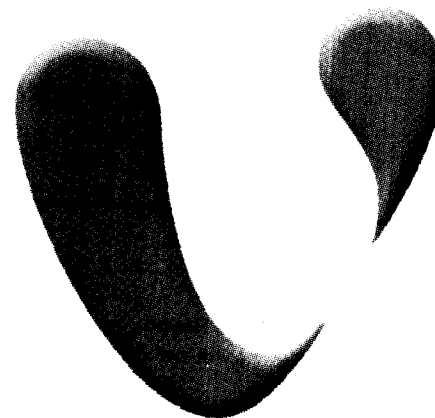


VIDEOCON INDUSTRIES LIMITED

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**Annual
Report
2008-09**



VIDEOCON

VIDEOCON INDUSTRIES LIMITED

BOARD OF DIRECTORS

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

REGISTERED OFFICE

14 KM Stone, Aurangabad - Paithan Road,
Village: Chittegaon, Tal. Paithan,
Dist.: Aurangabad - 431 101 (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)

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

AUDITORS

KHANDELWAL JAIN & CO.

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

KADAM & CO.

Chartered Accountants
"Vedant", 8/9, Viraj Estate,
Opp. Tarapur Bus Stand,
Ahmednagar - 414 003

BANKERS

State Bank of India

Allahabad Bank

Bank of India

Bank of Maharashtra

Central Bank of India

ICICI Bank Ltd.

Indian Bank

Indian Overseas Bank

State Bank of Hyderabad

State Bank of Indore

State Bank of Mysore

State Bank of Patiala

The Federal Bank Ltd.

Union Bank of India

IDBI Bank Ltd.

Punjab National Bank

COMPANY SECRETARY

Vinod Kumar Bohra

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NOTICE

NOTICE is hereby given that the Twenty-first Annual General Meeting of the Members of **VIDEOCON INDUSTRIES LIMITED** (the "Company") will be held on Tuesday, 30th March, 2010 at the Registered Office of the Company at 14 K.M. Stone, Aurangabad - Paithan Road, Village: Chittegaon, Taluka: Paithan, Dist.: Aurangabad - 431 105 (Maharashtra) at 12.00 Noon to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 30th September, 2009 and the Balance Sheet as at that date together with the Report of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a director in place of Mr. S. Padmanabhan who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. Arun L. Bongirwar who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a director in place of Mr. Karun Chandra Srivastava who retires by rotation and being eligible, offers himself for re-appointment.
6. 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, (Firm Registration No. 105049W) and M/s. Kadam & Co., Chartered Accountants, (Firm Registration No. 104524W) be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

SPECIAL BUSINESS

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of sections 198, 269, 309, 310, 311, 317, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the 'Act') (including any statutory modification or re-enactment thereof for the time being in force) and pursuant to the approval of the Board of Directors of the Company (the 'Board') at its meeting held on 15th February, 2010, and subject to the approvals, permissions, sanctions, as may be required and terms and conditions, as may be prescribed by any of the Statutory Authorities in granting such approvals, permissions and sanctions, consent of the Company be accorded to the re-appointment of Mr. Venugopal N. Dhoot as Managing Director of the Company for a period of five years with effect from 01st September, 2010 to 31st August, 2015 on the terms and conditions as set out hereunder:

- a) Salary shall be Rs. 10,00,000/- (Rupees Ten Lakh only) per month.
- b) Commission shall be paid at the rate of 1% of the net profits of the Company for the financial year subject to the maximum as may be laid down by the Board of Directors from time to time.
- c) Perquisites:
 - i) Contribution to Provident Fund and Superannuation Fund singly or put together to the extent are not taxable under the Income Tax Act.
 - ii) Gratuity at the rate of one month's salary for each completed years of service.
 - iii) Leave with full pay as per the Rules of the Company, encashment of un-availed leave being allowed at the end of the tenure.
 - iv) Free furnished residential accommodation with gas, electricity, water and furnishings or un-furnished accommodation with gas, electricity and furnishings and Company's furniture on rental basis as per scheme applicable to Senior Executives of the Company.
 - v) Reimbursement of medical expenses incurred in India or abroad and including hospitalization, nursing home and surgical charges for himself and family.

- vi) Reimbursement of actual traveling expenses for proceeding on leave from Mumbai to any place in India and return there from once in a year in respect of himself and family.
- vii) Reimbursement of servant's salary, subject to maximum of two servants on a salary of upto Rs.2,000/- per servant per month.
- viii) Reimbursement of membership fees for clubs.
- ix) Personal accident insurance policy in accordance with the scheme applicable to senior employees.
- x) Free use of Company's car for Company's work as well as for personal purpose alongwith the driver.
- xi) Telephone at residence at Company's cost.

RESOLVED FURTHER THAT the Board be and is hereby authorised to vary, alter, increase, enhance or widen the scope of remuneration and perquisites to the extent specified in Schedule XIII and other applicable provisions, if any, of the Act, as amended, from time to time.

RESOLVED FURTHER THAT in the event of the Company not earning any profit / earning inadequate profits during any financial year during the currency of the tenure of Mr. Venugopal N. Dhoot, as Managing Director, the above remuneration be paid to him as minimum remuneration by way of salary subject to the following conditions:

- a) no Commission shall be paid;
- b) gratuity shall be allowed at a rate of 15 days' salary for every year of service; and
- c) the monetary value of perquisites at [iv] to [xi] above shall not exceed the permissible limits under Income Tax Act in any financial year.

