



**VIDEOCON**  
NEW IMPROVED LIFE

**VIDEOCON INDUSTRIES LIMITED**

**19th ANNUAL REPORT 2006 - 2007**

# VIDEOCON INDUSTRIES LIMITED

## BOARD OF DIRECTORS

Venugopal N. Dhoot	Chairman & Managing Director
Pradipkumar N. Dhoot	Wholetime Director
Kuldeep Drabu	
S. Padmanabhan	
Karun Chandra Srivastava	
Maj. Gen. S.C.N. Jatar	
Arun Laxman Bongirwar	
Satya Pal Talwar	
Didier Trutt	Nominee - Thomson S.A.
Johan Fant	Nominee - AB Electrolux (Publ)
Ajay Saraf	Nominee - ICICI Bank Ltd.
B. Ravindranath	Nominee - IDBI Ltd.

## COMPANY SECRETARY

Vinod Kumar Bohra

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

## REGISTERED OFFICE

14 KM Stone, Aurangabad-Paithan Road,  
Village Chittegaon, Tal. Paithan,  
Dist. Aurangabad - 431 105 (Maharashtra)

## MANUFACTURING FACILITIES

14 Km. Stone, Aurangabad - Paithan Road,  
Village Chittegaon,  
Taluka Paithan, Dist. Aurangabad  
(Maharashtra)

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

Village Majara, Taluka Warora,  
District, Chandrapur  
(Maharashtra)

Plot No. 1D, Udyog Vihar Industrial Area,  
Gautam Budh Nagar, Greater Noida,  
(U.P.)

Plot No. 28, Khasra No. 293, Industrial Area,  
Selakul, Vikasnagar, Dehradun,  
(Uttanchal)

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

A-32, Butibori Industrial Area,  
Village Ruikhiri,  
Nagpur (Maharashtra)

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**ANNUAL REPORT 2006-07****NOTICE**

**NOTICE** is hereby given that the Nineteenth Annual General Meeting of **VIDEOCON INDUSTRIES LIMITED** ("the Company") will be held on Monday, March 31, 2008 at the registered office of the Company at 14 KM Stone, Aurangabad-Paithan Road, Village Chittegaon, Taluka Paithan, Dist. Aurangabad 431 105 (Maharashtra) at 9.30 A.M. to transact the following business:

**ORDINARY BUSINESS:**

- To receive, consider and adopt the Audited Profit and Loss Account for the year ended September 30, 2007, the Balance Sheet as at that date and the Reports of the Board of Directors and Auditors thereon.
- To declare a dividend on Equity Shares.
- To appoint a director in place of Mr. Didier Trutt, who retires by rotation and, being eligible, offers himself for re-appointment.
- To appoint a director in place of Mr. Satya Pal Talwar, who retires by rotation and, being eligible, offers himself for re-appointment.
- To appoint a director in place of Mr. Arun Laxman Bongirwar, 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. Karun Chandra Srivastava, 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, liable to retire by rotation, under the provisions of the Articles of Association of the Company."

**By order of the Board of Directors of  
Videocon Industries Limited**

**Vinod Kumar Bohra  
Company Secretary**

Place: Mumbai  
Date : February 25, 2008

**Registered Office:**  
14 KM Stone, Aurangabad- Paithan Road,  
Village Chittegaon, Taluka Paithan,  
Dist. Aurangabad 431 105 (Maharashtra)

**NOTES**

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ("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 the provisions of Articles of Association of the Company, Mr. Didier Trutt, Mr. Satyapal Talwar and Mr. Arun Laxman Bongirwar retire by rotation and, being eligible, offer themselves for re-appointment. Further, the Company has received a notice in writing from a member alongwith a deposit of Rs. 500/- proposing the candidature of Mr. Karun Chandra Srivastava for the office of the Board of Directors of the Company under the provisions of Section 257 of the Companies Act, 1956. Brief resume of each of these director(s), nature of their expertise in specific functional areas and names of companies in which they hold directorship and membership/chairmanship of Board Committees, as required in terms of Clause 49 of Listing Agreement entered with the Stock Exchanges, in India, is appended to the notice. The Board of Directors of the Company has recommended the re-appointments/ 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 Annual General 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.
- All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days, except Friday, between 12 Noon to 2.00 PM upto the date of the Annual General Meeting.
- 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. The 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 hours on Monday, March 17, 2008.
- The Company has not declared any dividend during financial year(s) 1997 to 2004. The unclaimed and unpaid dividend in respect of financial year 1995-1996 has been transferred, earlier when due, to the Investor Education and Protection Fund (IEPF) established by the Central Government, pursuant to provisions of Section 205A of the Companies Act, 1956. The unclaimed dividends, for the financial year 1999-2000, in respect of erstwhile Videocon International Limited (amalgamated with the Company) has been transferred to the IEPF. Dividends for the financial year 2000-2001 and thereafter, which remain unclaimed/unpaid for a period of seven years will be transferred by the Company to IEPF, as and when due. Members who have not encashed dividend warrant(s) for the aforesaid years are requested to obtain 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.
- 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 Registrar 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 (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.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 7:**

The Board of Directors of the Company ("the Board") has, pursuant to the provisions of Section 260 of the Companies Act, 1956 (the Act) and Articles of Association of the Company appointed Mr. Karun Chandra Srivastava as an additional director of the Company.

In terms of the provisions of Section 260 of the Act, Mr. Karun Chandra Srivastava holds office upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member alongwith a deposit of Rs. 500/- (Rupees Five Hundred) proposing the candidature of Mr. Karun Chandra Srivastava for the office of the Board of Directors of the Company under the provisions of Section 257 of the Act.

