

VIDEOCON

**VIDEOCON
INDUSTRIES
LIMITED**

17th

**Annual Report
2004-2005**

VIDEOCON INDUSTRIES LIMITED

BOARD OF DIRECTORS

Mr. Venugopal N. Dhoot	Chairman & Managing Director
Mr. Pradeepkumar N. Dhoot	Wholetime - Director
Mr. S. K. Shelgikar	
Mr. Kuldeep Drabu	
Mr. S. Padmanabhan	
Mr. S. C. N. Jatar	
Mr. A.L. Bongirwar	
Mr. S.P.Talwar	
Mr. Didier Trutt	Nominee - Thomson S.A.
Mr. Claes Johan Bygge	Nominee - AB Electrolux
Mr. Ajay Saraf	Nominee - ICICI Bank Ltd.
Mr. M. Chittaranjan Kumar	Nominee - IDBI Bank Ltd.

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

SOLICITORS

M/s. Mulla & Mulla & Cragie & Blunt & Caroe

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
Vijaya Bank
Punjab National Bank

REGISTERED OFFICE

Auto Cars Compound,
Adalat Road, Aurangabad – 431 005
Maharashtra.

FACTORY

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

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

E 23 & 24, Electronics Estate, G.I.D.C. Gandhinagar (Gujarat)

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, (Uttaranchal).

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NOTICE

NOTICE is hereby given that the Seventeenth Annual General Meeting of **VIDEOCON INDUSTRIES LIMITED** will be held on Friday, 31st March, 2006 at the Registered office of the Company at Auto Cars Compound, Adalat Road, Aurangabad – 431 005 at 9.30 A.M. to transact the following business:

ORDINARY BUSINESS

- To receive, consider and adopt the audited Balance Sheet as at September 30, 2005, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
- To declare dividend on Equity Shares.
- To appoint a Director in place of Mr. S K Shelgikar, 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, Maj Gen Sudhir Chintamani Nilkanth Jatar, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the provisions of the Articles of Association of the Company."

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

"RESOLVED THAT in accordance with the provisions of Section 255, 256, 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Mr. Kuldeep Drabu, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the provisions of the Articles of Association of the Company."

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

"RESOLVED THAT in accordance with the provisions of Section 255, 256, 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Mr. S Padmanabhan, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the provisions of the Articles of Association of the Company."

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

"RESOLVED THAT in accordance with the provisions of Section 255, 256, 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Mr. Didier Trutt, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the provisions of the Articles of Association of the Company."

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

"RESOLVED THAT in accordance with the provisions of Section 255, 256, 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Mr. Arun Laxman Bongirwar, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the provisions of the Articles of Association of the Company."

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

"RESOLVED THAT in accordance with the provisions of Section 255, 256, 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Mr. Satya Pal Talwar, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the provisions of the Articles of Association of the Company."

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

"RESOLVED THAT in accordance with the provisions of Section 255, 256, 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Mr. Claes Johan Bygge, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the provisions of the Articles of Association of the Company."

- To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310, 311 and Subject to the provisions of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals as may be necessary, the Company hereby approve and confirm appointment of Mr. Pradeepkumar N Dhoot as a Whole Time Director of the Company designated as President, subject to retirement by rotation, for a period of Five Years from 20th November 2005 to 19th November 2010, on the terms and conditions expressly the remuneration payable to him in case of absence of profits in any year, as set out in the Draft Agreement between the Company and Mr. Pradeepkumar N Dhoot produced at this meeting and, for the purpose of identification initiated by the Chairman.

RESOLVED FURTHER THAT the terms of the said appointment as set out in the Draft Agreement are hereby specifically sanctioned with liberty to the Board of Directors to alter, vary and modify the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and Mr. Pradeepkumar N. Dhoot, subject to the same being in conformity with the provisions of Schedule XIII of the Companies Act, 1956, for the time being in force and that the Board of Directors be and is hereby authorized to take such steps as would be expedient or desirable to give effect to this resolution including obtaining approval of the Central Government, if so required.

RESOLVED FURTHER THAT Mr Pradeepkumar N Dhoot be and is hereby entrusted with powers as spell out in the Draft Agreement placed before the meeting, and such other powers as may from time to time be delegated/conferred upon by the Board of Directors and/or Managing Director.

RESOLVED FURTHER THAT the agreement for appointment of Mr Pradeepkumar N Dhoot, as a Whole Time Director as placed before the meeting, be and is hereby confirmed.

RESOLVED FURTHER THAT in the event of any statutory amendment or modification in the provisions relating to the payment of remuneration to the managerial persons or to Schedule XIII to the Companies Act, 1956, the Board of Directors, be and are hereby authorized to vary or increase the remuneration including salary, commission, perquisites, etc., within such prescribed limits, as the Board may deem fit.

AND RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps expedient or desirable to give effect to this resolution."

- 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 16, 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Capital of the Company be and is hereby increased from Rs. 3,000,000,000/- (Rupees Three Hundred Crores only) divided into 300,000,000 (Thirty Crores) Equity shares of Rs.10/- (Rupees Ten Only) each to Rs. 6,000,000,000 (Rupees Six Hundred Crores only) divided into 500,000,000 (Fifty Crores) Equity Shares of Rs. 10/- (Rupees Ten Only) each by creating 200,000,000 (Twenty Crores) additional equity shares of Rs.10/- (Rupees Ten Only) each and 10,000,000 (One Crore) Preference Shares of Rs. 100/- (Rupees One Hundred Only) each.

RESOLVED FURTHER THAT Clause V of Memorandum of Association of the Company be altered accordingly to read as under:

V. The authorized capital of the Company is Rs. 6,000,000,000 (Rupees Six Hundred Crores only) divided into 500,000,000 (Fifty Crores) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 10,000,000 (One Crore) Preference Shares of Rs. 100/- (Rupees One Hundred Only) each. The Company has power from time to time to increase, or reduce its capital and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or other special rights, privileges, conditions or restrictions as may be determined, qualified or other special rights, privileges, conditions or restrictions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or subrogate any such rights, privileges, conditions or restrictions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or subrogate any such rights, privileges or conditions or restrictions in such manner as may for the time being be permitted by Articles of Association of the Company or the legislative provisions for the time being in the force in this behalf"

- To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of Section 81, 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or re-enactment thereof, for the time being in force), and enabling provisions in the Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to the necessary approval, if any, the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board") to issue Equity Shares, or instruments convertible into equity in any form such as American Depository Receipts and/or Global Depository Receipts and/or Foreign Currency Convertible Bonds and/or Equity Shares through Prospectus/Letter of offer or Circular and/or on Private Placement basis or on Preferential basis or on Rights basis or any combination thereof, (hereinafter referred to as "the Securities") for a sum of face value of Rs. 200 Crores (Rupees Two Hundred Crores Only) exclusive of premium, as the Board may at its discretion deem fit, in one or more tranches, if any, as may be decided / agreed to by the Board at their discretion, to such person / persons, whether or not shareholders of the Company, as the Board may at its absolute discretion deem fit, in one or more combination thereof, in such manner and at such time as Board may determine.

RESOLVED FURTHER THAT such of these Securities issued as are not subscribed may be disposed of by the Board, to such persons and in such manner and on such terms as the Board may in its absolute discretion think most beneficial to the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to further issue, allotment and utilization of proceeds of issue and further to do all such acts, deeds, matters and things and to finalise and execute all such deeds, documents and writing as may be necessary, desirable as it may deem fit.

RESOLVED FURTHER THAT the Board be and is also authorized at its discretion, to further authorize any of the members of the Board or a committee thereof, to do all the necessary acts and take necessary steps that may be required for execution of the above resolution."

15. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of Section 80, 81, 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or re-enactment thereof, for the time being in force), and enabling provisions in the Memorandum and Articles of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to necessary approvals, if any, the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board") to issue Preference Shares through Prospectus/Letter of offer or Circular and/or on Private Placement basis or on Preferential basis or on Rights basis or any combination thereof, (hereinafter referred to as "the Securities") for such sum of Rs. 100 Crores (Rupees One Hundred Crores Only) as the Board may at its discretion deem fit, in one or more tranches, exclusive of Premium, if any, as may be decided / agreed to by the Board at its discretion, to such person / persons in such manner and at such time as Board may determine.

RESOLVED FURTHER THAT the Board be and is hereby authorized, on or before redemption of the Preference Shares issued pursuant to this resolution, to issue fresh shares up to the nominal amount of the Shares redeemed or about to be redeemed, as if those shares had never been issued to persons and in the manner and on terms referred to herein above.

RESOLVED FURTHER THAT such of these Securities issued as are not subscribed may be disposed of by the Board, to such persons and in such manner and on such terms as the Board may in its absolute discretion think most beneficial to the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to further issue, allotment and utilization of proceeds of issue and further to do all such acts, deeds, matters and things and to finalise and execute all such deeds, documents and writing as may be necessary, desirable as it may deem fit.

RESOLVED FURTHER THAT the Board is also hereby authorized at its discretion, to further authorize any of the members of the Board or a committee thereof, to do all the necessary acts and take necessary steps that may be required for execution of the above resolution."

16. To consider and if thought fit to pass with or without modification the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 31, 259, 640-B, and other applicable provisions, if any of the Companies Act, 1956 and subject to approval of the Central Government and other authorities, Article 110 of Articles of Association of the Company specifying the Minimum and Maximum Number of Directors of the Company be and is hereby altered to increase the maximum number of Directors of the Company from Twelve to Eighteen.

RESOLVED FURTHER THAT Articles 110 of the Articles of Association of the Company be altered accordingly to read as under:

110. Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three or more than Eighteen.

RESOLVED FURTHER THAT copies of Articles of Association of the Company be altered accordingly.

RESOLVED FURTHER THAT Any one of the Directors of the Company and the Company Secretary of the Company be and are hereby severally authorized to file necessary Applications/ Forms/ Returns/Documents/ Papers as are required to be filed with the Central Government/Office of the Registrar of Companies, Maharashtra, and other authorities as are required and to do all such acts, deeds and things as are deemed necessary and to give effect to this resolution."

By order of the Board of Directors

Parag A Inamdar
Company Secretary

Mumbai,

February 28, 2006

Registered Office:
Autocars Compound,
Adalat Road,
Aurangabad – 431 005

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE COMMENCEMENT OF THE MEETING.
2. Corporate Members intending to send their authorised representatives to attend the Annual General Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Annual General Meeting.
3. In terms of the Articles of Association of the Company, Maj Gen S C N Jatar, Mr S P Talwar, Mr Arun Bongirwar, Mr Kuldeep Drabu, S Padmanabhan, Mr. Didier Trutt & Mr. Claes Johan Bygge are being appointed as Director and Mr Pradeepkumar N Dhoot is being appointed as a Whole Time Director. Further, Mr S K Shelgikar, is being re-appointed as Director being eligible for re-appointment. Brief resume of these Directors, nature of their expertise in specific functional areas and names of companies in which they hold directorship and membership/chairmanship of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, is enclosed to the notice. The Board of Directors of the Company recommends the respective re-appointments of the aforesaid Directors.
4. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Board Meeting is annexed hereto.
5. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Relevant documents referred to in the accompanying Notice are open for inspection at the Registered office of the Company on all working days, except Saturdays, between 12 Noon to 2.00 PM upto the date of the Meeting.
8. The Register of Members and Share Transfer Books shall be closed from Saturday, March 18, 2006 to Friday, March 31, 2006 for determining the names of Members eligible for dividend on Equity Shares, if declared at the Meeting. The Dividend on Equity Shares, if declared at the Meeting will be paid on or around 25th April, 2006 to those Members whose names appeared on the Company's Register of Members on Friday March 17, 2006. In respect of shares held in dematerialized form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by depositories as at the end of business on Friday, March 17, 2006.
9. Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, the Company has transferred the unclaimed dividends for the financial years 1995-1996 to the Investor Education and Protection Fund (Fund) established by the Central Government. The Company has not declared any dividend thereafter. The erstwhile Videocon International Limited has transferred the unclaimed dividends for the financial years 1997-1998 to the Investor Education and Protection Fund(Fund) established by the Central Government. Dividends for the financial year ended 1998-1999 and thereafter, which remain unclaimed for a period of 7 years will be transferred by the Company to Investor Education and Protection Fund. Members who have not cashed dividend warrant(s) for the aforesaid years are requested to seek issue of duplicate warrant(s) by writing to the Company's Registrars and Transfer Agents, M/s. MCS Limited. Members are requested to note that no claims shall lie against the Company or IEPF in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates they first became due for payment and no payment shall be made in respect of any such claims.
10. Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order or names are requested to send the share certificates to the Company's Register and Transfer Agents, M/s. MCS Limited, for consolidation into a single folio.
11. The shares of the company are tradeable compulsorily in electronic form and your company has established connectivity with both the depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). In view of the enormous advantages offered by the Depository system, Members are requested to avail the facility of dematerialization of the company's shares on either of the depositories as aforesaid.