RESOLVED FURTHER THAT Mr. Venugopal N. Dhoot be and is hereby entrusted with substantial powers of management and power to perform such functions, as set out in the draft of the agreement for appointment of Mr. Venugopal N. Dhoot as Managing Director of the Company, copy whereof duly initialed by the Chairman for the purpose of identification and is placed before the meeting.

RESOLVED FURTHER THAT any one of the Directors of the Company be and is hereby authorised to approve, finalise, sign and execute the agreement and such other documents, applications, returns and writings, as may be required in this regard and do all such acts, deeds and things, as may be necessary, for giving effect to this resolution."

**By order of the Board of Directors of
VIDEOCON INDUSTRIES LIMITED**

Place: Mumbai
Date : 27th February, 2010

**Vinod Kumar Bohra
Company Secretary**

Registered Office:
14 K.M. Stone, Aurangabad- Paithan Road,
Village: Chittegaon, Taluka: Paithan,
District: Aurangabad - 431 105 (Maharashtra)

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under Item No. 7 is annexed hereto.
3. 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.
4. In terms of the provisions of the Articles of Association of the Company, Mr. S. Padmanabhan, Mr. Arun L. Bongirwar and Mr. Karun Chandra

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Srivastava, Directors, retire by rotation at the ensuing Annual General Meeting. Being eligible, Mr. S. Padmanabhan, Mr. Arun L. Bongirwar and Mr. Karun Chandra Srivastava, have offered themselves for re-appointment. Further, the Board has approved re-appointment of Mr. Venugopal N. Dhoot as Managing Director for a period of 5 years with effect from 01st September, 2010 subject to necessary approval of the shareholders at the ensuing Annual General Meeting.

5. A brief resume of the directors seeking re-appointment, nature of their expertise in specific functional areas and names of the companies in which they hold directorship and membership/chairmanship of the Committees of the Board of Directors, particulars of shareholding, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India is appended to the notice. The Board of Directors of your Company commends their re-appointment.
6. For convenience of Members and for proper conduct of the meeting, entry to the place of meeting will be regulated by attendance slip, which is annexed to the Annual Report. Members are requested to sign at the place provided on the attendance slip and hand it over at the entrance of the venue.
7. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their folio Number in the attendance slip for attending the Meeting.
8. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names shall be entitled to vote.
9. The date of Book Closure for the purpose of Annual General Meeting and determining the shareholders' entitlement for dividend shall be intimated to the Stock Exchange on or before 10th March, 2010. Further, the Company shall also intimate details of the Book Closure, by way of publication in one English daily newspaper circulating in the whole or substantially the whole of India and in one daily newspaper published in the language of the region, where the registered office of the company is situated. The date of Book Closure shall also be displayed on the website of the Company i.e. www.videoconworld.com.
10. Pursuant to Sections 205A and 205C of the Companies Act, 1956, all dividends remaining unclaimed for seven years from the date they first became due for payment are required to be transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government under the amended provisions of the Companies Act, 1956. Members shall not be able to claim any unpaid dividend from the said Fund nor from the Company thereafter. It may be noted that unclaimed/unpaid dividend for the financial year ended September 2001-02 and thereafter shall be transferred to the IEPF, as and when due.
11. Members who hold shares in physical form, under multiple folios, in identical names or joint accounts in the same order or names, are requested to send the share certificates to M/s. MCS Limited, Registrar and Transfer Agent of the Company, for consolidation into a single folio.
12. Members holding shares in physical form are requested to kindly notify the Company of any change in their addresses so as to enable the Company to address future communication to their correct address. Members holding shares in electronic form are requested to notify their respective Depository Participant of any change in their addresses.
13. Non-Resident Indian Members are requested to inform MCS Limited, the Registrar & Transfer Agent of the Company, immediately of change in their residential status on return to India for permanent settlement; particulars of their Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank with Pin Code Number, if not furnished earlier.
14. The equity shares of the Company are tradable compulsorily in electronic form and your Company has established connectivity with both the depositories i.e., National Securities Depository Limited and Central Depository Services (India) Limited. Taking into consideration 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.
15. The documents referred to in the accompanying notice are available for inspection at the Registered Office of the Company on all working days between 12.00 Noon to 3.00 p.m. upto the date of the Annual General Meeting.

16. Members desiring any information as regards the Accounts are requested to write to the Company Secretary at an early date so as to enable the Management to reply at the Meeting.
17. Investors may address their queries/communication at secretarial@videoconmail.com.
18. Members are requested to kindly bring their copies of the Annual Report to the Meeting.

**By order of the Board of Directors of
VIDEOCON INDUSTRIES LIMITED**

Place: Mumbai
Date : 27th February, 2010

**Vinod Kumar Bohra
Company Secretary**

Registered Office:
14 K.M. Stone, Aurangabad- Paithan Road,
Village: Chittegaon, Taluka: Paithan,
District: Aurangabad - 431 105 (Maharashtra)

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 7

Mr. Venugopal N. Dhoot, Chairman and Managing Director of the Company, is a driving force behind the resounding success of Videocon Group.

He holds a Bachelor's degree in Engineering and has experience spanning over three decades in diversified fields and is one of the core promoters of the Company. He was appointed to the office of Managing Director for a period of 5 years with effect from 01st September, 2005.