Keeping in view his rich expertise, it will be in the interest of the Company that Mr. Karun Chandra Srivastava is appointed as a director, liable to retire by rotation, in accordance with the provisions of the Articles of Association of the Company. Save and except Mr. Karun Chandra Srivastava 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 of  
Videocon Industries Limited**

**Vinod Kumar Bohra  
Company Secretary**

Place: Mumbai  
Date : February 25, 2008

**Registered Office:**  
14 KM Stone, Aurangabad- Paithan Road,  
Village Chittegaon, Taluka Paithan,  
Dist. Aurangabad 431 105 (Maharashtra)

## VIDEOCON INDUSTRIES LIMITED

## BRIEF RESUME OF DIRECTORS BEING APPOINTED/RE-APPOINTED, NATURE OF THEIR EXPERTISE IN SPECIFIC FUNCTIONAL AREAS AND NAMES OF COMPANIES IN WHICH THEY HOLD DIRECTORSHIP AND MEMBERSHIP/CHAIRMANSHIP OF BOARD COMMITTEES.

## MR. DIDIER TRUTT:

SNo	Particulars	Profile
1	Name of the director	Mr. Didier Trutt
2	Date of Birth	February 20, 1960
3	Educational Qualification	Graduate from l'Ecole Nationale d'Ingénieurs de Saint Etienne ( ENISE )
4	Date of appointment on the Board	October 29, 2005
5	Category of director	Non Executive- Non Independent (Nominee, Thomson S.A)
6	Area of Expertise/Senior Position Held/Work Experience	Joined Thomson in 1984. From 1987 to 1994, based in Asia, he was responsible for Thomson Television Thailand, and General Manager of Television and Video activities for all industrial sites in South East Asia. Between 1994 and 1999, he was in charge of all European operations for Television and Video activities. Appointed in 1999 Vice President, Tubes Operations he was in charge of the whole industrial and sales activities for Europe and Asia first, then for the worldwide activities. He was appointed "Executive Vice President" in July 2003, in charge of Tubes and Components activities. Since October 2005, he is Senior Executive Vice President and Chief Operating Officer, Thomson. Since 1992, Didier Trutt has been Foreign Trade Advisor of France
7	Names of other directorships in Public Limited Companies	Nil
8	Names of other Committees in which Chairman	Nil
9	Names of other Committees in which Member	Nil
10	Number of Shares Held	Nil

## MR. SATYA PAL TALWAR

SNo	Particulars	Profile
1	Name of the Director	Mr. Satya Pal Talwar
2	Date of Birth	June 14, 1939
3	Educational Qualification	Certified Associate of the Indian Institute of Bankers; Member - Indian Council of Arbitration
4	Date of appointment on the Board	December 8, 2005
5	Category of director	Independent
6	Area of Expertise/Senior Position Held/Work Experience	He Carries with him forty years of operational and policy formulation experience in Commercial and Central Banking. In the past, he has served on following positions: <ul style="list-style-type: none"> <li>Deputy Governor, Reserve Bank of India.</li> <li>Chairman, RBI Services Board, Reserve Bank of India, Mumbai.</li> <li>Chairman, Advisory Board for Banking, Commercial &amp; Financial Frauds (appointed by Central Vigilance Commissioner of Government of India).</li> <li>Chairman &amp; Managing Director, Bank of Baroda.</li> <li>Chairman &amp; Managing Director, Union Bank of India.</li> <li>Chairman &amp; Managing Director, Oriental Bank of Commerce.</li> </ul> Other Positions Held: <ul style="list-style-type: none"> <li>Chairman, Indian Banks Association (IBA).</li> <li>Director, Securities and Exchange Board of India.</li> <li>Director, Industrial Development Bank of India.</li> <li>Director, Small Industries Development Bank of India.</li> <li>Director, Oriental Insurance Company.</li> <li>Director, Agricultural Finance Corporation Limited.</li> <li>Director, IDBU International Finance Limited, Hongkong.</li> <li>Director, Master Card International, Asia Pacific Regional Board, Singapore.</li> </ul> He is presently Senior Advisor, YES Bank Limited
7	Names of other directorships in Public Limited Company	1. Reliance Life Insurance Company Limited 2. Reliance Capital Trustee Company Limited 3. Reliance General Insurance Company Limited 4. Crompton Greaves Limited 5. Reliance Communications Limited 6. Housing Development Infrastructure Limited 7. Reliance Asset Reconstruction Company Limited 8. Reliance Communications Infrastructures Limited 9. Reliance Telecom Infrastructures Limited 10. Ambience Project & Infrastructure Limited
8	Names of the other Committees in which Chairman	1. Crompton Greaves Limited (Audit) 2. Housing Development Infrastructures Limited (Audit)

9	Names of the other Committees in which Member	1. Reliance Life Insurance Company Limited (Audit) 2. Reliance General Insurance Company Limited (Audit) 3. Reliance Capital Trustee Company Limited (Audit) 4. Reliance Communications Limited (Audit) 5. Reliance Communications Limited (Shareholders) 6. Reliance Communications Infrastructures Ltd. (Audit)
10	Number of Shares Held	Nil

## MR. ARUN LAXMAN BONGIRWAR:

SNo	Particulars	Profile
1	Name of the Director	Mr. Arun Laxman Bongirwar
2	Date of Birth	May 18, 1943
3	Educational Qualification	I.A.S., M.Sc
4	Date of appointment on the Board	December 8, 2005
5	Category of director	Independent
6	Area of Expertise/Senior Position Held/Work Experience	Mr. Arun Laxman Bongirwar is a Senior Retired Government Servant having vast experience in diversified fields. He has held important positions with the Government, some of which are as under: <ul style="list-style-type: none"> <li>Chairman, Tariff Authority for Major Ports.</li> <li>Chairman, Jawaharlal Nehru Port Trust (Ministry of Shipping, Govt. of India), Mumbai.</li> <li>Chief Secretary, Govt. of Maharashtra.</li> <li>Addl Chief Secretary (Revenue), Govt. of Maharashtra.</li> <li>Principal Secretary (and later Addl Chief Secretary) to Chief Minister, Govt. of Maharashtra.</li> <li>Principal Secretary (Industries), Govt. of Maharashtra.</li> <li>Development Commissioner, Santacruz Electronic Export Processing Zone (SEEPZ), Mumbai.</li> <li>Secretary to Chief Minister of Maharashtra, Govt. of Maharashtra.</li> </ul>
7	Names of other directorships in Public Limited Company	1. Maharashtra Airport Development Co. 2. Wanbury India Limited 3. JSW Infrastructure & Logistics Limited
8	Names of other Committees in which Chairman	Nil
9	Names of other Committees in which Member	Wanbury India Limited (Audit Committee)
10	Number of Shares Held	Nil

