings held | 27 |
| Number of Shares Dematerialised | 319,330 |
| Percentage of Shares Dematerialised | 0.96 |
| Number of Rematerialisation requests approved | 1 |
| Number of Shares Rematerialised | 336 |

(vii) Details of complaints received and redressed during the year 2006 - 07:

| Sl. No. | Particulars | Received | Redressed | Pending as on 30.09.2007 |
|---------|---|------------|------------|--------------------------|
| 1. | Non receipt of refund orders | 0 | 0 | 0 |
| 2. | Non receipt of div /int / redemption warrants | 72 | 72 | 0 |
| 3. | Non receipt of share certificates | 44 | 44 | 0 |
| 4. | Others | 10 | 10 | 0 |
| | Total | 126 | 126 | 0 |

Note:

Representatives of the Company are in constant touch with MCS Limited, Registrar and 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 |
|----------|------------|--|------------|---------------------------------|
| 17th AGM | 31.03.2005 | 14KM Stone, Aurangabad-Paithan Road, Village-Chitegaon, Aurangabad - 431 105 | 2.00 PM | Nil |
| 18th AGM | 31.03.2006 | 14KM Stone, Aurangabad-Paithan Road, Village-Chitegaon, Aurangabad - 431 105 | 2.00 PM | Nil |
| 19th AGM | 30.03.2007 | 14KM Stone, Aurangabad-Paithan Road, Village-Chitegaon, Aurangabad - 431 105 | 12.00 Noon | 1 |