The tenure of Mr. Venugopal N. Dhoot as Managing Director of the Company ends on 31st August, 2010. The Board of Directors of the Company has approved re-appointment of Mr. Venugopal N. Dhoot as Managing Director of the Company subject to the approval of shareholders at the ensuing Annual General Meeting.

The proposed remuneration is within the limits prescribed under Schedule XIII of the Companies Act, 1956. The Managing Director shall carry out all such duties as may be entrusted to him, from time to time, subject to the supervision of the Board of Directors. Subject to the provisions of Article 136 of Articles of Association of the Company and subject to the approval of the members at the ensuing Annual General Meeting, and also subject to the provisions of the Companies Act, 1956 in particular to the prohibitions and restrictions contained in Section 292 of the said Act, Mr. Venugopal N. Dhoot, as Managing Director, shall have the substantial powers of management and such additional power as may be entrusted or conferred upon him, by the Board, from time to time.

The re-appointment shall be for a period of 5 years with effect from 01st September, 2010. The proposed resolution is required to be passed as an Ordinary Resolution as required under the amended Schedule XIII to the Companies Act, 1956 and as such, the Board commends your approval.

A copy of the terms and conditions governing the appointment of Mr. Venugopal N Dhoot as Managing Director is available for inspection by the members during business hours on any working day before the date of Annual General Meeting and shall also be placed before the meeting for the approval of the members.

None of the directors, except Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot, are interested or concerned in this resolution.

**By order of the Board of Directors of
VIDEOCON INDUSTRIES LIMITED**

Place: Mumbai
Date : 27th February, 2010

**Vinod Kumar Bohra
Company Secretary**

Registered Office:
14 K.M. Stone, Aurangabad- Paithan Road,
Village: Chittegaon, Taluka: Paithan,
District: Aurangabad - 431 105 (Maharashtra)

**BRIEF RESUME OF THE DIRECTORS SEEKING RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING
(PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES IN INDIA)**

MR. S. PADMANABHAN:

Sr. No.	Particulars	Profile
1	Date of Birth	01st September, 1939
2	Educational Qualification	I.A.S., B.Sc. (Physics) (Hons), M. Sc. (Physics), Bachelor of General Law, Diploma in Overseas Development Studies (University of Cambridge) and Diploma in Managerial Accounting.
3	Date of appointment on the Board	01st June, 2005
4	Category of director	Independent
5	Area of Expertise/Senior Position Held/Work Experience	A management consultant and advisor to various corporates. He has held various prominent positions with the Government viz., served as Chief Executive Officer - Zilla Parishad, Collector - District (Koyna Earthquake Rehabilitation), Director of Tourism - Govt. of Maharashtra, Chief Executive Officer - Bombay Buildings Repair and Reconstruction Board, Ex-Officio Deputy Secretary (Housing) - Government of Maharashtra, Managing Director - State Industrial and Investments Corporation of Maharashtra Limited, Commissioner - Aurangabad Division.
6	Names of other directorships in Public Limited Companies	Trend Electronics Limited KAIL Limited Force Motors Limited Premier Limited Rajkumar Forge Limited Sanghvi Movers Limited Sudarshan Chemical Industries Limited Videocon Power Limited Applicomp (India) Limited Desai Brothers Limited Videocon Energy Holdings Limited Next Retail India Limited Pipavav Energy Private Limited
7	Names of other Committees in which Chairman	Nil
8	Names of other Committees in which Member	KAIL Limited (Audit) Applicomp (India) Limited (Audit) Videocon Power Limited (Audit) Sanghvi Movers Limited (Audit & Remuneration) Premier Limited (Audit & Remuneration) Trend Electronics Limited (Audit, Remuneration & Shareholder)
9	Number of Shares Held	203

MR. ARUN L. BONGIRWAR:

Sr. No.	Particulars	Profile
1	Date of Birth	18th May, 1943
2	Educational Qualification	I.A.S., M.Sc.
3	Date of appointment on the Board	08th December, 2005
4	Category of director	Independent
5	Area of Expertise/Senior Position Held/Work Experience	A Government Servant having vast experience in diversified fields. He has held various prominent positions with the Government, viz. Chairman - Tariff Authority for Major Ports, Chairman - Jawaharlal Nehru Port Trust (Ministry of Shipping, Govt. of India), Mumbai, Chief Secretary - Govt. of Maharashtra, Additional Chief Secretary (Revenue) - Govt. of Maharashtra, Principal Secretary (and later Addl. Chief Secretary) to the Chief Minister - Govt. of Maharashtra, Principal Secretary (Industries) - Govt. of Maharashtra, Development Commissioner, Santacruz Electronic Export Processing Zone (SEEPZ), Mumbai and Secretary to the Chief Minister of Maharashtra, Govt. of Maharashtra.
6	Names of other directorships in Public Limited Companies	Wanbury Limited Airports Authority of India Limited JSW Infrastructure Limited
7	Names of other Committees in which Chairman	Nil
8	Names of other Committees in which Member	Wanbury Limited (Audit, Investor's Grievance & Remuneration)
9	Number of Shares Held	Nil

MR. KARUN CHANDRA SRIVASTAVA:

Sr. No.	Particulars	Profile
1	Date of Birth	10th February, 1944
2	Educational Qualification	B.A., M.A., Diploma in System Mgt., Diploma in Development Admn., IAS.
3	Date of appointment on the Board	09th April, 2007
4	Category of director	Independent
5	Area of Expertise/Senior Position Held/Work Experience	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 of Maharashtra and Government of India such as Municipal Commissioner - Municipal Corporation of Greater Mumbai, Chairman - Second Maharashtra Finance Commission, Govt. of Maharashtra, Administrative Staff College Campus, Mumbai, Additional Chief Secretary (Home Department) - Govt. of Maharashtra, Mantralaya, Mumbai, Metropolitan Commissioner - Mumbai Metropolitan Regional Development Authority, Mumbai and Joint Development Commissioner - Small Scale Industries, Ministry of Industries, Govt. of India, New Delhi.
6	Names of other directorships in Public Limited Companies	Grauer & Weil (India) Limited; NuPower Renewables Limited; and D B Realty Limited
7	Names of other Committees in which Chairman	Nil
8	Names of Committees in which Member	Grauer & Weil (India) Limited - Audit D B Realty Limited - Audit
9	Number of Shares Held	Nil

MR. VENUGOPAL N. DHOOT:

Sr. No.	Particulars	Profile
1	Date of Birth	30th September, 1951
2	Educational Qualification	Bachelor's degree in Engineering
3	Date of appointment on the Board	01st June, 2005
4	Category of director	Promoter, Executive
5	Area of Expertise/Senior Position Held/Work Experience	Mr. Venugopal N. Dhoot, Industrialist, has experience spanning over three decades in diversified fields. He is one of the core promoters of Videocon Group. He was the President of the Associated Chamber of Commerce and Industry in India. Presently, he is President of Electronic Industries Association of Marathawada, Member Advisory committee of Pune University Information Employment and Guidance and Advisor to the Govt. of Orissa for industrial development of Orissa.
6	Names of other directorships in Public Limited Companies	Value Industries Limited Trend Electronics Limited KAIL Limited Next Retail India Limited Videocon Realty & Infrastructures Limited Videocon International Electronics Limited Bharat Hotels Limited Videocon Oil Ventures Limited Evans Fraser & Co. (India) Limited Rural Electrification Corporation Limited Videocon Energy Limited Videocon Power Ventures Limited Jumbo Techno Service Private Limited Senior Consulting Private Limited
7	Names of other Committees in which Chairman	KAIL Limited - Audit Committee
8	Names of other Committees in which Member	Videocon International Electronics Limited - Audit
9	Number of Shares Held	73,289

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DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the Twenty-first Annual Report together with the Audited Accounts and Auditors' Report of your Company for the year ended 30th September, 2009.

PERFORMANCE REVIEW

The performance of the Company, on standalone basis, for the financial year ended 30th September, 2009 is as summarized below:

(Rs. in Million)

Particulars	Year ended 30th Sept., 2009	Year ended 30th Sept., 2008
Net Sales	91,630.41	97,536.54
Other Income	340.15	288.22
Total Income	91,970.56	97,824.76
Profit before Interest, Depreciation, Exceptional Items and Tax	17,918.57	23,560.88
Interest and Finance charges	6,363.81	4,011.03
Depreciation	5,771.52	6,602.07
Exceptional Items		1,278.10
Profit before Tax	5,783.44	11,669.68
Provision for Taxation	1,776.82	3,126.73
Profit after Tax	4,006.62	8,542.95

OPERATIONS

Highlights on the performance of the Company during the year under review are summarized hereunder:

CONSUMER ELECTRONICS & HOME APPLIANCES:

Undeterred by the economic uncertainties looming large over the global horizon, your Company has made positive strides in its Consumer Electronics & Home Appliances Business and Company has posted a stable performance thanks to the technological up-gradation; multi-brand strategy; aggressive marketing; launch of new logo; and focused penetration in the key markets.

OIL & GAS:

The Company, through its wholly owned subsidiaries and / or joint ventures is carrying on the exploration activities in the oil and gas fields in Brazil, Mozambique, East Timor, Oman, and Australia.

As a part of Company's overall plans of acquiring further interests in oil and gas fields worldwide, the Company, through one of its subsidiaries, acquired a 12.5% participating interest in Production Sharing Contract, covering the area referred to as Nunukan Block, located offshore Indonesia.

During the year under review a pre-salt discovery was announced in the Wahoo prospect offshore Brazil block in the Campos basin wherein VB Brazil Petroleo Private Limitada, a joint venture company of the Company with Bharat PetroResources Limited, through its wholly owned subsidiary, holds, a 25% participating interest.

Subsequent to the balance sheet date, more than 480 net feet of natural gas pay in high quality reservoir sands with a gross column of more than 1,200 feet was encountered in Rovuma Basin, Area 1, offshore Mozambique, wherein one of the subsidiaries of the Company holds 10% participating interest.

Meanwhile, the Company continues to reap dividends from its oil & gas venture in Ravva Oil & Gas Field in India.

TELECOM

Videocon Telecommunications Limited ("VTL"), (formerly Datacom Solutions Limited), one of the subsidiaries of the Company, has been awarded License to provide Unified Access Services in 21 local service areas and has also been allotted spectrum in 20 of these local service areas.