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

ITEM NO. 5

The Board of Directors of the Company ("the Board"), at its meeting held on June 1, 2005 has, pursuant to the provisions of Section 260 of the Companies Act, 1956 (the Act) and Articles of Association of the Company appointed Maj Gen S C N Jatar as an Additional Director of the Company.

In terms of the provisions of Section 260 of the Act, Maj Gen S C N Jatar 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 Maj Gen S C N Jatar for the office of Director of the Company under the provisions of Section 257 of the Act.

Maj Gen S C N Jatar is a consultant and has to his credit significant experience in the fields of petroleum and energy. Keeping in view his rich expertise, it will be in the interest of the Company that Maj Gen S C N Jatar 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 Maj Gen S C N Jatar none of the other Directors of the Company is, in any way, concerned or interested in the Resolution set out at Item No.5 of the Notice. The Board recommends the Resolution set out at Item No.5 of the Notice for your approval.

ITEM NO. 6

The Board of Directors of the Company ("the Board"), at its meeting held on June 1, 2005 has, pursuant to the provisions of Section 260 of the Companies Act, 1956 (the Act) and Articles of Association of the Company appointed Mr Kuldeep Drabu as an Additional Director of the Company. On 19th November 2005 Mr. Kuldeep Drabu was appointed as Executive Director of the Company. Subsequently, he ceased to be Executive Director.

In terms of the provisions of Section 260 of the Act, Mr Kuldeep Drabu 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. Kuldeep Drabu for the office of Director of the Company under the provisions of Section 257 of the Act.

Mr Kuldeep Drabu is a commerce graduate as well as a member of the Institute of Chartered Accountants of India and a Bachelor of Law. He has over 18 years of experience in financial, monetary and legal matters. It will therefore be in the Company's interest to appoint Mr Kuldeep Drabu 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. Kuldeep Drabu none of the other Directors of the Company is, in any way, concerned or interested in the Resolution set out at Item No.6 of the Notice. The Board recommends the Resolution set out at Item No.6 of the Notice for your approval.

ITEM NO. 7

The Board of Directors of the Company ("the Board"), at its meeting held on June 1, 2005 has, pursuant to the provisions of Section 260 of the Companies Act, 1956 (the Act) and Articles of Association of the Company appointed Mr S Padmanabhan as an Additional Director of the Company.

In terms of the provisions of Section 260 of the Act, Mr S Padmanabhan 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. S Padmanabhan for the office of Director of the Company under the provisions of Section 257 of the Act.

Mr S Padmanabhan, a retired I.A.S. officer, has held various senior positions in both the Central and State Governments. He has a diploma in Overseas Development Studies from the University of Cambridge, and a diploma in Managerial Accounting. He has held senior posts in the private sector as well.

The Company will be greatly benefited if Mr S Padmanabhan 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. S Padmanabhan 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.

ITEM NO. 8

The Board of Directors of the Company ("the Board"), at its meeting held on October 29, 2005 has, pursuant to the provisions of Section 260 of the Companies Act, 1956 (the Act) and Articles of Association of the Company appointed Mr Didier Trutt as an Additional Director of the Company nominated by Thomson S.A.

In terms of the provisions of Section 260 of the Act, Mr Didier Trutt 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. Didier Trutt for the office of Director of the Company under the provisions of Section 257 of the Act.

Mr Didier Trutt is a French National. He graduated from the Ecole Nationale Supérieure d'Ingenieurs de Saint Etienne in 1983. He has held various positions in different Thomson companies since 1984. He is Senior Executive Vice - President for displays in Thomson S.A. The Company could draw on his vast experience by appointing him 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. Didier Trutt none of the other Directors of the Company is, in any way, concerned or interested in the Resolution set out at Item No.8 of the Notice. The Board recommends the Resolution set out at Item No.8 of the Notice for your approval.

ITEM NO. 9

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

In terms of the provisions of Section 260 of the Act, Mr. Arun Bongirwar 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. Arun Bongirwar for the office of Director of the Company under the provisions of Section 257 of the Act.

Mr. Arun Bongirwar is Chairman of the Tariff Authority of Major Ports. A member of the Indian Administrative Service, he has over 30 year's experience in government. His multifaceted expertise, will be of immense value to the Company. It will be in the Company's interest to appoint him 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. Arun Bongirwar none of the other Directors of the Company is, in any way, concerned or interested in the Resolution set out at Item No.9 of the Notice. The Board recommends the Resolution set out at Item No.9 of the Notice for your approval.

ITEM NO. 10

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

In terms of the provisions of Section 260 of the Act, Mr S P Talwar 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 S P Talwar for the office of Director of the Company under the provisions of Section 257 of the Act.

A former Deputy Governor of the Reserve Bank of India, Mr S P Talwar, is a member of the Indian Council of Arbitration and a certified associate of the Indian Institute of Bankers. He has over 40 years of operational and policy experience in commercial and central banking.

It will therefore in the interest of the Company that Mr S P Talwar 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. S P Talwar, none of the other Directors of the Company is, in any way, concerned or interested in the Resolution set out at Item No.10 of the Notice. The Board recommends the Resolution set out at Item No.10 of the Notice for your approval.

ITEM NO. 11

The Board of Directors of the Company ("the Board"), at its meeting held on January 17, 2006 has, pursuant to the provisions of Section 260 of the Companies Act, 1956 (the Act) and Articles of Association of the Company appointed Mr Cleas Johan Bygge as an Additional Director of the Company nominated by AB Electrolux.

In terms of the provisions of Section 260 of the Act, Mr Cleas Johan Bygge 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. Cleas Johan Bygge for the office of Director of the Company under the provisions of Section 257 of the Act.

Mr Cleas Johan Bygge is a Swedish national and Senior Executive Vice President of AB Electrolux. He holds a master's degree in Economics and has held a variety of senior positions with Electrolux since joining the company in 1987. He has extensive experience in the consumer appliances and electronics industry and was previously Deputy Group Controller at Telefonaktiebolaget LM Ericsson and head of Cash Management.

In view of his rich expertise, it will be in the interest of the Company that Mr Cleas Johan Bygge 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. Cleas Johan Bygge none of the other Directors of the Company is, in any way, concerned or interested in the Resolution set out at Item No.11 of the Notice. The Board recommends the Resolution set out at Item No.11 of the Notice for your approval.

ITEM NO. 12

In terms of the provisions of Section 198, 269, 309, 310, 311 read with Schedule XIII of the Companies Act, 1956, the Board of Directors at their meeting appointed Mr Pradeepkumar N Dhoot as a Whole Time Director of the Company for a period of Five Years from 20th November 2005 to 19th November 2010.

Mr P N Dhoot is entrusted with power as per the draft agreement being place before the meeting and, power to perform such function as may from time to time be delegated / conferred by the Board of Directors and/or Managing Director. The Draft Agreement is available for inspection at the Registered Office of the Company on all working days, except Saturdays, between 12 Noon to 2.00 PM upto the date of the Meeting

The Board of Directors of the Company is of the opinion that his appointment as Whole Time Director designated as President will be of immense help in the growth and development of the Company. In terms of the provisions of Section 269 read with Schedule XIII of the Companies Act, 1956, consent of the members is required by passing a Ordinary Resolution at the general body meeting, with in a period of Twelve Months from the date of appointment.

None of the Directors except Mr. P. N. Dhoot and Mr. V. N. Dhoot, Chairman & Managing Director of the Company are interested in this resolution.

ITEM NO. 13

In terms of the Scheme of Amalgamation sanctioned by the Hon'ble High Court of Bombay vide Order dated 6th May, 2005, Petrocon India Limited has been merged with the Company w.e.f. 31st March, 2004. The scheme has become effective on 7th June 2005. Further in terms of the Scheme of Amalgamation sanctioned by the Hon'ble High Court of Bombay vide Order dated 25th November, 2005, Videocon International Limited has been merged with the Company w.e.f. 31st December, 2004. The scheme has become effective on 7th December 2005.

The amalgamation of Petrocon India Limited has resulted in all of the assets and liabilities of Petrocon India Limited being transferred to the Company and resulted in the Company acquiring Oil and gas extraction business since Petrocon India Limited was in business of oil and gas extraction through the Ravva Joint Venture in which the company own 25 percent interest. Further, the amalgamation of Videocon International Limited with Company has resulted in all the assets and liabilities of Videocon International Limited being transferred to the Company and resulted in the Company acquiring Consumer Electronics and Home Appliances product business. The consumer electronics and household appliances business comprises the manufacturing and distribution of consumer electronics products, including finished goods such as colour and black and white CRT TVs and home entertainment systems, and TV components such as glass shell (panels and funnels) and CPTs and household appliances including refrigerators, washing machines, air conditioners and small appliances.

During the year under review, Eagle Corporation Limited, an Offshore Special Purpose Vehicle in which the erstwhile Videocon International Limited held 19% equity stake acquired the Global CPT business from Thomson S.A having CPT manufacturing facilities in Poland, Italy, Mexico and China along with support Research and Development facilities. Subsequently, on 13th December 2005, the Company acquired the balance 81% equity stake in Eagle Corporation Limited thereby making it a Wholly Owned Subsidiary.

In view of the enhancement in the volume of activities and proposed business strategy, the Company may have to augment its capital base for incremental requirement of funds.

VIDEOCON INDUSTRIES LIMITED

The present authorized capital of the company is Rs. 300 crores, divided into 300,000,000 Equity Shares of the Company. Further, in terms of Scheme of Amalgamation of Videocon International Limited with the Company Preference Shareholders of erstwhile Videocon International Limited shall be allotted One Preference Share of Rs. 100/- each credited as fully paid-up in Videocon Industries Limited for each Preference Share held by them in Videocon International Limited on the same terms and conditions as that of the Preference Shares in erstwhile Videocon International Limited, with the maturity date remaining the same. Hence, it is proposed to increase the Authorised Capital of the company.

Pursuant to Section 16 of the Companies Act, 1956 read with Section 94 of the said Act, the above said amendment to the Capital Clause should be approved by the General Body of members by way of an Ordinary Resolution. Your Directors recommend the proposed resolution for the approval of the members.

None of the Directors of the Company are interested in the proposed resolution.

ITEM NO. 14

In terms of the Scheme of Amalgamation sanctioned by the Hon'ble High Court of Bombay vide Order dated 25th November, 2005, Videocon International Limited has been merged with the Company w.e.f. 31st December, 2004. The scheme has become effective on 7th December 2005. Pursuant to the said Scheme, the Company has allotted 14,242,488 Equity Shares to the shareholders of erstwhile Videocon International Limited.

As a result of amalgamation, the Company expects further requirement of funds to support the consolidated activities. Also, as a prudent policy, the company has plans to repay the high cost debts in the post amalgamation period. For mobilizing funds required to meet these purposes, the company proposes to raise further capital at an appropriate time.