## MR. KARUN CHANDRA SRIVASTAVA

SNo	Particulars	Profile
1	Name of the Director	Mr. Karun Chandra Srivastava
2	Date of Birth	February 10, 1944
3	Education Qualification	B.A., M.A., Diploma in System Mgmt, Diploma in Development Administration, I.A.S.
4	Date of appointment on the Board	April 09, 2007
5	Category of director	Independent
6	Area of Expertise/Senior Position Held/Work Experience	Mr. Karun Chandra Srivastava is a Senior Retired Civil Servant having 38 years of experience in diversified fields of governance and administration. He has held important positions with the Government, some of which are as under: <ul style="list-style-type: none"> <li>Municipal Commissioner, Municipal Corporation of Greater Mumbai.</li> <li>Chairman, 2nd Maharashtra Finance Commission, Government of Maharashtra, Administrative Staff College Campus, Mumbai.</li> <li>Additional Chief Secretary (Home Department), Government of Maharashtra, Mantralaya, Mumbai.</li> <li>Metropolitan Commissioner, Mumbai Metropolitan Regional Development Authority, Mumbai.</li> <li>Joint Development Commissioner, Small Scale Industries, Ministry of Industries, Government of India, New Delhi.</li> </ul>
7	Names of other directorships in Public Limited Company	Grauer & Weil (India) Limited
8	Names of other Committees in which Chairman	Nil
9	Names of other Committees in which Member	Nil
10	Number of Shares Held	Nil



## ANNUAL REPORT 2006-07

## DIRECTORS' REPORT

The Shareholders,  
of Videocon Industries Limited (the Company)

The Board of Directors of your Company are delighted to present the Nineteenth Annual Report together with the Audited Accounts, Auditors' Report and the Audited Consolidated Financial Statements for the year ended September 30, 2007.

## FINANCIAL RESULTS

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

Rs. Millions		
Particulars	Year ended 30.09.2007	Year ended 30.09.2006
Net Sales	82,854.24	72,188.17
Other Income	1,663.62	1,654.44
Total Income	84,517.86	73,842.61
Profit before Interest, Depreciation and Tax	18,119.35	14,750.93
Interest & Finance charges	3,106.51	2,258.80
Depreciation	4,183.88	3,355.47
Profit before Tax	10,828.96	9,136.66
Provision for Taxation	2,276.77	951.64
Profit after Tax	8,552.19	8,185.02

The Topline of the Company increased from Rs. 72,188.17 Million as on September 30, 2006 to Rs. 82,854.24 Million representing an increase of 14.78% over the previous financial year. Similarly, Profit after Tax increased from Rs. 8,185.02 Million as on September 30, 2006 to Rs. 8,552.19 Million for the year under review, representing an increase of 4.49% over the previous financial year.

## OPERATIONS

Highlights on the performance of the Company, during the year under review i.e., upto Balance Sheet Date and material developments after the year under review, i.e., after Balance Sheet Date are summarized hereunder:

During the year, with a view to diversify its activities in order to derisk the business model, the Company identified power generation; trading and dealing in various minerals including coal required for electricity/power generation; and telecommunication, as emerging business for expansion(s) and diversification(s), while retaining the focus on its prime business segments viz., Consumer Electronics Goods and Home Appliances and Exploration of Oil and Natural Gas. The Shareholders of the Company accorded their consent for altering the Memorandum of Association by passing special resolution by Postal Ballot so as to enable the Company to undertake diverse activities, as aforesaid.

During the year, the Company continued its growth path in the Consumer Electronics & Home Appliances Business. The business acquired from Electrolux pursuant to the amalgamation of EKL Appliances Limited with the Company started yielding its result by improving the Company's market share in the Household segment.

As the members are aware, the Company has participating interests in Oil & Gas exploration activities in Australia, Timor Sea and Oman. You are also aware that your Company, jointly with Bharat Petroleum Corporation Limited, has signed an agreement with Encana, Canada for buying Encana's participating interest in Brazil exploration activities.

Exploration activities are on as per the agreed exploration programmes at the respective oil fields and the results are expected in the coming year or so.

With a view to enable the Company to tap the global equity market, as and when, the first exploration exercise gets converted into a proven field, it is decided to compile all the global exploration activities into an Offshore Company. This Offshore Company is proposed to be listed on London Stock Exchange at AIMS.

The Company, through one of its subsidiaries, has been granted a Letter of Intent for providing mobile phone services on Pan India basis. The subsidiary has made requisite payments of Rs.1650 crores and provided requisite guarantee of Rs.850 crores to Government of India as the licence fees. The license agreement and the spectrum allotment are expected to be completed in due course of time. The Company is now engaged in drawing up business plans for launch of mobile phone services on Pan India basis as and when the spectrum release in various circles takes place.

## Issue/Allotment of Securities:

During the year, under review, the Company allotted 416 equity shares to the shareholders of erstwhile EKL Appliances Limited, pursuant to scheme of amalgamation of EKL Appliances Limited with the Company.