VTL is in process of launching the mobile services and has substantially completed creation of the basic infrastructure for the same. VTL has signed interconnect and roaming agreements with various operators and has entered into long term master service agreements with various reputed infrastructure providers for usage of their passive telecom infrastructure services. VTL plans to roll out its mobile services commercially in six circles by March 2010 and will be present in 11 circles by June 2010. VTL plans to roll out the mobile services commercially in rest of the telecom service areas where spectrum has been allotted, by December 2010.

POWER

One of the subsidiaries of the Company, Pipavav Energy Private Limited ("PEPL") is implementing a Power project in Gujarat, near Pipavav port, Village Bherai, Taluka Rajula, Dist. Amreli, Gujarat. This will be a thermal power plant with a capacity of 1,200 MW and the same will be completed in two phases. PEPL has signed necessary Memorandum of Understanding with the Govt. of Gujarat whereby the Govt. of Gujarat has agreed to provide all required support to the project. PEPL has obtained necessary environmental clearances from Gujarat Pollution Control Board for constructing the power plant and has also obtained CRZ clearance from State Department of Environment & Forest. Acquisition of the necessary land required for the first phase of the project has been substantially completed and PEPL has invited bids for key equipments and necessary civil work and bathymetric survey work.

The Company is also considering power projects in the other parts of the country and also evaluating alternate technologies for the same.

ISSUES/ALLOTMENT & FORFEITURE OF SECURITIES

During the year under review, 1,17,65,000 warrants were allotted at a price of Rs. 42.50 per warrant, on preferential basis, to Bennett, Coleman & Company Limited with an option to subscribe to 1,17,65,000 equity shares at a price of Rs. 170.00 per equity share inclusive of a premium of Rs. 160.00 per equity share, within a period of 18 months from the date of allotment.

Forfeiture of Equity Shares

The Board of Directors of the Company at its meeting held on 31st July, 2009, approved the forfeiture of 43,948 equity shares of face value of Rs 10/- each and cancelled the shares. These shares were allotted pursuant to the amalgamation of erstwhile Videocon International Limited with the Company and in respect of which the allotment/call money were due and unpaid.

MATERIAL EVENTS AFTER BALANCE SHEET DATE:

Post balance sheet date, 1,858,275 equity shares were allotted, on preferential basis, to Infotel Telecom Infrastructure Private Limited at a price of Rs. 242.16 per equity share inclusive of a premium of Rs. 232.16 per equity share.

Further, post balance sheet date, the Board of Directors of the Company approved in-principle issue of equity shares, on rights basis, for an amount not exceeding Rs. 1,200 Crores. The Company has filed Draft Letter of Offer with the Securities & Exchange Board of India.

APPROPRIATIONS

DIVIDEND:

Your directors are pleased to recommend a dividend of Rs. 2/- (Rupees Two only) per equity share for the financial year ended on 30th September, 2009.



The dividend, if approved by the shareholders, will entail a payout of Rs. 541.14 million including dividend distribution tax of Rs. 78.61 million. The dividend is free of tax in the hands of the shareholders.

The dividend payout, as proposed, is in accordance with the Company's policy to pay sustainable dividend besides keeping in view the Company's need for capital, its growth plans and the intent to finance such plans through internal accruals.

TRANSFER TO GENERAL RESERVE:

Your directors propose to transfer Rs. 1,000.00 million to the General Reserve. An amount of Rs. 22,438.44 million is proposed to be retained in the profit and loss account.

FIXED DEPOSITS

The Company has never accepted any fixed deposit within the meaning of Section 58A of the Companies Act, 1956 and as such, no amount of principle or interest was outstanding as of the Balance Sheet date.

PERSONNEL

A statement of the Particulars of Employees required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is annexed and forms part of this Report.

Your Company has an environment which is empowered, inclusive, driven by performance yet fun-filled with a diversified talent base.

- **Creativity and Autonomy:**

An individual's creativity is the basis for value creation. Your Company respects diversity and autonomy allowing each of its employees to exercise their creativity to the fullest.

- **Emphasis on Competence:**

Competence is the basis for performance. Your Company eyes competence as the most important factor in its personnel decisions.

- **Equal Opportunities:**

Equal opportunities build trust among people. Your Company ensures equal opportunities to all regardless of gender, race, age, religion or nationality.

- **Long-Term Perspective:**

Maintaining a long-term perspective is the foundation for your Company's Human Resource policies. Human Resource programmes are designed with a long-term perspective and implemented with dedication and persistence.

- **Training:**

Your Company offers diverse training programmes to its employees according to position to encourage learning and development. This is done by equipping them with the professional capabilities and enabling them to apply the latest technologies at work.

- **Rewards:**

Your Company offers its employees a competitive, unique rewards system which motivates employees to perform better by helping them to enhance their quality of life.

CONSERVATION OF ENERGY

"Energy saved is energy generated." Your Company strives for sustainable consumption of natural resources. The thrust of your Company's strategy is to save energy through application of various efficiency measures.

During the year, the efforts of your Company maneuvered to innovation and improvement so as to further reduce energy consumption. A novel concept

nomenclature as "Resource Productivity" was coined by the management of your Company as a golden means to attain optimum utilization of available resources, especially renewable resources. Implementation of the said concept has led to improvement in over-all efficiency. The same was implemented at all the manufacturing facilities.