In view of this, the company may issue Equity Shares, or instruments convertible into equity in any form such as American Depository Receipts and/or Global Depository Receipts and/or Foreign Currency Convertible Bonds and/or Equity Shares through Prospectus/Letter of offer or Circular and/or on Private Placement basis or on Preferential basis or on Rights basis or any combination thereof at such time as the Board of Directors of the Company may determine.

Further, The Company has given an undertaking to Bombay Stock Exchange Limited and National Stock Exchange of India Limited to comply with SEBI (DIP) Guidelines with regard to increase in non-promoters' holding upto 25% on or before 5th October, 2006. In view of this, the Board may decide to go in for further issue of capital.

In terms of Section 81(1) of the Companies Act, 1956, in the event of a Public Company proposing to increase its subscribed capital by way of allotment of further shares in the circumstances specified therein, it is required to offer such further shares to its existing equity shareholders in the proportion of their respective equity shareholdings in the Company.

Pursuant to Section 81(1A) of the Act a Public Company may offer its shares in any manner whatsoever to persons other than those mentioned in Section 81(1) if a special resolution to that effect is passed by it in general body meeting of the members. As such, the consent of the members is sought to issue further equity shares to the existing shareholders or persons other than the existing shareholders at such time, price, manner and on such terms and conditions as the Board may, in its discretion deem fit and appropriate at the time of issue/allotment of Equity shares and/or Global Depository Receipt in the International Market.

The detailed terms and conditions including the issue price, premium, etc., will be determined, by the Board of Directors of the Company in consultation with the Lead Managers/Advisors/Consultants and/or depending upon the then prevailing market conditions.

This Special Resolution is being recommended to authorize the Board to issue American Depository Receipts/Global Depository Receipts in International Market and/or issue equity shares on preferential basis or through prospectus or through Letter of Offer either on Private Placement basis or preferential basis or Public issue or Rights Issue, at such terms and conditions, including premium to be charged, if any, and at such time and in such number of tranches, as they may feel appropriate.

The Directors of the Company may be deemed to be interested in the resolution to the extent of allotments, if any, to be made to them, their relatives and to the companies in which they are interested.

ITEM NO. 15

In terms of the Scheme of Amalgamation sanctioned by the Hon'ble High Court of Bombay vide Order dated 25th November, 2005, Videocon International Limited has been merged with the Company w.e.f. 31st December, 2004. The scheme has become effective on 7th December 2005. In terms of the Scheme, Preference Shareholders of erstwhile Videocon International Limited shall be allotted One Preference Share of Rs. 100/- each credited as fully paid-up in Videocon Industries Limited for each Preference Share held by them in erstwhile Videocon International Limited on the same terms and conditions as that of the Preference Shares in erstwhile Videocon International Limited, with the maturity date remaining the same.

The Company has fixed 16th January 2006 as Record Date for determining the Preference Shareholders' entitled for allotment of Preference Shares of Videocon Industries Limited, pursuant to the Scheme of Amalgamation, as sanctioned by the Hon'ble High Court.

The present authorised share capital does not include the preference shares. Pursuant to the scheme of amalgamation of Videocon International Limited with Videocon Industries Limited, the company will have to issue preference shares to the preference shareholders of the amalgamated company. In view of this it is proposed to increase Authorised Share Capital of the Company by creating additional 1,00,00,000 Preference Shares of Rs. 100/- each. Further, the Company may at appropriate time determine the issuance of Preference Shares.

In terms of Section 81(1) of the Companies Act, 1956, in the event of a Public Company proposing to increase its subscribed capital by way of allotment of further shares in the circumstances specified therein, it is required to offer such further shares to its existing equity shareholders in the proportion of their respective equity shareholdings in the Company.

Pursuant to Section 81(1A) of the Act a Public Company may offer its shares in any manner whatsoever to persons other than those mentioned in Section 81(1) if a special resolution to that effect is passed by it in general body meeting of the members.

In view of the above, the consent of the members is sought to issue preference shares to the existing shareholders or persons other than the existing shareholders at such time, price, manner and on such terms and conditions as the Board may, in its discretion deem fit and appropriate at the time of issue/allotment of Preference shares.

This Special Resolution is being recommended to authorize the Board to issue preference shares on preferential basis or through prospectus or through Letter of Offer either on Private Placement basis or preferential basis or Public issue or Rights Issue, at such terms and conditions, including premium to be charged, if any, and at such time and in such number of tranches, as they may feel appropriate.

The Directors of the Company may be deemed to be interested in the resolution to the extent of allotments, if any, to be made to them, their relatives and to the companies in which they are interested.

ITEM NO. 16

Presently the Board of Directors comprise of Twelve Directors. In terms of Clause 49 of the Listing Agreement with the Stock Exchange(s), where Board of Directors of the Company have Executive Chairman, at least half of the Board should comprise of Independent directors.

In order to bring on board more area-specific directorial expertise, it is proposed to enhance the composition of the Board of Directors in the near future. While, Article 110 of the Articles of Association allows appointment of not more than 12 directors, the Company may receive Nomination by Institutions/Lenders, whereby the present provisions in the Articles of Associations may be in-adequate.

The proposed alteration in the Articles of Association will enable the Company to appoint eminent persons on the Board of Directors of the Company in addition to the exiting Directors. In terms of Section 31, read with Section 259 and Section 640-B approval of the members is required by passing a Special Resolution and approval of Central Government is required for propose alteration in the Articles of Association of the Company authorizing the Company to appoint Eighteen directors in place of existing power to appoint Twelve Directors.

The consent of the members is sought by passing a Special Resolution for proposed alteration in the Articles of Association of the Company.

None of the directors is directly or indirectly concerned or interested in this resolution.

By order of the Board of Directors

Parag A Inamdar
Company Secretary

Mumbai,
February 28, 2006

Registered Office:
Autocars Compound,
Adalat Road,
Aurangabad – 431 005

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, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, is as under:

1. Brief Profile of Mr. S K Shelgikar:

1 Name of the Director	Mr. S K Shelgikar
2 Date of Birth	07.04.1955
3 Education Qualification	FCA
4 Date of Appointment on the Board	22 nd March 2003
5 Category of Director	Non Executive – Non Independent
6 Area of Expertise/Senior Position Held/Work Experience	Diversified experience in the fields of finance and has been a corporate finance advisor to the board of directors of erstwhile Videocon International Limited for many years. He has edited and contributed to a number of books on finance and company law.
7 Names of other Directorships in Public Limited Company	Nil
8 Names of committees in which Chairman	Nil
9 Names of Committees in which Member	Videocon Industries Limited (Shareholders Committee)
10 Number of Shares held	1,478

2. Brief Profile of Maj Gen S C N Jatar:

1 Name of the Director	Maj Gen S C N Jatar
2 Date of Birth	03.09.1932
3 Education Qualification	BE (Civil), FIE, MICA, Qualified at the Defence Services Staff College
4 Date of Appointment on the Board	01.06.2005
5 Category of Director	Non Executive – Independent
6 Area of Expertise/Senior Position Held/Work Experience	<p>He is presently:</p> <ul style="list-style-type: none"> ➤ Consultant to ICICI Bank Limited (Upstream operations, Oil & Natural Gas) ➤ Member, Arbitration Panel of the Institutions of Engineers ➤ Member, Steering Committee of National Gas Hydrates Programme, ➤ Member, Indian Council of Arbitration ➤ President, Nagrik Chetna Manch, ➤ Founder Member, Initiative for Peace & Disarmament ➤ Associate, Security & Political Risk Analysis SAPRA India Foundation ➤ Member, Senate, University of Pune <p>He has served on various positions as hereunder:</p> <ul style="list-style-type: none"> ➤ Consultant, Hindustan Petroleum Corporation Limited ➤ Project Advisor, Standing Conference of Public Enterprises, ➤ Member, Governing Board, Pune Stock Exchange, ➤ Managing Director, Garware Shipping Corporation Limited, ➤ President (Co-ordination) RPG Petrochem Ltd ➤ Chairman, Standing Conference of Public Enterprises ➤ Chairman & MD, ONGC Videsh Ltd ➤ President, Petroleum Sports Control Board ➤ Chairman & MD and Resident Chief Executive, Oil India Limited ➤ Served with Indian Army He held vast Army Profile to his credit.
7 Names of other Directorships in Public Limited Company	Prize Petroleum Limited
8 Names of committees in which Chairman	Videocon Industries Limited (Shareholders Committee) and (Remuneration Committee)
9 Names of Committees in which Member	Videocon Industries Limited - (Audit Committee) Prize Petroleum Limited (Audit Committee)
10 Number of Shares held	Nil

3. Brief Profile of Mr. Kuldeep Drabu:

1 Name of the Director	Mr. Kuldeep Drabu
2 Date of Birth	13.09.1958
3 Education Qualification	FCA, LLB
4 Date of Appointment on the Board	01.06.2005
5 Category of Director	Non Executive – Non Independent
6 Area of Expertise/Senior Position Held/Work Experience	Over 18 years of experience in financial, monetary and legal fields.
7 Names of other Directorships in Public Limited Company	Dhoot Securities Limited Videocon Power Limited Videocon Energy Holdings Limited
8 Names of committees in which Chairman	Nil
9 Names of Committees in which Member	Videocon Power Limited (Audit Committee)
10 Number of Shares held	5,000

4. Brief Profile of Mr. S Padmanabhan:

1 Name of the Director	Mr. S Padmanabhan
2 Date of Birth	01 st September, 1939
3 Education Qualification	I.A.S., B.Sc. Physics (Honours), M.Sc. Physics, Bachelor of General Law, Diploma in Developmental Economics - University of Cambridge, Diploma in Management.
4 Date of Appointment on the Board	01.06.2005
5 Category of Director	Non Executive - Independent

6 Area of Expertise/Senior Position Held/Work Experience	<p>Retd. IAS.</p> <ul style="list-style-type: none"> ➤ Chief Executive Officer of Zilla Parishad – 1 Year. ➤ Collector of a District was Incharge of the Koyna Earthquake Rehabilitation ➤ Director of Tourism, Govt of Maharashtra – 1 Year. ➤ Chief Executive Officer- Bombay Buildings Repair and Reconstruction Board & Ex- officio Dy. Secretary Housing. Govt of Maharashtra – 2 ½ Years. ➤ Director – Department of Atomic Energy, Government of India, dealing with projects, power projects, Nuclear Power Stations, Purchase, Budget Administration, Vigilance – 4 ½ Years. ➤ Managing Director – The State Industrial & Investments Corporation of Maharashtra Ltd (SICOM). ➤ Commissioner – Aurangabad Division. Incharge of 6 Districts for Planning & Development – 1 Year. <p>He is a management consultant and advisor to various corporates.</p>
7 Names of other Directorships in Public Limited Company	<ol style="list-style-type: none"> 1. Videocon Communications Limited 2. Kitchen Appliances India Limited 3. Applicomp India Limited 4. Videocon Power Limited 5. Desai Brothers Limited 6. Asian Electronics Limited 7. Premier Automobiles Limited. 8. Sudarshan Chemical Industries Ltd 9. Videocon Properties Limited 10. Videocon VCR Securities Limited 11. Videocon Energy Holdings Limited
8 Names of committees in which Chairman	Videocon Industries Limited (Audit Committee)
9 Names of Committees in which Member	<ol style="list-style-type: none"> 1. Videocon Communications Ltd (Audit & Shareholders Committee) 2. Applicomp (India) Limited (Audit Committee) 3. Videocon Power Limited (Audit Committee) 4. Kitchen Appliances India Limited (Audit Committee) 5. The Premier Automobiles Ltd (Audit Committee) 6. The Premier Automobiles Ltd (Whole Time Directors' Remuneration) 7. Asian Electronics Ltd (Audit Committee) 8. Videocon Industries Limited (Shareholders Committee) 9. Videocon Properties Limited (Audit Committee)
10 Number of Shares held	203