During the year, under review, in accordance with the terms and conditions of Issue of Foreign Currency Convertible Bonds, the Company allotted 107,452 equity shares, pursuant to the Conversion of Foreign Currency Convertible Bonds, as under:

1. Conversion of FCCBs of US\$1,000 each, due on March 07, 2011, at a conversion price of Rs. 448.59 per equity share:

S.No.	Date of Allotment	Number of Bonds Converted	Amount of Bonds Converted (US\$)	Number of Equity Shares allotted pursuant to conversion
1	May 29, 2007	500	500,000	49,204
2	June 23, 2007	500	500,000	49,204

2. Conversion of FCCBs of US\$1,000 each, due on July 25, 2011, at a conversion price of Rs.507.00 per equity share:

S.No.	Date of Allotment	Number of Bonds Converted	Amount of Bonds Converted (US\$)	Number of Equity Shares allotted pursuant to conversion
1	June 23, 2007	99	99,000	9,044

## Allotment of Securities after Balance Sheet Date:

Subsequent to the Balance Sheet Date, in accordance with the terms and conditions of Issue of Foreign Currency Convertible Bonds, the Company allotted 8,339,350 equity shares, pursuant to the Conversion of Foreign Currency Convertible Bonds, as under:

1. Conversion of FCCBs of US\$1,000 each, due on March 07, 2011, at a conversion price of Rs. 448.59 per equity share

S.No.	Date of Allotment	Number of Bonds Converted	Amount of Bonds Converted (US\$)	Number of Equity Shares allotted pursuant to conversion
1	December 17, 2007	10,350	10,350,000	1,018,523
2	January 10, 2008	26,150	26,150,000	2,573,371
3	January 30, 2008	10,500	10,500,000	1,033,286

2. Conversion of FCCBs of US\$1,000 each, due on July 25, 2011, at a conversion price of Rs.477.00 per equity share:

S.No.	Date of Allotment	Number of Bonds Converted	Amount of Bonds Converted (US\$)	Number of Equity Shares allotted pursuant to conversion
1	December 17, 2007	13,900	13,900,000	1,349,726
2	January 10, 2008	22,500	22,500,000	2,184,805
3	January 30, 2008	1,850	1,850,000	179,639

## APPROPRIATIONS

## DIVIDEND:

In accordance with the Company's policy of balancing dividend pay-out with the requirement of deployment of internal accruals for its growth plans, your directors have pleasure in recommending a dividend of 35% (Rs. 3.50 per share) on equity shares for the financial year ended on September 30, 2007, subject to approval by shareholders at the Nineteenth Annual General Meeting. The dividend on equity capital, including dividend on shares issued pursuant to conversion of FCCBs, amounting to Rs. 803.02 Million, if approved by the members 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.

## TRANSFER TO RESERVES

Your Board proposes to transfer Rs. 2,000 Million to the General Reserve. After appropriations, the balance amount of Rs. 14,516.42 Million (Previous year 8,380.87 Million) is proposed to be carried to Balance Sheet.

## TRANSFER TO INVESTOR EDUCATION &amp; PROTECTION FUND

The Company has transferred a sum of Rs. 52,12,108 /- in respect of unclaimed/unpaid dividend for 1999-2000 and Rs. 31,19,526/- in respect of unclaimed/unpaid debenture redemption amount, to Investor Education & Protection Fund, since the amount was due & payable and remained unclaimed and unpaid for a period of seven years, in terms of Section 205A(5) of the Companies Act, 1956.

## FIXED DEPOSITS

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

# VIDEOCON INDUSTRIES LIMITED

## CONSERVATION OF ENERGY

The Company continues to emphasise on conservation of energy, power and other energy sources. As a part of continuous efforts, your Company has taken the following steps:

- All the new manufacturing facilities of the Company are equipped with hi-tech energy monitoring and conservation systems to monitor usage, minimize wastage and increase overall efficiency at every stage of power consumption.
- Use of energy saving lighting arrangement in shop floor and on roads inside manufacturing facilities.
- Utilization of unconventional energy source such as Solar Energy.
- Timely maintenance & up-gradation of machinery & equipments to ensure that the energy consumption is as minimal as possible.
- The Company has formed a team of the expert engineers engaged in the production activity for taking up detailed study under guidance of management, by attending seminars, obtaining expert opinion, research, on the possibilities of use of various methods of optimum use of energy without affecting the productivity and educating the production team members as well as whole of the staff to conserve energy.

The Company takes environment conservation seriously. It is working to equip its facilities with methods that help recycle CRT glass, curb carbon emissions and other pollutants. The Company at Bharuch glass plant has supported plantation of over 2,00,000 teak trees.

## RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

The Company is committed to introduce new products and improve existing products to meet the ever-increasing demands of the consumers by fully exploring technological options and advancements. The Company gives utmost importance to the Research & Development activities. The R&D activities are carried out at in-house R&D Centre of the Company located in Aurangabad.

The focus is on developing new products in line with market demand, improving production efficiency and lowering the cost of production.

### 1. Specific areas in which R&D carried out by the Company:

The Company has carried out Research and Development in the following areas:

- Development of new products; application and innovative equipments.
- Improvement in operating efficiencies.
- Reduction in manufacturing cost.
- Improvement in the quality of products.

### 2. Benefits derived as a result of the above R&D:

The Company has derived the following benefits as a result of Research and Development:

- Superior range of components viz., panels and funnels to meet the demand for large-size flat and slim CRT display products.
- Innovation of CRT Glass that intercepts harmful x-rays and conforms to health regulation world wide.
- Reduction in cost i.e., cost savings.
- Highest Value to the Customers.
- Quality, reliability, durability, improvement and performance of the products have increased thereby resulting in more acceptance of the products.
- Launch of new models with latest technology.

### 3. Future plan of action:

In the coming days, the Company is aiming to achieve development in the following areas through Research and Development:

- Continuous up-gradation of R&D centre facilities to world class levels.
- Launching of New Brands under Videocon umbrella.
- Reducing the electricity consumption for consumer electronics and home appliances.
- To bring in features of various products together.
- Development of latest technologies like Super True Flat CPT, Extra Slim CPT; HD 16:9 format CPT.