Better controls are planned to achieve further reduction in energy consumption. The manufacturing facilities of the Company are equipped with hi-tech energy monitoring and conservation systems to monitor usage, minimise wastage and increase overall efficiency at every stage of power consumption.

Some of the measures being undertaken by the Company in its endeavor to conserve energy are enumerated hereunder:

- Energy auditing at the manufacturing units;
- Improvement in power factors by installation of Capacitors;
- Use of advanced technology at manufacturing plants in the form of energy efficient equipments;
- Use of unconventional energy sources like solar energy in the form of solar water heater plant;
- Timely maintenance of machinery and equipments;
- On-the-job and off-the-job training for employees at all levels;
- Use of energy saving lighting arrangement in shop floor and on roads inside the facilities by using Electronics Ballast and CFL lamps;
- Reduction in power consumption;
- Display of Notice Boards and Information Boards at all work stations for information and awareness of the employees;
- Awareness programmes towards optimum utilization of natural resources; and
- Plantation of trees at all the manufacturing units.

RESEARCH, DEVELOPMENT AND TECHNOLOGY ABSORPTION

Technology and Research & Development (R&D) go hand in hand. Your Company firmly believes that a sound R&D programme is a forte of every flourishing organisation and a well-planned R&D acts as a catalyst to foster innovation and enhance the interfaces in both, conventional and emerging technological arenas.

Accordingly, an in-house R&D team comprising of over 200 skilled engineers/experts in varied fields has been formed to keep pace with the rapid technological changes in the industry. The Company has Research and Development centre located in China, Aurangabad, Japan and Gurgaon.

Your Company is determined to develop its own technologies in select areas besides being an efficient user and customiser of available technologies. R&D and technology development are integral to your Company's innovation agenda for achieving growth, business profitability, sustainability and rural transformation.

The main thrust of the Company's R&D activities is upon strengthening of the current portfolio of products, looking for new concepts and product platforms, development of new technological platforms to support the consumer needs more effectively and introduction of a number of novel technologies in Consumer Electronics & Home Appliances. R&D work is in progress in the areas of basic technology, manufacturing skills, performance, quality, design and standardisation.

The Company's customer-oriented performance is backed by R&D activities. The Company has reinforced activities in advanced digital technology to deliver smart products which simplify life.

During the year under review, your Company has explored R&D avenues in an array of areas, some of them being:

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- Home theaters - High-end models and HTIB Models.
- Larger Screen Television i.e. 32 inch and 38inch.
- True Flat Televisions.
- LCD TVs.
- Plasma Televisions.
- Cosmetic design and new out look to the TVs.
- Manufacturing of components for CTV, Refrigerators and Air conditioners.
- Developed high-end products to be offered to Indian market.
- Efforts to reduce power consumption of all its final products.
- Development of products suitable for Indian climate conditions, as well as same for export market.
- Introduction of TV with immense picture performance and razor slim design.

The Company's ongoing commitment to technology leadership coupled with its cutting-edge R&D capabilities has enabled it to consistently deliver innovative products that enhance and enrich life. In a nutshell, during the year, your Company was able to cash in on the following benefits:

- Developed new design in products and launched various new models.
- Developed high-end products to be offered to Indian market.
- Introduced Integrated Digital TV (iDTV) with a built-in digital decoder having MPEG 4 DVB-S2 Digital signal; Introduced LED TV with "Nano Pixels" for immense picture performance and Razor slim design; Introduced Unique "SMART TV", which set a platform for "Internet TV" to enjoy the Live Chatting, Browsing, Video conferencing, email access, Blu Tooth connectivity etc.; and various other ranges/series of LCD TV with Full HD 1080p resolution.
- Introduced Star Rated Products in Consumer Electronics and Home appliances. With this technology, the customer can have benefit of saving approximately 15% of power consumption, resulting into effective utilization of power resources in the nation.
- Introduced paint less product with a unique Hot and Cold Technology for moulding of parts. This helps to reduce pollution generated due to hazardous chemicals used in plastic paints and its process. Customer can enjoy the high glossy finish with ultimate scratch resistance.
- Developed new ranges of Direct Cool as well as Frost Free refrigerators like Ecocool, Ecocool Plus, Ecofresh, Deofresh, Nutricool, Nutricool Plus, Powercool. Developed 4 & 5 Star rated refrigerators with new exterior finish i.e. PCM-Pre-coated material.
- Introduced new base stand with smart VEGI TRAY, which is unique and give convenience to customer in day to day usage.
- Introduced new economic series of Direct cool refrigerator as "Bharat series", to cater to each and every Indian family. This has given cutting edge solution for the competitors on the price factor.
- Introduction of the products on health platform with Deodorizer, which gives the solution to remove the odour created by rotten vegetables and fruits.
- Enhanced Frost Free refrigerator series with introduction of LED & LEDi technology.
- Increase in Productivity.

In near future, the Company is proposing to concentrate on all the areas mentioned earlier, hereinbefore and to focus efforts on new technologies which could offer better products in the domestic market. The Company aims to achieve R&D in the following areas:

- Manufacturing of components for consumer Electronics Products.
- Various models of Multimedia TV; iDTV; LCDTVs; LED & LEDi
- Plasma Televisions.
- Composite Home Entertainment system with internet adaptability.
- Better features, better quality & improved reliability with reduced/low prices.

During the year, your Company has incurred Rs. 92.76 million representing 0.10% of the turnover towards R&D, to enhance the competitiveness of our core business and develop tomorrow's technologies.