5. Brief Profile of Mr. Arun Laxman Bongirwar:

1 Name of the Director	Mr. Arun Laxman Bongirwar
2 Date of Birth	18.05.1943
3 Education Qualification	I.A.S., M.Sc
4 Date of Appointment on the Board	8 th December, 2005
5 Category of Director	Non Executive - Independent
6 Area of Expertise/Senior Position Held/Work Experience	<p>He is presently Chairman of Tariff Authority for Major Ports (Ministry of Shipping, Government of India), Mumbai</p> <p>He has held various positions as hereunder in past:</p> <ul style="list-style-type: none"> ➤ Chairman, Jawaharlal Nehru Port Trust (Ministry of Shipping, Govt. of India), Mumbai ➤ Chief Secretary, Govt. of Maharashtra ➤ Addl Chief Secretary (Revenue), Govt. of Maharashtra ➤ Principal Secretary (and later Addl Chief Secretary) to Chief Minister, Govt. of Maharashtra ➤ Principal Secretary (Industries), Govt. of Maharashtra ➤ Development Commissioner, Santacruz Electronic Export Processing Zone (SEEPZ), Mumbai ➤ Divisional Commissioner, Konkan, Maharashtra ➤ Secretary to Chief Minister of Maharashtra, Govt. of Maharashtra ➤ Divisional Commissioner, Pune ➤ Divisional Commissioner, Aurangabad ➤ Municipal Commissioner, Pune ➤ Collector, Nagpur & Osmanabad

VIDEOCON INDUSTRIES LIMITED

	<ul style="list-style-type: none"> ➤ Jt. Managing Director and then Managing Director of Maharashtra Small Scale Industries Development Corporation. Also Managing Director of Leather Industries Development Corporation, Mumbai ➤ Deputy Secretary (Industries & Labour), Govt. of Maharashtra ➤ Chief Executive Officer, Zilla Parishad, Wardha
7 Names of other Directorships in Public Limited Company	1. Maharashtra Airport Development Co 2. Wanbury India Limited
8 Names of committees in which Chairman	Nil
9 Names of Committees in which Member	Wanbury India Limited (Audit Committee) Videocon Industries Limited (Audit Committee)
10 Number of Shares Held	Nil

6. Brief Profile of Mr. Satya Pal Talwar

1 Name of the Director	Mr. Satya Pal Talwar
2 Date of Birth	14.06.1939
3 Education Qualification	Certified Associate of the Indian Institute of Bankers Member, Indian Council of Arbitration
4 Date of Appointment on the Board	08.12.2005
5 Category of Director	Independent Director
6 Area of Expertise/Senior Position Held/Work Experience	<p>He Carries with him forty years of operational and policy formulation experience in Commercial and Central Banking. He has served on following positions:-</p> <ul style="list-style-type: none"> ➤ Chairman, RBI Services Board, Reserve Bank of India, Mumbai ➤ Chairman, Advisory Board for Banking, Commercial & Financial Frauds (appointed by Central Vigilance Commissioner of Government of India) ➤ Deputy Governor, Reserve Bank of India ➤ Chairman & Managing Director, Bank of Baroda ➤ Chairman & Managing Director, Union Bank of India ➤ Chairman & Managing Director, Oriental Bank of Commerce. <p>Other Positions Held:</p> <ul style="list-style-type: none"> ➤ Chairman, Indian Banks Association (IBA) ➤ Director, Securities and Exchange Board of India ➤ Director, Industrial Development Bank of India ➤ Director, Small Industries Development Bank of India ➤ Director, Oriental Insurance Company ➤ Director, Agricultural Finance Corporation Limited ➤ Director, IDBU International Finance Limited, Hongkong ➤ Director, Master Card International, Asia Pacific Regional Board, Singapore <p>He is presently Senior Advisor, YES Bank Limited</p>
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. Vemagiri Power Generation Limited 6. Reliance Communication Ventures Limited 7. Reliance Capital Ventures Limited
8 Names of committees in which Chairman	Nil
9 Names of Committees in which Member	Videocon Industries Limited – Remuneration Committee Reliance Life Insurance Company Limited – Audit Committee Reliance General Insurance Company Limited - Audit Committee Crompton Greaves Limited – Audit Committee Reliance Capital Ventures Limited – Audit Committee.
10 Number of Shares held	Nil

7. Brief Profile of Mr. Didier Trutt

1 Name of the Director	Mr. Didier Trutt
2 Date of Birth	20.02.1960
3 Education Qualification	Graduate from l'Ecole Nationale Supérieure de Saint Etienne,
4 Date of Appointment on the Board	29 th October 2005
5 Category of Director	Non Executive (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

	<p>General Manager of Television and Video activities for all industrial sites in South East Asia.</p> <p>Between 1994 and 1999, he was in charge of all European operations for Television and Video activities.</p> <p>Appointed in 1999 Tubes Operations Vice President, he was in charge of the whole industrial and sales activities for Europe and Asia first, then for the worldwide activities.</p> <p>He was appointed "Executive Vice President" in July 2003, in charge of Tubes and Components activities.</p> <p>He is Senior Executive Vice President and Chief Operating Officer, Thomson.</p> <p>Since 1992, Didier Trutt has been Foreign Trade Adviser of France</p>
7 Names of other Directorships in Public Limited Company	Nil
8 Names of committees in which Chairman	Nil
9 Names of Committees in which Member	Nil
10 Number of Shares held	Nil

8. Brief Profile of Mr. Claes Johan Bygge

1 Name of the Director	Mr. Claes Johan Bygge
2 Date of Birth	23.05.1956
3 Education Qualification	Master in Economics
4 Date of Appointment on the Board	17 th January, 2006
5 Category of Director	Non Executive (Nominee-AB Electrolux)
6 Area of Expertise/Senior Position Held/Work Experience	<p>Mr. Claes Johan Bygge is Senior Executive Vice President at AB Electrolux.</p> <p>He was previously Deputy Controller, Telefonaktiebalaget LM Ericsson. He Joined AB Electrolux in 1987 as Group Controller. He has served on various position in AB Electrolux such as Head of Group Controlling, Accounting, Taxes, Auditing, Administration and IT, Treasurer, Head of Consumer Outdoor products outside North America, Executive Vice President, Head of Major Appliances outside Europe and North America, Senior Executive Vice President, Head of Major Appliances, Europe. He is Board Member of First Swedish National Pension Fund and The Bank of Sweden Tercentenary Foundation.</p>
7 Names of other Directorships in Public Limited Company	Nil
8 Names of committees in which Chairman	Nil
9 Names of Committees in which Member	Nil
10 Number of Shares held	Nil

9. Brief Profile of Mr. Pradeepkumar N Dhoot

1 Name of the Director	Mr. Pradeepkumar N Dhoot
2 Date of Birth	22 nd March 1960
3 Education Qualification	Commerce Graduate
4 Date of Appointment on the Board	16 th June 1989
5 Category of Director	Promoter – Executive
6 Area of Expertise/Senior Position Held/Work Experience	<ul style="list-style-type: none"> ➤ Industrialist with more than 2 decades experience to his credit. ➤ One of the Promoters of Videocon Group
7 Names of other Directorships in Public Limited Company	1. Videocon Appliances Limited 2. Videocon Communications Limited 3. Applicomp (India) Limited 4. Indian Refrigerator Company Limited 5. E Mart India Limited 6. Sky Appliances Limited 7. Videocon Power Limited 8. Videocon Industrial Finance Limited 9. Millennium Appliances India Limited 10. Akai Consumer Electronics India Limited 11. EKL Appliances Limited 12. Videocon VCR Securities Limited
8 Names of committees in which Chairman	Videocon Power Limited – Audit Committee
9 Names of Committees in which Member	Videocon Communications Limited – Shareholders Videocon Industries Limited (Remuneration) Videocon Industrial Finance Limited (Audit) Indian Refrigerator Company Limited (Audit) Millennium Appliances India Limited (Audit)
10 Number of Shares held	916,240

DIRECTORS' REPORT

The Shareholders,
of Videocon Industries Limited

The Board of Directors are pleased to present the 17th Annual Report together with the Audited Accounts, Auditors' Report and the Audited Consolidated financial statements for the period ended September 30, 2005.

FINANCIAL RESULTS

The financial period under review of the Company was extended by a period of three months so as to end on September 30, 2005, with requisite approval from Registrar of Companies. The performance of the Company for the financial period ended September 30, 2005 is as summarized below:

Particulars	Rs. Millions	
	Period ended 30.09.2005	Year ended 30.06.2004
Net Sales	54,494.03	37.05
Other Income	841.92	170.70
Total Income	55,335.95	207.76
Profit before Interest, Tax and Depreciation	9,021.40	79.73
Interest & Finance Charges	2,179.50	75.68
Depreciation	2,323.60	22.94
Profit/(Loss) before Exceptional Items and Taxation	4,518.30	(18.89)
Less: Exceptional Items	1,901.79	-
Provision for Current Tax	210.00	-
Provision/(Credit) for Deferred Tax	(1,870.34)	(1.52)
Profit/(Loss) after Tax	4,276.85	(17.37)

HIGHLIGHTS

Some of the highlights of the period under review are as under:

1. Mergers:

- Petrocon India Limited amalgamated with the Company on June 7, 2005 (w.e.f. 31.03.2004). This resulted in the Company getting into oil and gas business. With merger of Petrocon, the Company has become a member of the consortium that operates the Ravva Oil and Gas fields. The Company has a 25% participating interest in the Ravva Oil and Gas Field that presently produces 50,000 barrels of oil per day. The operating cost of the project is among the lowest in the industry. Apart from Ravva, company plans forays outside India and is on the lookout for strategic tie-ups in Exploration & Prospecting (E & P) on a purely opportunistic basis.
- Videocon International Limited (VIL) amalgamated with the Company on December 7, 2005 (w.e.f. 31.12.2004). VIL was engaged in manufacture and marketing of various consumer durables and home appliances as also Glass Shells for Colour Picture Tubes.
- On August 13, 2005, Board of Directors of the Company approved a proposal for amalgamation of EKL Appliances Limited (Formerly Electrolux Kelvinator Limited) with the Company. EKL owns three manufacturing facilities in India – Shahajampur in Rajasthan, Bulbori and Warora in Maharashtra. The details of the amalgamation are being worked out.

2. Change in Capital Structure:

During the period under review, there were material changes in the capital structure of company on account of amalgamations as well as further issues of capital. Details of the same are as under:

- ✓ On June 29, 2005, the GDRs got listed on Luxembourg Stock Exchange upon issue of 75,00,000 GDRs representing 75,00,000 equity shares at a price of US\$ 10 per GDR.
- ✓ On July 7, 2005, AB Electrolux, Sweden, subscribed to 94,10,145 GDRs representing 94,10,145 underlying equity shares at a price of US\$10 per GDR.
- ✓ On September 13, 2005, the Company issued 23,25,500 equity shares to M/s. Bennett, Coleman & Co., Ltd., Mumbai, the publishers of The Economic Times and The Times of India, among other publications, on a preferential basis as per the SEBI guidelines for preferential issues.
- ✓ On September 13, 2005, the Company allotted 12,57,55,450 equity shares to the shareholders of erstwhile Petrocon India Limited pursuant to Scheme of Amalgamation of Petrocon India Limited with the Company.
- ✓ On September 30, 2005, Thomson subscribed for 28,650,000 GDRs representing 28,650,000 underlying equity shares at a price of US\$ 10 per GDR.

As a result of this, the paid up equity capital of the Company stood at Rs 2065.26 Million as on 30.09.2005.