During the year under review, Company has incurred revenue expenditure of Rs. 0.95 million (0.001% of the turnover) on Research & Development.

Your Company is using the latest advances in technology for production. Taking into consideration the advancements in technology, the Company continues to upgrade its technical base to meet the needs of the consumers.

## FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review, the earnings in Foreign Exchange amounted to Rs. 4,381.24 Million (previous year Rs. 4,578.32 Million) and outgo in Foreign Exchange was Rs. 10,136.77 Million (previous year 12,119.92 Million).

## INFORMATION TECHNOLOGY

Your Company believes that Information Technology is the backbone of any industry in today's environment. The Company has taken it as a tool to improve productivity, efficiency and reliability. As such, mySAP, a Customized ERP Module, has already been substantially implemented at manufacturing facilities and branches of the Company, in India and foreign operations.

## HEALTH, SAFETY AND ENVIRONMENT

Your Company recognizes its role in health and safety, as well as its responsibility towards environment and society. The health and medical services are accessible to all employees through well-equipped occupational health centers at all manufacturing facilities. Safety and security of the personnel, assets and environmental protection are also on top of the agenda of the Company at its manufacturing facilities.

Clean environment and sustainable development integrated with the business objective is the focus of operations of the Company. The projects and activities are planned and designed with environment protection as an integral part to ensure a safe and clean environment for sustainable development.

## APPOINTMENT/RE-APPOINTMENT OF DIRECTORS

During the year under review, Mr. Sanjiv Krishnaji Shelgikar and Mr. Claes John Byggé resigned from the office of the Board of Directors of the Company. The Board places on record its sincere appreciation for the valuable guidance received from them during their tenure as members of the Board of Directors of the Company.

During the year under review, Mr. Karun Chandra Srivastava was appointed as an additional director. In terms of the provisions of Section 260 of the Companies Act, 1956, Mr. Karun Chandra Srivastava holds office upto the date of ensuing 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. Karun Chandra Srivastava for the office of the Board of Directors of the Company under the provisions of Section 257 of the Companies Act, 1956. The Board recommends appointment of Mr. Karun Chandra Srivastava.

In terms of the provisions of Section 255, 256 of the Companies Act, 1956, the Articles of Association of the Company, Mr. Didier Trutt, Mr. Satyapal Talwar and Mr. Arun Laxman Bongirwar are liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, they have offered themselves for re-appointment. The Board recommends their re-appointment(s).

The brief profiles of directors being appointed/re-appointed at the ensuing Annual General Meeting forms part of notice of the ensuing Annual General Meeting.

## PARTICULARS OF EMPLOYEES

The details of employees drawing remuneration in excess of the monetary ceiling prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, during the financial year 2006-2007 is annexed to this report.

## LISTING

The Equity Shares of the Company are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Global Depository Receipts are listed on The Luxembourg Stock Exchange. The Foreign Currency Convertible Bonds are listed on Singapore Exchange Trading Securities Limited.

## SUBSIDIARY COMPANIES

During the year under review, Sky Billion Trading Limited, Global Energy Inc., and Videocon Display Research Company Limited became subsidiaries of the Company. Further, Mars Overseas Limited and Gajanan Electronics and Supply Private Limited ceased to be subsidiaries of the Company.

As such, as on 30th September 2007, the Company had 12 subsidiaries viz., Paramount Global Limited, Middle East Appliances LLC, Videocon Global Limited, Powerking Corporation Limited, Godavari Consumer Electronics Appliances Private Limited, Mayur Household Electronics Appliances Private Limited, Videocon (Mauritius) Infrastructure Ventures Limited, Eagle Corporation Limited, Venus Corporation Limited, Sky Billion Trading Limited, Global Energy Inc., and Videocon Display Research Company Limited.

The Company has received an exemption from the Central Government u/s 212(8) of the Companies Act, 1956 with regard to attaching of the balance sheet, profit and loss account and other documents of the subsidiaries for the year 2006-2007.

The Company undertakes that:

1. The Annual Accounts of the subsidiary companies and the related detailed information will be made available to any member seeking such information, on free of cost basis, at any point of time upon receipt of request for the same.
2. The Annual Accounts of the subsidiary companies will also be kept for inspection by any investor at the Registered Office of the Company and at the Registered Office of the Subsidiary Company also.

A summary of the key financials of the Company's subsidiaries is included in this report.

## CONSOLIDATED FINANCIAL STATEMENTS

The Directors present the consolidated financial statements, duly incorporating the Company's 100% ownership interest in Paramount Global Limited, Middle East Appliances LLC, Mars Overseas Limited (Upto 26th September 2007), Videocon Global Limited, Powerking Corporation Limited, Gajanan Electronics Supply Private Limited (Upto 26th September 2007), Mayur Household Electronics Private Limited, Godavari Consumer Electronics Appliances Private Limited, Eagle Corporation Limited, Venus Corporation Limited, Videocon (Mauritius) Infrastructures Ventures Limited, Sky Billion Trading Limited (w.e.f., 21st November 2006), Global Energy Inc (w.e.f., 10th October 2006) and Videocon Display Research Company Limited (w.e.f., 09th March 2007).

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The Consolidated financial results also includes interest through Eagle Corporation Limited (subsidiary) in Technologies Display Americas LLC, Technologies Displays Mexicana S.A. de CV, TTD International S.A., TDP Spzoo, TTD International Limited, TGDC Guangdong Displays Company Limited, Thomson Display Technology Research & Company Limited, VDC Technologies S.P.A, VDC Technologies Deutschland GmbH (w.e.f. 14th September 2007).

The Company holds 41.67% equity interest in Evans Fraser & Co (India) Ltd. The same has been accounted in the consolidation.

The Financial statements also includes the effects of Company's interest in various Joint Ventures. The details on Joint ventures and Companies interest are given in the Note No. 10 of Schedule 15(B) to the Accounts.