As the management continues to expand its investment in core technologies and cutting-edge growth businesses, your Company ensures that its technology leadership, in India and abroad, grows stronger with every passing year.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars of Foreign Exchange Earnings and Outgo during the year are as set out hereunder:

(Rs. in Million)

Particulars	For the year ended 30th Sept., 2009	For the year ended 30th Sept., 2008
Foreign Exchange Earned	5,226.24	6,080.77
Foreign Exchange Used	13,962.01	14,113.62

The Company has taken various initiatives for exports and development of export markets for Consumer Electronics and Home Appliances to increase its foreign exchange earnings.

INFORMATION TECHNOLOGY

Information Technology and business are becoming inextricably interwoven. Nobody can meaningfully talk about one without talking about the other. Indeed, the growing influence of Information Technology as an enabler of business in today's time has made use of Information Technology indispensable. Information Technology, having made inroads into major industries, has left no aspect of our business and life untouched. Your Company firmly believes that an organization needs to have a 'digital nervous system' for sustaining the cut-throat competition for the 'Numero Uno' position in any sector of economy.

In due recognition of the key role played by Information Technology in revolutionizing the world, your Company has re-engineered its processes by leveraging Information Technology with an eye to building, sustaining and expanding its competitive edge.

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

SAP Solutions have enabled your Company to leverage the benefits of integration in business operations, optimization of enterprise resources, standardized business processes thereby enabling standard operating practices with well established controls. This has enabled the Company to adopt best and standardized business processes across the functions. It has also benefited the management at all levels with business information which is on-line and reliable to control the business operations in a well-informed manner. Your Company has a scale-up data centre infrastructure to cater to the business requirements. During the year under review, SAP BI Tool (Business Intelligence) was upgraded from 3.5 to 7 for providing intelligent and advance reporting functionality. There is secured and point-to-point VPN connectivity in its most of the branches and warehouses.

The Company has bagged SAP ACE Award, twice in a row, for "Best Consumer Sector Implementation" and "Excellence in Implementation of Various SAP Modules".

HEALTH AND SAFETY

'Safety of persons overrides all Production targets' – bearing this safety motto in mind, every business issue in your Company is discussed and every solution complies with the safety policy of your Company. The management of your Company believes that the employees are the heart and soul of the organization and hence, considers health and safety of its employees as its prime responsibility.

The health and safety platform of your Company is well supported by the safety management team which comprises of employee and management representatives. The team studies a plethora of health, safety and environment related issues at manufacturing plants and reports the observations along with requisite correctives measures, if any, to the management for necessary action. The Company arranges for and takes various measures to prevent occurrence of accidents on job. There is regular interaction between Corporate and the manufacturing units on the health and safety policy.

The health and safety initiatives adopted by the Company include:

- Conduct of safety audits.
- Accessibility of health and medical services to all employees through well equipped health centres at all manufacturing facilities.
- Medical camps, at regular intervals, to ensure fitness of its employees.
- Availability of ambulance, incase of emergency.
- On-the-job and off-the-job training programmes at regular intervals for upgradation of employees on awareness front.
- Display of evacuation plans at various locations to reach assembly point.
- Display of cautionary boards, notice boards and information boards at work stations for information and awareness of the employees.
- Close monitoring of health and safety activities to ensure maintenance of adequate standards.

ENVIRONMENT

Your Company is committed to sustainable development, for meeting the needs of the present without jeopardizing the welfare of future generations. The Company's business strategies consciously factor environment conservation as a major principle. The Company is continuously looking for new ways to preserve the environment and manage resources responsibly. Your Company endeavours to be as eco-efficient as possible are unrelenting.

For your Company, economic, social and environmental responsibilities forms an integral part of its business. The eco-friendly initiatives adopted by the Company includes:

- setting new targets for energy efficiency.
- reducing the use of natural resources.
- promoting the use of alternative fuels and materials.
- re-engineering the processes and products to reduce energy consumption.
- tree-plantation campaigns.
- awareness programmes for employees at all levels.

The Company adopt clean technologies and processes that combine both economic progress and sustainable environment.

APPOINTMENT/RE-APPOINTMENT OF DIRECTORS

During the year under review, Dr. Birendra Narain Singh was appointed as a Nominee of IDBI Limited in substitution of Mr. B. Ravindranath. Further, Thomson S.A. withdrew its nomination of Mr. Didier Trutt from the Board of the Company. Also, AB Electrolux (Publ) substituted their nominee on the Board of the Company. Ms. Gunilla Nordstrom was nominated on the Board in place of Mr. Johan Fant.

At the Twentieth Annual General Meeting held on 30th March, 2009, Ms. Gunilla Nordstrom and Mr. Radhey Shyam Agarwal were appointed as Directors and Mr. Kuldeep Drabu retired at the said Annual General Meeting, since not offered himself for re-appointment.

Pursuant to the provisions of the Companies Act, 1956 and in terms of the Articles of Association of the Company, Mr. S. Padmanabhan, Mr. Karun Chandra Srivastava and Mr. Arun L. Bongirwar are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

Mr. Venugopal N. Dhoot was appointed to the office of Managing Director for a period of 5 years with effect from 01st September, 2005. The tenure of Mr. Venugopal N. Dhoot as Managing Director of the Company ends on 31st August, 2010. The Board of Directors of the Company has approved re-appointment of Mr. Venugopal N. Dhoot as Managing Director of the Company subject to the approval of shareholders at the ensuing Annual General Meeting.