DIVIDEND

The directors have pleasure in recommending a dividend of 25% (Rs. 2.50 per share) for period ended September 30, 2005, subject to approval by shareholders at the 17th Annual General Meeting. The equity dividend amounting to Rs. 551.92 Million, would be paid out of the profits for the year. The dividend is free of tax in the hands of the shareholders.

MATERIAL CHANGES AFTER BALANCE SHEET DATE

During the year under review, Eagle Corporation Limited, an Offshore Special Purpose Vehicle in which the erstwhile Videocon International Limited held 19% equity stake acquired the Global CPT business from Thomson S.A having CPT manufacturing facilities in Poland, Italy, Mexico and China along with support Research and Development facilities.

Subsequently, on 13th December 2005, the Company acquired the balance 81% equity stake in Eagle Corporation Limited thereby making it a Wholly Owned Subsidiary.

On December 21, 2005, the Company issued 217,200 GDRs representing 217,200 equity shares at a price of US\$ 10 each to Gallo SAS, a Thomson Group entity against subscription money received on 30th September 2005.

On January 31, 2006, the Company allotted 1,42,42,488 equity shares to the shareholders of erstwhile Videocon International Limited pursuant to scheme of amalgamation of Videocon International Limited with the Company.

On February 7, 2006, the Company issued Foreign Currency Convertible Bonds of an aggregate amount of US\$ 90 Million.

FIXED DEPOSIT

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the period under review, Foreign Exchange earnings amounted to Rs. 2196.46 Million and Foreign Exchange outgo was Rs. 5175.02 Million as against Rs. Nil and Rs. 4.59 Million respectively for the previous period.

CONSERVATION OF ENERGY

Your Company lays emphasis on conservation of energy, power and other sources of energy. The Company has formed a team of expert engineers engaged in the production activity. The team gives main emphasis on studying the possibilities of use of various methods of optimum use of energy without affecting the productivity. The team submits its report to the top management at regular intervals.

As a part of continuous efforts your Company takes the following steps:

- i. Proper and timely maintenance of all the machinery, equipment;
- ii. Time and motion study of production activity;
- iii. Training to personnel engaged in production activity for optimal use of resources and conservation of energy;
- iv. Use of advanced technology in the production;
- v. Timely Inspection of all machinery and other equipments by the experts;

RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

The Company gives utmost importance to the R & D activities which are carried out at in-house R & D Centre 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:

- Slim tubes
- Home theaters
- Larger Screen Televisions
- Design and Development of new models of color televisions which are upgraded inline with the new trends, more features, economy.
- Plasma Televisions
- Cosmetic design and new outlook to the TVs
- Manufacturing of Components.
- Launching innovative products to meet the perceived needs of consumers;
- Increasing productivity;
- Improvement in the quality of products;
- Providing technical support services for solving problems related to the operations;

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

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

- Development of new design in products and launch of various new models
- To maintain market leadership in Television under Videocon umbrella.
- Compete with foreign players in the Indian and International Markets.
- The consumer is ultimately benefited.
- Providing consumers products having better features, better quality and improved reliability;
- Increase market for the products in rural areas;
- Products with more features that are suitable to all income groups;

3. Future plan of action

The company is aiming to achieve development in the following areas through Research and Development:

- Slim & Plasma Televisions
- To work on better features, better quality & improved reliability with reduced/low prices.

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

INFORMATION TECHNOLOGY

Your company firmly believes that IT is the backbone of any industry in today's environment. It enables efficient organization of information and helps establish standardized best practises. The Company has employed IT as a tool to improve productivity, efficiency and reliability. It has implemented integrated my SAP – a customized ERP module across the organization.

HEALTH, SAFETY AND ENVIRONMENT

Your company recognizes its role in health and safety, as well as its responsibility towards environment and society. Modern occupational health and medical services are accessible to all employees through well-equipped occupational health centers at all manufacturing facilities. The Company accords high priority to health education and awareness. Safety and security of the personnel, assets and the environmental protection are on top of the agenda of the Company at its manufacturing facility. Every business issue and activity is discussed with safety in mind. Inter-site safety is a prime agenda.

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.

HUMAN RESOURCES MANAGEMENT

The Company continues to improve daily living and to create a workplace where every person can reach his or her full potential. The work environment gives employees the freedom to make the most of them. Learning and relevance are key principles at the Company. The Company believes in talent acquisition and retention, to augment its plan of making its presence more prominent to global markets. The Company has developed a HRD Plan with the parameters to

VIDEOCON INDUSTRIES LIMITED

achieve Excellent Results. The steps have been taken to create a sense of belongingness in the minds of the employees, which in turn gives maximum contribution per employee while gearing them to face the challenges in the competitive business environment and achieve the desired goals.

As a result of Human Resource Development activities the Company is getting the following benefits:

- > Increase productivity
- > Reduction in Labour Turnover
- > Team Spirit and Team Work
- > Employer Employee Relationship growing more informal and closer
- > High Employee Morals

APPOINTMENT/REAPPOINTMENT OF DIRECTORS

During the year under review, the company has broad based its Board consequent to amalgamation of Petrocon India Limited and Videocon International Limited with the Company. On June 1, 2005, Mr. V N Dhoot, Maj Gen S C N Jatar, Mr. S Padmanabhan, Mr. Kuldeep Drabu were appointed as an Additional Director of the Company. Mr. R Kannan and Mr. O V Bundellu were co-opted as nominee of ICICI Bank Limited and IDBI Limited since they were nominee on the Board of Petrocon. Mr. O V Bundellu ceased to be nominee, since, consent was not received from him nor there was nomination by IDBI Limited. ICICI Bank Limited has nominated Mr. Ajay Saraf in place of Mr. R Kannan.

Mr. Anirudha V Dhoot and Mr. Vivek D Dharm ceased to be directors w.e.f., June 1, 2005. Consequently, Mr. Venugopal N Dhoot was appointed as Managing Director by the members at their Extra-Ordinary General Meeting held on 29th August 2005.

Further, after the end of financial year under review, Mr. Arun Bongirwar and Mr. S P Talwar were appointed by the Board as an Additional Directors. Thomson S.A nominated Mr. Didier Trutt as its nominee and AB Electrolux nominated Mr. Claes Johan Bygge as its nominee on the Board of the Company. The Board of Directors at its meeting held on 19th November, 2005 appointed Mr. Pradeepkumar N Dhoot as a Whole Time Director, Mr. Kuldeep Drabu & Mr. S K Shelgikar as Executive Director(s), subject to necessary approval of the members at the ensuing Annual General Meeting. Subsequently, Mr. Kuldeep Drabu & Mr. S K Shelgikar ceased to be Executive Director(s).

Mr. Peter Birch was appointed as Alternate to Mr. Johan Bygge by the Board at its meeting held on 17th January, 2006. Mr. M. Chittaranjan Kumar was nominated by IDBI Ltd. and was co-opted on the board of Directors of the Company at the meeting of the Board of Directors of the Company held on 31st January, 2006.

Mr. S K Shelgikar is liable to retire by rotation at the ensuing Annual General Meeting and being eligible he has offered himself for re-appointment. The Board recommends his appointment. The Board also recommends appointment of Maj Gen S C N Jatar, Mr. S P Talwar, Mr. Arun Bongirwar, Mr. Kuldeep Drabu, Mr. Didier Trutt and Mr. Claes Johan Bygge as director of the Company who were appointed as an Additional Director pursuant to Section 260 of the Act. Further, the Board also recommends confirmation of appointment of Mr. Pradeepkumar N Dhoot as a Whole Time Director of the Company.

The Brief profiles of directors being appointed/re-appointed at the ensuing Annual General Meeting forms part of Notice to the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- a) in the preparation of annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- b) 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;
- c) 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;
- d) the Directors have prepared the annual accounts on a going concern basis;
- e) the Board has constituted an Audit Committee comprising of Three Independent Directors, *inter alia* for holding discussions with the Auditors periodically, review of quarterly, half yearly and annual financial statements before submission to Board, review of observations of Auditors and to ensure compliance of internal control systems;
- f) 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;
- g) the Board agrees that the recommendations of the Audit Committee on any matter relating to financial and management including the audit report would be binding on the Board; and
- h) based on the above and the Internal Audit System, the Audit Committee, the Board opines that the Company has internal control system commensurate with the size of the Company and the nature of its business.

PARTICULARS OF EMPLOYEES

The details of employees drawing remuneration in excess of 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 2004-2005 are annexed to this report.

LISTING

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

SUBSIDIARY COMPANIES

Pop-up Properties & Investments Private Limited and Videocon Securities Limited ceased to be the subsidiaries of the Company with effect from 27th July, 2005. The Company also divested its 50% interest in Joint Venture Company, India Floor Care and Appliances Limited with effect from 27th July, 2005.

Pursuant to the Scheme of Amalgamation of Videocon International Limited with the Company, the subsidiaries of Videocon International Limited become subsidiaries of the Company. As such, as on 30th September 2005, the Company had 14 subsidiaries viz., Paramount Global Limited, Middle East Appliances LLC, Videocon (Cayman) Limited, Trend Limited, Sky Billion Trading Limited, Mars Overseas Limited, Videocon Global Limited, Powerking Corporation Limited, Videocon Industrial Finance Limited, Gruhaupyogi Electronics Appliances Pvt Ltd, Gajanan Electronics and Home Appliances Pvt Ltd, Mayur Household Electronics Pvt Ltd, Godavari Consumer Electronics Appliances Pvt Ltd & Videocon (Mauritius) Infrastructure Ventures Limited.

The Company has received an exemption from the Central Government under section 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 2004-2005. **The Company undertakes that annual accounts of the subsidiary companies and the related detailed information will be made available to the any member seeking such information at any point of time. Further, the annual accounts of subsidiary companies will also be kept for inspection by any investor at its registered office and also at registered office of the concerned subsidiary. The accounts of the subsidiary companies and detailed information will be made available to the members upon receipt of request from them.**

The summary of the key financials of the company's subsidiaries is included in this report.

CONSOLIDATED FINANCIAL STATEMENTS

The Directors also present the consolidated financial statements, duly incorporating the company's 100% ownership interest in Paramount Global Limited, Middle East Appliances LLC, Videocon (Cayman) Limited, Trend Limited, Sky Billion Trading Limited, Mars Overseas Limited, Videocon Global Limited, Powerking Corporation Limited (w.e.f 15th July 2005), Videocon Industrial Finance Limited, Gruhaupyogi Electronics Appliances Pvt Ltd, Gajanan Electronics and Home Appliances Pvt Ltd, Mayur Household Electronics Pvt Ltd, Godavari Consumer Electronics Appliances Pvt Ltd, Pop-up Properties and Investment Pvt Ltd (upto 27 July 2005), Videocon Securities Limited (upto 27th July 2005) and 50% interest in Joint Venture Company, India Floor Care and Appliances Limited (upto 27th July, 2005).

The audited financial statements of Videocon (Mauritius) Infrastructure Ventures Limited, have not been included in preparation of Consolidated Financial Statements as the control is temporary in nature.

The Consolidated financial results have been prepared in line with the requirements of Accounting Standard 21 "Consolidated Financial Statements" and Accounting Standard 27 – "Financial Reporting of Interests in Joint Ventures".

AUDITORS' REPORT

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

AUDITORS

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

CORPORATE GOVERNANCE

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

ACKNOWLEDGEMENT

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

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

For and on Behalf of the Board of Directors

V.N.DHOOT
Chairman & Managing Director

Place : Mumbai
Date : February 28, 2006

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 2005.