The Consolidated financial results have been prepared in line with the requirements of Accounting Standard 21 "Consolidated Financial Statements", Accounting Standard 27 - "Financial Reporting of Interests in Joint Ventures" and Accounting Standard 23 - "Accounting for Investments in Associates in Consolidated Financial Statements".

### 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 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, Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has received certificates from these Statutory Auditors to the effect that their re-appointment, if made, would be within the prescribed limit under Section 224(1-B) of the Companies Act, 1956.

The Board recommends their re-appointment.

### 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. 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) read with Section 292A of the Companies Act, 1956, we, the directors of VIDEOCON INDUSTRIES LIMITED, state in respect of Financial Year 2006-07 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 3 (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 finance 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.

### 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

Chairman & Managing Director

Place: Mumbai

Date: February 25, 2008

## ANNEXURE TO DIRECTORS' REPORT

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 30TH SEPTEMBER, 2007

Details of employees drawing remuneration above Rs.2 lacs p.m.:

Name of employee	Designation	Remuneration	Qualification	Age	Experience	Date of Commencement of Employment	Name of the Last Employer	Position Held
Anil Kumar Modani	Vice President	2,584,008	B.Com,CA & CS	44	24 Years	16.11.1989	Shree Digvijay Cement Co.Ltd.	Finance Executive
Arvind Bali	Vice President	2,584,008	B.Sc.Engg. (Mech.) & M.B.A.	47	25 Years	01.02.1994	M/S Greaves Cotton & Co.Ltd.	Area Sales Manager
Rahul Sethi	Vice President	4,894,441	B. Com.	56	33 Years	01.02.1987	Gedor Ltd.	Commercial Manager
Subhash Nabar	Joint President	3,653,140	BE (Mechanical)	60	36 Years	01.07.1997	Orson Electronics Ltd.	Senior Manager
Arun Kumar Dashora	Vice President	2,796,426	BE (Electronics)	54	28 Years	16.05.1990	Riico Ltd.	Manager
Nitin Shewale	General Manager	2,650,052	BE (Electronics)	43	20 Years	14.01.1989	Nil	Nil
Ajay Bajaj	Vice President	5,000,000	B SC.	44	20 Years	16.06.2007	Lg Electronics India Ltd.	Dy.General Manager
Ashok V.Patil	Vice President	2,811,978	M.A.,BBA	55	25 Years	21.08.2006	EKL Appliances Ltd.	Associate Vice President
Sunil Tandon	Group Head	3,556,284	M.Sc.,D.B.M,I.C.S.E.I.S.C	47	22 Years	01.10.1999	DHL Worldwide Express	Regional Manager
Pawan Kalra	Joint President	4,978,200	B. Com.	39	21 Years	12.12.2001	Baron Int. Ltd.	General Manager
Sunil Mehta	Joint President	5,804,208	M.A.,PGDBM	57	27 Years	20.02.2001	Bpl Ltd.	Project Regional Head
Shekhar Jyoti	Vice President	3,480,000	B. Com., M.B.A.	45	22 Years	22.01.1986	Macotax Consultants Pvt.Ltd.	General Manager
Anuj Jain	Associate Vice President	3,100,092	B. Com., M.B.A.	39	18 Years	07.09.2005	Mirc Electronics Ltd.	Regional Buisness Manager
N.S. Satish	Associate Vice President	3,900,108	M.B.A.-MARKETING	39	14 Years	17.12.2007	Mirc Electronics Ltd.	National Head

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

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

c) None of the employees listed above is a relative of any Director of the Company.

Place : Mumbai

Date : February 25, 2008



# VIDEOCON INDUSTRIES LIMITED

## CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is all about commitment to values and ethical business conduct. It is all about how an organization is managed. The Company believes that sound Corporate Governance is critical to enhance and retain investor's trust.

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

#### 1. Transparency & maintaining high disclosure levels:

To maintain the highest standards of transparency in all aspects of our interactions and dealings and to ensure timely dissemination of all price sensitive information and matters of interest to our stakeholders.

#### 2. Accountability:

To demonstrate highest levels of personal responsibility and continually affirm that employees of the Company are responsible to themselves for the pursuit of excellence.

#### 3. Ethical conduct:

To conduct the affairs of the Company in an ethical manner.

#### 4. Compliance with the laws in all the Countries in which the Company operate:

To comply with all the laws and regulations as applicable to the Company.

#### 5. Stakeholders' Interest:

To promote the interests of all the stakeholders including customers, shareholders, employees, lenders, vendors and the community. The Company relentlessly endeavors to enhance the shareholder wealth while sparing no effort to deliver long term value to all the stakeholders.

The objective is to institutionalize Corporate Governance practices that go beyond adherence to the extant regulatory framework.

The Company is in compliance with all the requirements of the code of Corporate Governance; enshrined in Clause 49 of the Listing Agreement.

#### 1. The composition of the Board of Directors as on September 30, 2007 was as under:

Category	Directors	No. of Directors
Promoter - Executive Director	Mr. Venugopal N. Dhoot (Chairman & Managing Director) Mr. Pradipkumar N. Dhoot (Whole Time Director)	2
Non Executive - Non Independent Director	Mr. Kuldeep Drabu Mr. Didier Trutt Mr. Johan Fant	3
Independent	Mr. S. Padmanabhan Mr. Satya Pal Talwar Mr. Arun Laxman Bongirwar Maj. Gen. S. C. N. Jatar Mr. Karun Chandra Srivastava Mr. Ajay Saraf (Nominee of ICICI Bank Ltd) Mr. B. Ravindranath (Nominee of IDBI Limited)	7

The Board comprises of eminent persons having versatile experiences in the field of marketing, finance, technical and administration.