The Board recommends re-appointment of Mr. S. Padmanabhan, Mr. Karun Chandra Srivastava, Mr. Arun L. Bongirwar as Director and Mr. Venugopal N. Dhoot as Managing Director. Brief profiles of each of these Directors, specifying their expertise in specific functional areas, public companies in which they hold Directorship and Committee Positions, is annexed to the Notice and forms part thereof.

LISTING

The equity shares of your Company are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Global Depository Receipts (GDR) and Foreign Currency Convertible Bonds (FCCB) issued by your Company are listed on the Luxembourg Stock Exchange and Singapore Exchange Trading Securities Limited respectively.

SUBSIDIARY COMPANIES

During the year under review, Videocon Indonesia Nunukan Inc., Senior Consulting Private Limited and Jumbo Techno Services Private Limited became subsidiaries of the Company whereas Videocon (Mauritius) Infrastructure Ventures Limited and consequently Investcon Singapore Holdings Limited ceased to be the subsidiaries of the Company.

As such, as on 30th September, 2009, your Company had 23 (Twenty-three) subsidiaries (including step-down subsidiaries) viz.. Datacom Telecommunications Private Limited; Eagle Ecorp Limited; Videocon JPDA 06-103 Limited (formerly, Global Energy Inc.); Godavari Consumer Electronics Appliances Private Limited; Jumbo Techno Services Private Limited; Mayur Household Electronics Appliances Private Limited; Middle East Appliances LLC; Paramount Global Limited; Pipavav Energy Private Limited; Powerking Corporation Limited; Senior Consulting Private Limited; Sky Billion Trading Limited; Venus Corporation Limited; Videocon Displays Research Company Limited; Videocon Energy Brazil Limited (formerly: Videocon Global Energy Holdings Limited); Videocon Global Limited; Videocon Indonesia Nunukan Inc. (formerly: Spectrum Overseas Inc.); Videocon International Electronics Limited; Videocon Mozambique Rovuma 1 Limited (formerly: Videocon Energy Resources Limited); Videocon Energy Ventures Limited; Videocon Oman 56 Limited (formerly: Videocon Hydrocarbon Holdings Limited); Videocon Telecommunications Limited (formerly: Datacom Solutions Limited); and Wei You Kang Electronic (Shenzhen) Limited.

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Ministry of Corporate Affairs, Government of India has granted approval that the requirement to attach various documents in respect of subsidiary companies, as set out in sub-section (1) of Section 212 of the Companies Act, 1956, shall not apply to the Company. Accordingly, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. Financial information of the subsidiary companies, as required by the said approval, is disclosed in the Annual Report. The Consolidated Financial Statements presented by the Company include financial results of its subsidiary companies, joint ventures and associates, in accordance with relevant Accounting Standards of the Institute of Chartered Accountants of India.

The Company undertakes that annual accounts of the subsidiary companies and the related detailed information will be made available to the holding and subsidiary companies investors seeking such information at any point of time and the annual accounts of the subsidiary companies will also be kept for inspection by any investor at the Registered Office of the Company as well as the respective Registered Offices of subsidiary companies. Further, the summarized financial information of the subsidiary companies is also available on the website of the Company viz., www.videoconworld.com

CONSOLIDATED FINANCIAL STATEMENTS

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

CASH FLOW STATEMENT

The Cash flow Statement for the year ended 30th September, 2009, in conformity with the provisions of Clause 32 of the Listing Agreement with the Stock Exchanges in India, is annexed hereto.

AUDITORS' REPORT

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

AUDITORS

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

The Board recommends their re-appointment.

MANAGEMENT DISCUSSION AND ANALYSIS

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

CORPORATE GOVERNANCE

It has been the endeavour of your Company to follow and implement best practices in corporate governance, in letter and spirit. Your Company is committed to maintain the highest standards of Corporate Governance.

The Directors adhere to the Corporate Governance requirements set out by the Securities and Exchange Board of India and have implemented all the stipulations prescribed.

A detailed Corporate Governance Report is included in the Annual Report. A certificate from the Auditors of the Company regarding compliance with the conditions of corporate governance as required under Clause 49 of the Listing Agreement with the Stock Exchanges in India, forms part of the said report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- In the preparation of the annual accounts for the year ended 30th September, 2009, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 30th September, 2009 and of the profit of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

TOKEN OF APPRECIATION

The Board applauds its employees of the Company for their alacrity and dedication to stabilize the company's operations in the tough market conditions.

The Board places on record its sincere thanks and appreciation for the continuing support of the dealers, vendors, business associates and employees in ensuring an excellent all-round operational performance. Your Directors also place on record their heartfelt gratitude to the Government Authorities, Banks and Financial Institutions for their support and guidance in navigating the Company through thick and thin.

The Board is also grateful to you for your support, especially during the challenging times. The Company salutes its shareholders for their undeterred faith in the credentials of the Company.

Your Directors look forward to their continued support in the future as well.

**For and on Behalf of the Board of Directors of
VIDEOCON INDUSTRIES LIMITED**

**Venugopal N. Dhoot
Chairman & Managing Director**

Place: Mumbai

Date: 27th February, 2010