Name of the Employee	Designation/ Nature of Duties	Remuneration	Qualifications	Age	Experience	Date of Commencement of Employment	Last Employment	
							Name of the Employer	Position Held
Mr. Rahul Sethi	Vice President	2,896,200	B. Com.	54	31 years	01.02.1987	Gedor Ltd.	Commercial Manager

- a) Remuneration includes Basic Salary, Ex-Gratia, H.R.A, Mktg. Allowance, Special Allowance. C.A., L.T.A., Leave Encashment, Medical Re-imbursment, Contribution to Provident Fund.
- b) The employees are in wholetime 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 28, 2006

CORPORATE GOVERNANCE

I. Company's Philosophy on Corporate Governance

The Company's philosophy on Corporate Governance is based on transparency, accountability, equity and sustainability. In a globalizing world, the Company's governance process is benchmarked against the global best practices in this area.

The objective is to institutionalize Corporate Governance practices that go beyond adherence to the extant regulatory framework. In fact, our corporate structure, business and disclosure practices are aligned to our Corporate Governance philosophy.

As trustees of the Company's shareholders, we relentlessly endeavour to enhance the shareholder wealth while sparing no effort to deliver long term value to all stakeholders.

II. Board of Directors

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

Category	Directors	No. of Directors
Promoter-Executive Director	Mr. V N Dhoot (Chairman & Managing Director)	1
Promoter-Non Executive Director	Mr. P N Dhoot Mr. Anirudh V Dhoot (upto 1 st June, 2005)	1
Non-Executive Director	Mr. S K Shelgikar Mr. Kuldeep Drabu Mr. S Padmanabhan Major General SCN Jatar Mr. Vivek D Dharm (Upto 1 st June 2005)	4
Nominee Directors- Representing Lending Institution.	Mr. Ajay Saraf – (Nominee of ICICI Bank Ltd.)	1

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

2. Board/Committee Meetings and Proceedings:

a. Institutionalized decision making process:

With a view to institutionalize all corporate affairs and setting up systems and procedures for advance planning for matters requiring discussion/decisions by the Board, 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.

3. Board Meetings and Attendance:

24 Board Meetings were held during the year 2004 –05 on the following dates :

30.07.2004, 16.08.2004, 31.10.2004, 30.11.2004, 06.12.2004, 31.12.2004, 31.01.2005, 25.02.2005, 17.03.2005, 30.04.2005, 01.06.2005, 21.06.2005, 23.06.2005, 27.06.2005, 29.06.2005, 06.07.2005, 07.07.2005, 08.07.2005, 23.07.2005, 27.07.2005, 13.08.2005, 10.09.2005, 13.09.2005 and 30.09.2005.

Details of Attendance and other Associations:

Sl. No.	Name of Director	Whether attended AGM held on 31.12. 2004	Attendance in Board Meetings		Other Board		
			Total	Attended	Directorship	Committee Chairmanship	Committee Membership
1	Mr.Venugopal N Dhoot Chairman & Managing Director	N.A	14	14	14	1	2
2	Mr.Pradeepkumar N Dhoot Promoter – Non Executive Director	No	24	20	12	1	4
3	Mr.S K Shelgikar Independent – Non Executive Director	No	24	16	-	-	-
4	Mr.Kuldeep Drabu Independent – Non Executive Director	N.A	14	7	3	-	1
5	Mr.S Padmanabhan Independent – Non Executive Director	N.A	14	12	11	-	8
6	Maj Gen SCN Jatar Independent – Non Executive Director	N.A	14	1	1	-	1
7	Mr. Ajay Saraf* Independent – Non Executive Director	N.A	08	1	3	-	5
8	Mr. Vivek D Dharm** Independent – Non Executive Director	Yes	11	10	11	2	4
9	Mr. Anirudha V Dhoot** Promoter – Non Executive Director	No	11	10	14	-	2

*Mr. Ajay Saraf was appointed as Nominee on the Board by ICICI Bank Limited and was co-opted on 07 July 2005.

**Mr. Vivek D Dharm and Mr. Anirudha V Dhoot resigned with effect from 1st June, 2005.

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

The brief details of directors retiring by rotation and seeking re-appointment are appended to the Notice convening the 17th Annual General Meeting.

III. Board Committees

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

1. Audit Committee:

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

Name of the Committee Member	Category
Mr. Kuldeep Drabu (Chairman)	Non Executive - Independent
Mr. S K Shelgikar	Non Executive - Independent
Mr. S Padmanabhan	Non Executive - Independent

The Audit Committee comprises of Independent directors and financial literate persons having vast experience in the area of finance and accounts.

(ii) Scope of Audit Committee:

The terms of reference are broadly as under:

- Overall assessment of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment of external auditor, fixation of audit fee and also approval for payment for any other services rendered by the Auditors.
- 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
 - 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.
- Discussions with external auditors before the audit commence nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- Reviewing the company's financial and risk management policies.
- To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- Financial Statements and Investments made by Subsidiaries
- To review the functioning of Whistle Blower Mechanism, if any

The Audit Committee also reviews:

- Management discussion and analysis of financial conditions and results of operations.
- Statement of significant related party transactions, if any.
- Management Letters/Letters of internal control weaknesses issued by the Statutory Auditors;
- Internal Audit Reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief Internal Auditor.

(iii) Meetings and Attendance:

During the financial year under consideration, six meetings of the Committee were held on 29.07.2004, 30.10.2004, 25.11.2004, 29.01.2005, 29.04.2005 and 27.07.2005.

Name of the Committee Member	Category	Meetings held during respective tenure	Meetings attended
Mr. Vivek D Dharm (upto 1 st June, 2005)	Non Executive Independent	5	5
Mr. Anirudha V Dhoot (upto 1 st June, 2005)	Promoter Non Executive	5	5
Mr. S K Shelgikar	Non Executive Independent	6	6
Mr. Kuldeep Drabu	Non Executive Independent	1	1
Mr. S Padmanabhan	Non Executive Independent	1	1

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

2. Remuneration Committee:

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

Name of the Member	Category
Major General S C N Jatar (Chairman)	Non Executive Independent
Mr. S K Shelgikar	Non Executive Independent
Mr. P N Dhoot	Promoter Non Executive

(ii) Scope of Remuneration Committee:

The following matters are referred to the Remuneration Committee:

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

(iii) Directors' Remuneration:

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

Name of Director	Sitting fee paid (Rs)
Mr. S Padmanabhan	18250
Major Gen. SCN Jatar	5000
Mr. Ajay Saraf	250
Mr. V D Dharm	16500

(iv) Meetings and Attendance:

Two meetings were held on 2nd June, 2005 and 20th August 2005.

Name of the Member	Meetings held	Meetings attended
Major Gen SCN Jatar	2	2
Mr. S K Shelgikar	2	2
Mr. P N Dhoot	2	2

(v) Stock Options:

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

3. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

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

Name of the Committee Member	Category
Mr. V N Dhoot (Chairman)	Promoter Executive
Major Gen. SCN Jatar	Non Executive Independent
Mr. S Padmanabhan	Non Executive Independent

(ii) Scope of Shareholders/Investors grievance Committee:

The Committee administers the following activities:

- Transfer of Shares
- Transmission of shares
- Issue of Duplicate Share Certificates
- Change of Status
- Change of Name
- Transposition of Shares
- Sub-division of Shares
- Consolidation of Folios
- Shareholders requests for Dematerialisation/Rematerialisation of shares

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

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

(iii) Compliance Officer

Mr. Parag A Inamdar, Company Secretary is the Compliance Officer.

(iv) Share Transfer Details

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

	Equity
a Number of transfers	517
b Average No of Transfer per month	34
c Number of Shares Transferred	64459

(v) Demat/Remat of Shares:

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

a. Number of Demat Transfers approved	-	1629
b. Number of Sub-committee Meetings held	-	58
c. Number of Shares Demated	-	1177498
d. Percentage of Shares Demated	-	0.57
e. Number of Remat requests approved	-	2
f. Number of Shares Remated	-	175341

2) Postal Ballot:

During the year under review following special resolution(s) were transacted through Postal Ballot.

The Voting Pattern for resolution transacted through Postal Ballot is as under:

Sr. No.	Particulars	TOTAL NO. OF VALID PBF RECEIVED	TOTAL NO. OF SHARES	% OF SHARES TO TOTAL EQUITY	TOTAL NO. OF PBF IN FAVOUR	TOTAL NO. OF VOTES CASTED IN FAVOUR	% OF SHARES TO RECEIPT	TOTAL NO. OF PBF AGAINST	TOTAL NO. OF VOTES CASED AGAINST	% OF SHARES TO RECEIPT
1	To authorize the Board of Directors of the Company to mortgage and/or charge all or any part of the movable and/or immovable properties of the company, wheresoever suitable, both present and future and whole of the undertaking of the Company upto the sum not exceeding Rs.10,000 Crores (Rupees Ten Thousand Crores Only)	158	153795328	74.4677	148	153794517	99.9995	10	811	0.0005
2.	To authorize the Board of Directors of the Company to borrow money for the purpose of business of the Company from time to time notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) will or may exceed an aggregate of the paid up capital of the company and its free reserve, that is to say, reserves not set out for any specific purpose, but so that the total amount upto which money may be borrowed by the Board of Directors shall not at any time exceed Rs.10,000 Crores.	158	153795328	74.4677	150	153794717	99.9996	8	611	0.0004
3.	To authorize the Board of Directors to make loan, give guarantee and/or make investment and/or provide security for an amount not exceeding Rs. 10,000 Crores (Rupees Ten Thousand Crores Only) at any point of time.	158	153795328	74.4677	153	153794847	99.9998	5	481	0.0003
4.	To re-draft the main object of the company so as to more appropriately and clearly reflect the oil and Gas and Consumer electronics Business of the Company	158	153795328	74.4677	155	153795047	99.9998	3	281	0.0002
5.	To insert / amend clauses of the Articles of Association for enabling to Buy back the shares of the Company, Postal Ballot and sitting fees for Board Meeting etc.	158	153795328	74.4677	151	153794647	99.9996	7	681	0.0004

As per Rule 5(b) of the The Companies (Passing of the Resolution by Postal Ballot) Rules 2001, Mr. Sheetal Kumar Dak, Practising Company Secretary, was appointed as Scrutinizer for conducting the Postal Ballot. The result of the Postal Ballot was announced on 11th November, 2005.

At the ensuing meeting there are no special resolutions proposed to be put through postal ballot.

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

Sl. No.	Particulars	Received	Redressed	Pending as on 30.09.2005
1.	Non receipt of refund orders	Nil	Nil	Nil
2.	Non receipt of div/int/red warrants	29	29	Nil
3.	Non receipt of share certificates	127	127	Nil
4.	Others	14	14	Nil
	Total	170	170	Nil

Note:

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

IV. General Body Meetings

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

AGM	AGM Date	Location	Time	No. of Special Resolution Passed
14 th AGM	28.12.2002	Auto Cars Compound, Adalat Road, Aurangabad	9.30 A.M	Nil
15 th AGM	31.12.2003	Auto Cars Compound, Adalat Road, Aurangabad	9.30 A.M	Nil
16 th AGM	31.12.2004	Auto Cars Compound, Adalat Road, Aurangabad	9.30 A.M	Nil

VIDEOCON INDUSTRIES LIMITED

V. Disclosures

a)	Materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the company at large.	There are no transactions, which may have potential conflicts with the interests of company at large. Transactions with related parties are disclosed in Note No.23B of Schedule 15B to the Accounts in the Annual Report.
b)	Non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.	NIL
c)	Whistle Blower Policy and affirmation that no personnel have been denied access to the audit committee.	The Company has implemented Whistle Blower Policy and no personnel have been denied access to the Audit Committee.
d)	Details of Compliance with mandatory requirements and adoption of the non mandatory requirements of this clause.	The Company has complied with mandatory requirements and adopted the following non mandatory requirements: i) The Company has constituted a remuneration committee. ii) Whistle Blower Policy.