#### 2. Board/Committee Meetings and Procedures:

The Company is in substantial compliance with the secretarial standards governing board meetings and also general meetings as set out in Secretarial Standards 1 and 2 issued by the Institute of Company Secretaries of India. The information furnished to Board Members and Procedure is as set out hereunder:

- The Company has defined guidelines for the meetings of the Board of Directors and Committees thereof. These guidelines seek to systematize the decision making process at the meetings of Board/Committees, in an informed and efficient manner.
- All Board/Committee Members are 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.
- The Members have unqualified access to all information available with the Company. The information generally provided to the Members inter-alia include(s):
  - > Annual operating plans and budgets;
  - > Quarterly and financial results;
  - > Minutes of the meeting of Audit and other Committees to the Board; Notice of Interest;
  - > Material important litigations, show cause, demand, prosecution and penalty notices, if any;
  - > Sale of material nature of investments, subsidiaries and assets, which are not in the normal course of business;
  - > Establishment, operations and Set up of Joint Venture, Subsidiary or collaboration etc.,
  - > Divestment of Joint Ventures, Subsidiaries;
  - > Acquisitions/Amalgamation etc.,
  - > Minutes of the Board Meeting, Annual General Meetings of Subsidiary Companies and significant transactions if any; and
  - > Related Party Transactions
- Minutes of the proceedings of 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.
- 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.
- The Board periodically reviews the compliance reports to ensure adherence to all applicable provisions of law, rules and guidelines.
- 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:

16 Board Meetings were held during the year 2006 -07 on the following dates:

19th October 2006, 31st October 2006, 21st November 2006, 28th December 2006, 31st January 2007, 27th April 2007, 04th May 2007, 29th May 2007, 23rd June 2007, 06th July 2007, 11th July 2007, 20th July 2007, 31st July 2007, 11th August 2007, 29th August 2007 and 17th September 2007.

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

Sl. No.	Name of Director	Whether attended AGM held on 30.03. 2007	Attendance in Board Meetings held during the year/tenure		Other Board		
			Total	Attended	Directorship**	Committee Chairmanship***	Committee Membership***
1	Mr. Venugopal N. Dhoot	No	16	15	14	1	1
2	Mr. Pradipkumar N. Dhoot	Yes	16	12*	14	Nil	2
3	Mr. Sanjiv K. Shelgikar+	No	5	4	1	Nil	Nil
4	Mr. Kuldeep Drabu	No	16	3	3	1	1
5	Mr. S. Padmanabhan	No	16	11	14	Nil	8
6	Maj. Gen. S. C. N. Jatar	No	16	5	1	Nil	1
7	Mr. Satya Pal Talwar	Yes	16	11	10	2	6
8	Mr. Arun Laxman Bongirwar	No	16	8*	3	Nil	1
9	Mr. Ajay Saraf	No	16	3	3	Nil	3
10	Mr. Didier Trutt	No	16	4*	Nil	Nil	Nil
11	Mr. Johan Fant#	No	11	2	Nil	Nil	Nil
12	Mr. B. Ravindranath	No	16	4	1	Nil	Nil
13	Mr. Claes Johan Bygge#	N.A	5	1	Nil	Nil	Nil
14	Mr. Karun Chandra Srivastava@	N.A	11	1	1	Nil	Nil



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- # Mr. Johan Fant was nominated by AB Electrolux (Publ) in substitution of Mr. Claes Johan Bygge. On January 31, 2007 the Board took on record the withdrawal of nomination of Mr. Claes Johan Bygge and nomination of Mr. Johan Fant.
- + Mr. Sanjiv Krishnaji Shelgikar resigned from the Office of the Board of Directors of the Company. His resignation was accepted on April 9, 2007.
- @ Mr. Karun Chandra Srivastava was appointed as an additional director on April 9, 2007.
- \* Includes meeting(s) participated through audio conferencing.
- \*\* Directorship held by directors as above, do not include any alternate directorships if held, directorships in Foreign Companies, Section 25 Companies and Private Limited Companies.
- \*\*\* As per Clause 49 of the Listing Agreement, Membership/Chairmanships of only the Audit Committee and Shareholder/Investors' Grievance Committee of Public Limited Companies have been considered.

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

The brief details of directors retiring by rotation and seeking re-appointment and persons seeking appointment u/s. 257 of the Companies Act, 1956, is appended to the Notice convening the Nineteenth Annual General Meeting.

#### BOARD COMMITTEES

The Board has constituted three committees:

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

#### 1. AUDIT COMMITTEE:

##### 1.1 The Composition of Audit Committee as on September 30, 2007 was as under:

Name of the Member	Category
Mr. Satya Pal Talwar - Chairman	Independent
Mr. Arun Laxman Bongirwar	Independent
Maj. Gen. S. C. N. Jatar	Independent

The Audit Committee comprises of independent directors and financial literate persons having vast experience in the area of finance and accounts. The Chairman of the Audit Committee is a person with financial expertise.

##### 1.2 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.
- 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, in 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, if any
  - Compliance with stock exchange and legal requirements concerning financial statements.
  - Any related party transactions i.e., transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of Company at large.
- Review of quarterly unaudited financial results before submission to the Auditors and the Board.
- 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.

- Discussion with external auditors before the audit commences on 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.

#### 1.3 Meetings and Attendance:

During the financial year under consideration, four meetings of the Committee were held on: October 31, 2006, January 31, 2007, April 27, 2007 and July 31, 2007.

Name of the Member	Category	Meetings held during the year	Meetings attended
Maj. Gen. S. C. N. Jatar	Independent	4	4
Mr. Arun Laxman Bongirwar	Independent	4	4*
Mr. Satya Pal Talwar	Independent	4	4

\*One meeting participated through audio conferencing.