VI. Other Disclosures

There has been differences between Bombay Stock Exchange Limited ("BSE"), The National Stock Exchange of India Limited ("NSE") and the Company on interpretation of Clause 40A of the Listing Agreement, wherein both BSE and NSE were of the view that Global Depository Receipts (GDR) cannot be considered as part of Non-Promoter holding. Being aggrieved by the said stand of BSE and NSE, the Company preferred an appeal to Securities Appellate Tribunal (SAT), Mumbai.

On 30th September 2005, SAT issued the final order which among other things ordered that (i) the Company shall be given time until 17.10.2007 to increase the non-promoter holding to 25% and for this purpose shall not treat ADRs/GDRs as non-promoter holding (save for limited exceptions) and (ii) All shares underlying GDR already issued / to be issued by the Company shall be listed.

The Company has given an undertaking to BSE and NSE to comply with SEBI (DIP) Guidelines with regard to increase in non-promoters' holding on or before 5th October, 2006.

VII. Means of Communication

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

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

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

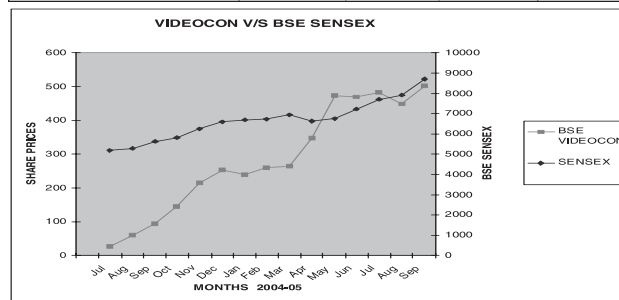
VIII. General Shareholder Information

1.	Annual General Meeting	The 17 th Annual General Meeting will be held on March 31, 2006 at 9.30 a.m. at Auto Cars Compound, Adalat Road, Aurangabad-431 005
2.	Financial Calendar	Financial Calendar for 2005-2006 Financial Year : October 1, 2005 - September 30, 2006 First Quarterly Result: On or before January 31, 2006 Second Qly Result : On or before April 30, 2006 Third Qly Result : On or before July 31, 2006 Fourth Qly Result : On or before October 31, 2006 Annual General Meeting for year ending September, 2006: On or before March 31, 2007.
3.	Date of Book Closure	March 18, 2006 to March 31, 2006 (both days inclusive)
4.	Dividend Payment Date	On 25 th April 2006 (Tentatively)

5.	Listing On Stock Exchanges	The equity shares of your company are listed on Bombay Stock Exchange Limited and National Stock Exchange Limited. The company has paid Listing Fees for financial year 2005- 2006. The names and addresses of the respective stock exchanges are given below:						
		<table border="1"> <thead> <tr> <th>Sl. No.</th> <th>Name and Address of the Stock Exchange</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Bombay Stock Exchange Ltd. 1st Floor, New Trading Ring, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.</td> </tr> <tr> <td>2.</td> <td>The National Stock Exchange of India Ltd (NSE) Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai – 400 051</td> </tr> </tbody> </table>	Sl. No.	Name and Address of the Stock Exchange	1.	Bombay Stock Exchange Ltd. 1 st Floor, New Trading Ring, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.	2.	The National Stock Exchange of India Ltd (NSE) Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai – 400 051
Sl. No.	Name and Address of the Stock Exchange							
1.	Bombay Stock Exchange Ltd. 1 st Floor, New Trading Ring, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.							
2.	The National Stock Exchange of India Ltd (NSE) Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai – 400 051							
		Stock Code at Mumbai Stock Exchange is: 511389 Stock Code at National Stock Exchange is: "VIDEOIND".						

6. Market Price Data: Average monthly High and Low prices at BSE and NSE are given below:

Month	BSE		NSE	
	High	Low	High	Low
July 2004	27.00	22.80	27.00	23.50
August 2004	60.95	22.50	66.15	23.25
September 2004	93.50	62.15	85.50	62.55
October 2004	145.75	95.35	147.90	101.20
November 2004	215.95	148.65	220.30	150.90
December 2004	252.90	192.30	258.30	190.50
January 2005	238.90	204.10	220.30	176.95
February 2005	259.95	219.25	259.75	216.10
March 2005	264.45	230.85	264.05	231.55
April 2005	347.40	226.50	349.10	227.30
May 2005	473.50	330.00	473.00	332.00
June 2005	470.00	395.00	474.00	388.00
July 2005	483.85	395.00	484.90	397.00
August 2005	449.00	339.95	449.30	383.85
September 2005	502.00	407.25	503.00	408.00



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

9. a) Shareholding Pattern as on 30.09.2005 is as given below:

S NO	CATEGORY	NO OF SHARES HELD*	%AGE OF HOLDING
A	PROMOTER'S HOLDING		
1	PROMOTER'S HOLDING Indian Promoters Foreign Promoters	152432129	73.81
2	PERSON ACTING IN CONCERT	203241	0.10
	Sub- Total	152635370	73.91
B	NON-PROMOTER'S HOLDING		
3	INSTITUTIONAL INVESTORS		
A	Mutual Funds and UTI	352724	0.17
B	Banks, Financial Institutions, Insurance Companies,(Central/State Govt Institutions, Non-Government Institutions)	13400	0.01
C	Fills	1784516	0.86
	Sub- Total	2150640	1.04
4	OTHERS		
A	Private Corporate Bodies	4153939	2.01
B	Indian Public	1242142	0.60
C	NRIs/OCBs	783909	0.38
D	Any Other GDR	45560145	22.06
	Sub- Total	51740135	25.05
	GRAND TOTAL*	206526145	100.00

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

Share Holding of Nominal Value of Rs.	Number of Share-holders	% to Total	No. of Shares*	Amount in Rs.	% to Total
Up to 5,000	6379	95.35	687050	6870500	0.33
5,001 to 10,000	85	1.27	66912	669120	0.03
10,001 to 20,000	38	0.57	58924	589240	0.03
20,001 to 30,000	25	0.37	65762	657620	0.03
30,001 to 40,000	19	0.28	66604	666040	0.03
40,001 to 50,000	16	0.24	73652	736520	0.04
50,001 to 1,00,000	32	0.48	243701	2437010	0.12
1,00,001 and above	96	1.43	205263540	2052635400	99.39
Total*	6690	100.00	206526145	2065261450	100.00

* Does not include 1,42,42,488 shares allotted to shareholders of erstwhile Videocon International Limited on account of amalgamation of Videocon International Limited with Videocon Industries Limited.

10.	Dematerialization of Shares and liquidity:	The Securities and Exchange Board of India (SEBI), through a notification has made it mandatory that any delivery in the Company's shares against stock exchange trades shall be in demat form. As on 30.09.2005, 1,64,14,360 equity shares (7.95% of the total number of shares) have been dematerialized.
11.	Outstanding GDRs/ ADRs/ Warrants or underlying equity shares.	45,560,145 GDRs representing Conversion Instruments, Conversion Date 45,560,145 and like impact on equity (30.09.2005)
12.	Plant locations	<ol style="list-style-type: none"> 14 Km. Stone, Aurangabad – Paithan Road, Village Chittegaon, Taluka Paithan, Dist.-Aurangabad, (Maharashtra) Village Chavaj, Via Society Area, Taluka & Distt. Bharuch (Gujarat) E 23 & 24, Electronics Estate, G.I.D.C. Gandhinagar (Gujarat) 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, (Uttaranchal).

13.	Address for Correspondence	Auto Cars Compound, Adalat Road, Aurangabad. Maharashtra. Tel: 0240 –2320750 The correspondence address for shareholders in respect of their queries is: M/s. MCS Limited Sri Venkatesh Bhavan, Plot No.27, Phase II, Road No.11, MIDC Marol, Andheri(E), Mumbai – 400 093. Ph : (022) 5502 5235 Fax : (022) 5502 5356
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DECLARATION

The Board has laid down a code of conduct for all Board Members and Senior Management of the Company which is posted on the Website of the Company. The Board Members and Senior Management have affirmed compliance with the code of conduct.

For VIDEOCON INDUSTRIES LIMITED

Sd/-

V N DHOOT

CHAIRMAN & MANAGING DIRECTOR

CMD/CFO CERTIFICATION

The Chairman and Managing Director appointed in terms of the Companies Act, 1956 and the CFO, certify to the Board that:

- The Financial Statements and the Cash Flow Statements for the year have been reviewed and to the best of their knowledge and belief are true and present a true & fair view of the Company' affairs.
- To the best of their knowledge and belief, no transactions entered are fraudulent, illegal or violate the Company's Code of Conduct.
- They accept the responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluate the effectiveness, disclosing the deficiencies to the Auditors & the Audit Committee and take steps or proposed to take steps to rectify these deficiencies.
- They indicated to the Auditors and the Audit Committee:
 - Significant changes in Internal Control processes during the year,
 - Significant changes in Accounting Policies; and
 - Instances of significant fraud of which they have become aware.

COMPLIANCE CERTIFICATE OF THE AUDITORS

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

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of
VIDEOCON INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by Videocon Industries Limited, for the period ended on 30th September 2005, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementations thereof adopted by the Company for ensuring the compliance of the conditions of the corporate governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with, in all material respect, the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we state that no investor grievance were pending for a period exceeding one month against the Company, as per the records maintained by the Investors Grievance Committee and as per the certificate of the Registrars and Transfer Agents of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For KADAM & CO.
Chartered Accountants

U.S.KADAM

Proprietor

Place: Mumbai

Date : February 28, 2006

For KHANDELWAL JAIN & CO.

Chartered Accountants

SHIVRATAN AGARWAL

Partner

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

The management discussion and analysis report has been included in adherence to the spirit enunciated in the code of Corporate Governance approved by the Securities and Exchange Board of India.

Statement in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward-looking Statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operation include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors. Further, the discussion following herein reflects the perceptions on major issues as on date and the opinions expressed here are subject to change without notice.

The Company undertakes no obligation to publicly update or revise any of the opinions or forward-looking statements expressed in this report, consequent to new information, future events, or otherwise.

The Management presents herein the Industry Structure & Developments, Opportunities and Threats, Outlook, Risks and Concerns, Internal Control Systems and their adequacy, Segment wise performance, Financial performance with respect to operational performance, Material Developments in Human Resources. The outlook is based on assessment of the current business environment, it may vary due to future economic and other developments both in India and Abroad.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Consumer Electronics & Home Appliance

The Indian consumer electronics products and household appliances industry has an annual turnover of approximately Rs.170 billion.

The Consumer Electronics and Home Appliances Industry comprises of Brown Goods, White Goods and Small Domestic Appliances. Color Televisions, Video products, Home Entertainments are regarded as Brown Goods. The White Goods comprises of Washing Machines, Refrigerators, Airconditioners etc., and Small Domestic Appliances comprises of Vacuum Cleaners, Water purifiers, Irons etc.,. The Company is focusing activities of manufacturing and trading in Colour Televisions, Airconditioners, Music Systems, Glass Shells.

Colour TVs

Colour TVs are the dominant product in the Indian consumer electronics products and household appliances market both by volume and by value. According to the company estimates, for the year ended March 2005 colour TV sales accounted for an estimated turnover of Rs.90 billion on sales of 7.8 million units. This accounted for approximately 53 per cent. Of the total turnover of the consumer electronics products and household appliances market. The leading brands in the colour TV market are Videocon, LG, Samsung, Sansui, Akai, Philips, Onida and Sony .

Market demand for colour TVs is expected to have increased by around 17 per cent. In the year ending December 31, 2005. The key trend in the industry has been the increasing demand for flat colour TVs which has grown from 0.9 million units in the year ended March 2004 to 2.2 million units in the year ended March 2005, an increase of 137 per cent. Flat colour TVs now account for 29 per cent. Of the total colour tv market.

Refrigerators

As per the Company estimates the total demand for refrigerators in the year ended March 2005 was around 3.5 million units. The refrigerators sector has not experienced growth in recent years largely on account of rising input prices, shrinking margins.