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

#### 2. REMUNERATION COMMITTEE:

##### 2.1 The Composition of Remuneration Committee as on 30th September 2007 was as under:

Name of the Member	Category
Major Gen. S. C. N. Jatar - Chairman	Independent
Mr. Satya Pal Talwar	Independent
Mr. Arun Laxman Bongirwar	Independent

##### 2.2 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.

##### 2.3 Directors' Remuneration:

- The Promoter Directors, Executive Directors, Non Executive Non Independent Directors, Nominees of AB Electrolux (publ) and Thomson S.A are not paid any sitting fees. Mr. V. N. Dhoot and Mr. P. N. Dhoot appointed as Chairman & Managing Director and Whole Time Director respectively are entitled for remuneration as per their terms of appointment, however, they are not drawing any remuneration.
- The independent directors are paid only sitting fees for attending Board/ Committee meetings. The details of payment of sitting fee during the year under review are as follows:

## VIDEOCON INDUSTRIES LIMITED

Name of Director	Sitting fee (Rs)
Mr. S. Padmanabhan	2,60,000
Major Gen. S. C. N. Jatar	2,10,000
Mr. Satya Pal Talwar	2,90,000
Mr. Arun Laxman Bongirwar	2,30,000
Mr. Ajay Saraf (favouring: ICICI Limited)	60,000
Mr. B. Ravindranath (favouring: IDBI Limited)	80,000
Mr. Karun Chandra Srivastava	50,000

**2.4 Meetings and Attendance, in Remuneration Committee:**

During the year under review, three meeting of remuneration committee were held on November 6, 2006, April 3, 2007 and August 3, 2007.

Name of the Member	Meetings held	Meetings attended
Maj. Gen. S. C. N. Jatar	3	3
Mr. Satya Pal Talwar	3	3
Mr. Arun Laxman Bongirwar	3	3

**2.5 Stock Options:**

The Company has not issued any stock options.

**3. SHAREHOLDERS/INVESTORS' GRIEVANCE COMMITTEE:****3.1 The Composition of Shareholders/Investors' Grievance Committee as on September 30, 2007 was as under:**

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

Mr. Sanjiv Krishnaji Shelgikar ceased to be member of shareholders/investors' grievance committee with effect from April 9, 2007 and Mr. Karun Chandra Srivastava was appointed as a member of the Committee on the same date.

The committee met on November 6, 2006, January 30, 2007, April 30, 2007 and August 3, 2007. Details of attendance is as under:

Name of the Member	Meetings held	Meetings attended
Maj. Gen. S. C. N. Jatar	4	4
Mr. S. Padmanabhan	4	4
Mr. Karun Chandra Srivastava	2	1
Mr. Sanjiv Krishnaji Shelgikar	2	2

**3.2 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, and
- Allotment of Equity Shares.

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

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

**3.3 Compliance Officer:**

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

**3.4 Share Transfer Details:**

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

	Equity
a Number of transfers	5,110
b Average Number of Transfers per month	426
c Number of Shares Transferred	55,409

**3.5 Demat/Remat of Shares:**

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

a	Number of Demat Transfers approved	12,933
b	Number of Sub-committee Meetings held	34
c	Number of Shares Dematerialised	180,626
d	Percentage of Shares Dematerialised	0.08
e	Number of Rematerialisation requests approved	15
f	Number of Shares Rematerialised	530

**3.6 Details of complaints received and redressed during the year 2006 - 07:**

Sl. No.	Particulars	Received	Redressed	Pending as on 30.09.2007
a	Non receipt of refund orders	-	-	-
b	Non receipt of div/int/red warrants	510	510	-
c	Non receipt of share certificates	2,014	2,014	-
d	Others	86	86	-
	Total	2,610	2,610	-

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

**GENERAL MEETING(S)****1) Details of location, time and date of last three AGMs:**

AGM	AGM Date	Location	Time	No of Special Resolutions Passed
16th AGM	31.03.2005	Auto Cars Compound, Adalat Road, Aurangabad	9.30 A.M	Nil
17th AGM	31.03.2006	Auto Cars Compound, Adalat Road, Aurangabad	9.30 A.M	3
18th AGM	30.03.2007	Auto Cars Compound, Adalat Road, Aurangabad	9.30 A.M	Nil

**2) Postal Ballot:**

During the year under review and after the year, following special resolution(s) were transacted through Postal Ballot:

1. To shift the Registered Office of the Company from Auto Cars Compound, Adalat Road, Aurangabad - 431005 to 14 K.M. Stone, Aurangabad - Paithan Road, Village Chittegaon, Taluka-Paithan, Aurangabad - 431105. Maharashtra.
2. To alter the Main Object Clause of Memorandum of Association of the Company by inserting additional clause(s) relating to:
  - a. carrying on business of generation and supply of Power; and
  - b. carrying on business of minerals and fuels and source of minerals and fuel, including mining block or mining rights for mining of minerals, including coal or other substance.
3. To alter the Main Object Clause of Memorandum of Association of the Company by inserting additional clause(s) relating to Telecommunications.

In terms of the provisions of Rule 5(b) of The Companies (Passing of the Resolution by Postal Ballot) Rules 2001, Mr. Sheetal Kumar Dak, Practicing Company Secretary, was appointed as Scrutinizer for conducting the Postal Ballot.

Notice of the Postal Ballot along with Explanatory Statement, Postal Ballot Form and Self Addressed (postage to be paid by addressee) Envelope were sent to all the Shareholders of the Company and all other persons who were entitled to receive the same by under certificate of posting.

The Postal Ballot Forms received upto close of Working hours on Friday, August 10, 2007, considered for determining the votes for S.No.1 and 2, as aforesaid, and the Postal Ballot Forms received upto close of Working hours on Wednesday, December 19, 2007, were considered for determining the Votes for S.No.3, hereinabove.

The results of the Postal Ballot for S.No.1 & 2 were announced by the Company Secretary of the Company at Auto Cars Compound, Adalat Road, Aurangabad - 431005 on Saturday, August 11, 2007 and for S.No.3 was announced on December 26, 2007 and the said dates of declaration of result of Postal Ballot has been taken as date of passing of the Resolution.