Air Conditioners

Globally, split air conditioners account for 80 per cent of room air conditioner sales. In India, window air conditioners are thought to have been preferred to split air conditioners because of their lower price. According to industry sources, the demand for split air conditioners has increased considerably in the year ended March 2005, due to substantial reduction in the price between split and window air conditioners. Also, split air conditioners require less space, have low noise levels and are better looking than window air conditioners.

Increasing affordability, acceptance of air conditioners as a utility product rather than a luxury item and historic low penetration of air conditioners in India have been the key demand drivers in the industry.

Glass Shells

Glass Shell is a major component required in the manufacturing of Colour Picture Tube. Colour Picture Tubes being one of the major components in manufacture of CRT Televisions, demand for the same is directly related to the growth of the TV industry. The Company is the largest manufacturer of funnels and the only manufacturer of panels (together referred to as glass shells) in India.

Oil and Gas

Per capita consumption of primary energy and hydrocarbons of India is among the lowest in the world. Developed countries such as the UK, Germany and Japan have a per capita consumption of primary energy and hydrocarbons which is more than ten times that of India.

Demand for crude oil is derived from the demand for petroleum products, which is largely determined by the growth in the economy. High speed diesel oil, motorspirit, liquefied petroleum gas, naphtha and fuel oil account for the bulk of the consumption of petroleum products in India. While domestic production of crude oil and natural gas has increased over the past decade, it has not kept pace with growth in domestic consumption over the same period.

As the gap between demand and production continues to widen, India has increasingly become a significant net importer of crude oil. It is against this background that the Government of India has stressed the importance of exploration of hydrocarbons in India.

Recent Developments in Oil Exploration in India

In the late 1990's the Government of India began deregulating the refining business and adopted a phased lifting of price controls on the entire range of petroleum products, which was fully implemented by April 2002, except in the cases of natural gas, liquefied petroleum gas and kerosene. Also, in 2000, the Government of India formulated the "India Hydrocarbon Vision — 2025" which envisages total appraisal of the sedimentary basins of India by the year 2025. Presently, India has twenty-six sedimentary basins, stretching over an area of 1.39 million sq. km. on land and 1.75 million sq. km. offshore, including a vast stretch of sediment laden area measuring 1.35 million sq. km. in deep water areas.

Recently, the Government of India, under the National Common Minimum Programme, has placed greater emphasis on increasing indigenous production and on acquiring equity and gas abroad. The government is planning to increase indigenous production through the accelerated domestic exploration of oil and gas, through improved oil recovery from existing fields and diversification of the fuel base with an increased reliance on gas.

Natural Gas industry in India

Natural gas has gained substantial importance, both as a fuel and a feedstock over the past 20 years. Globally, its share in total primary energy consumption has increased from 20 per cent. in 1982, to 24 per cent. in 2002. In India, natural gas accounted for 7.8 per cent. of total primary energy consumption in 2002. Natural gas is used as a feedstock in fertiliser and petrochemical units. It is also used as a fuel in power plants using combined cycle technology, and in other industries such as glass, ceramics, sponge iron and tea estates. In western countries, natural gas is used as a heating fuel (for residential and commercial buildings) and as a domestic fuel.

India has a total natural gas production of around 90 MMSCMD, out of which ONGC alone produces 65.5 MMSCMD, while OIL produces 6.5 MMSCMD.

Presently, against an estimated gas demand of 150-175 MMSCMD, gas availability is only around 90 MMSCMD . The Government of India has proposed various steps including the setting up of liquefied natural gas terminals and transitional gas pipelines and an intensification of domestic exploration and production efforts through NELP.

Material Developments During the Year

During the year 2004-05 there were substantial changes in the structure and operations of the Company consequent to the mergers, amalgamations and acquisitions outlined below:

- Petrocon India Limited amalgamated with the Company on June 7, 2005. This resulted in the Company getting into oil and gas business. With merger of Petrocon, the Company has become a member of the consortium that operates the Ravva Oil and Gas fields.

The Company has a 25% participating interest in the Ravva Oil and Gas Field that presently produces 50,000 barrels of oil per day. The operating cost of the project is among the lowest in the industry.

Apart from Ravva, the company plans forays outside India and is on the lookout for strategic tie-ups in Exploration & Prospecting (E & P) on a purely opportunistic basis.

- Videocon International Limited (VIL) amalgamated with the Company on December 7, 2005. VIL was engaged in manufacture and marketing of various consumer durables and home appliances as also Glass Shells for Colour Picture Tubes.

- On August 13, 2005, Board of Directors of the Company approved a proposal for amalgamation of EKL Appliances Limited (Formerly Electrolux Kelvinator Limited) with the Company. EKL owns three manufacturing facilities in India – Shahajanpur in Rajasthan, Butibori and Warora in Maharashtra.

OPPORTUNITIES AND THREATS

Various opportunities and threats as perceived by the Management are as follows :

- The company has strategically located manufacturing bases domestically, and its subsidiaries internationally. The domestic facilities are widely distributed all over the country and are close to key target markets, thus reducing distribution, transportation and warehousing expenditure.
- The Company has most extensive sales and distribution networks in India.
- The Company has adopted multibrand strategy which is more effective in acquiring a greater aggregate share and also helps to target different socio-economic market segments with each brand.
- The Company has manufacturing advantages based on mass production and integration of processes. The Company is able to control the production costs effectively on account of Mass production scale, Vertical Integration of manufacturing process, leading positions in the manufacture of glass shells and CPTs.
- The Oil and gas business provides the Company with a stable income stream. The Oil produced by the Company is of very high quality. The Ravva field yields Ravva crude, a premium light crude with a sulphur content below 0.01 per cent. which, therefore is able to command a price amongst the highest in the crude oil market. Ravva crude is priced with reference to Tapis and Minas crude, which is a high priced basket of oils.
- The Videocon Brand is popular in the Domestic Market only. It is yet to establish in full fledged the Brand in International Market.
- The Working Capital Cycles in the Consumer Durables and Household Appliances Industry are longer in nature.
- The Prices of Consumer Electronics & Home Appliances have been continuously reducing which is a biggest threat since the margins comes under pressure
- The Cost of marketing, advertising and after sale services are increasing.
- The Cost and interest rates continues to be the key issues that are likely to shape the growth rates of the Industry. Inflation linked increases in the other expense, including wages and increasing advertising expenditure only add further to the situation.

OUTLOOK

- The consumer electronics sector is undergoing a major transformation. The analog technologies are giving way to digital technologies. Digitalization in turn is leading to convergence of consumer, computer, communication, broadcast cable technologies and the contents. A digital signal can be far more easily processed than an analog one. The company is planning to tap this.
- The Company has adopted the best and the most sophisticated technology to suit Indian needs. The company as a part of global diversification has been planning international forays in advanced and alternate technologies like Flat Panel Displays
- The Company as a part of reducing manufacturing cost of products as also to strengthen the bottomline, has decided to adopt the policy of becoming "backbone provider" to the industry through focusing on various components.

RISKS AND CONCERNS

- The markets for consumer electronics products and household appliances are highly competitive and the Company has experienced pressure on its prices and margins. The Company expects that technological advances and aggressive pricing strategies by competitors will intensify competition.
- *The consumer electronics products industry is subject to technological changes and shifts in consumer preferences.* A substantial portion of company's business depends on the sales of consumer electronics products. As new features and applications of electronics products are frequently introduced and can be significantly different from the ones they supersede, there is a risk that the company will not be equipped as rapidly with the technologies and/or licenses required for developing and manufacturing electronics products that meet new standards.
- ❖ The pricing of oil and gas is subject to variation and depends on a number of factors beyond control.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company has an internal control system commensurate with its size and nature of business which provides for:

- Accurate recording and custody of assets
- Compliance with applicable statutes, policies procedures, listing requirements, management guidelines and circulars,
- Transactions being accurately recorded, cross verified and promptly reported
- Efficient use and safeguarding of resources.
- Adherence to applicable accounting standards and policies
- Information technology system which include controls for facilitating the above.

Internal checks and controls are exercised by strictly adhering to the various procedures laid at the time of Delegation of Authorities and other Procedures. The delegation clearly indicates the powers along with the monetary limits, wherever necessary, that can be exercised by various levels of the Managers in the Company.

SEGMENT -WISE PERFORMANCE

The company has prepared the consolidated Financial Statements as per Accounting Standard 21 and accordingly the segment information as per Accounting Standard-17 "Segment Reporting" has been presented in consolidated financial statements and accordingly the segment wise turnover for the period under consideration are as under

Segment	Period ended 30th Sept.2005	Year ended 30th June, 2004
Consumer Electronics	53,599.18	12.95
Oil and Gas	14,316.52	-
Others	1,219.45	37.05
Total	69,135.15	50.00

In view of the amalgamation of Petrocon India Limited and Videocon International Limited with the Company the figures of the previous corresponding years are not comparable.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The Financial performance for the current period is not comparable with the performance for the corresponding period in the preceding year as there has been substantial change in the business model of the company due to amalgamations of Petrocon India Limited and Videocon International Limited. Due to the mergers, there has been substantial increase in the volume of activities of the company as also there has been diversification of activities on a large scale. Being incomparable, the previous year performance has not been discussed under this head. The salient features of the performance of the company during the current period under consideration are as under :

Fixed Assets: The Gross Block of the Company as on September 30, 2005, was Rs. 61,939.87 million which includes revaluation of assets to the extent of Rs. 9,518.45 million. The Net Block as on that date was Rs. 39,072.17 million. During the period, there were additions to the fixed assets to the extent of Rs. 5,779.06 million.

Sales & Income from Operations

During the period under consideration, the Company achieved a turnover of Rs. 56,538.25 million, which comprised of that from the Consumer Durables and Household Appliances Segment to the extent of Rs. 41,002.30 million, Oil and Gas segment to the extent of Rs. 1,4316.52 million and from Other segment to the extent of Rs. 1,219.43 million.

Other Income

Other Income for the period was Rs. 841.92 million. Other Income comprises of rental receipts, dividend income, fluctuation of foreign exchange rate, insurance claim received, interest income and miscellaneous income.

Expenditures

Cost of Goods Consumed. Cost of goods consumed and stood at Rs. 29,979.97 million. This represents cost of various raw material and components consumed during the year.

Production & Exploration Expenses for Oil and Gas. The production and exploration expenses for oil and gas were Rs. 9,573.66 million. This represents the production and related costs. This also includes the Government's share of Profit in Petroleum.

Salaries, Wages and Employees' Benefits. The salaries, wages and employees' benefits were Rs.495.30 million.

Manufacturing and Other Expenses. The manufacturing and other expenses were Rs. 6,265.62 million. These include various manufacturing expenses as also other administrative, marketing and selling expenses.

Interest and Finance Charges. The interest and finance charges were to the tune of Rs. 2,179.50 million.

Depreciation. Net depreciation (excluding depreciation on revalued assets) was Rs. 2,323.60 million.

Profit before Exceptional Items and Taxation

As a result of the foregoing, the profit before exceptional items and taxation was Rs 4,518.30 million.

Exceptional Items

The exceptional items of Rs. 1,901.79 million (US\$ 43.72 million) were paid on ad-hoc basis on account of dispute between the Government of India and the Company regarding the computation of Post Tax Rate of Return (PTRR) and Cost Petroleum for calculation of its share in Profit Petroleum under the Ravva PSC and interest thereon.

Provision for Taxation

The provision for current tax was made to the extent of Rs. 210.00 million and credit for deferred tax of Rs. 1,870.34 million.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

The Company continues to improve daily living and to create a workplace where every person can reach his or her full potential. The work environment gives employees the freedom to make the most of them. Learning and relevance are key principles at the Company. The Company believes in talent acquisition and retention, to augment its plan of making its presence more prominent to global markets. The Company has developed a HRD Plan with the parameters to achieve Excellent Results. The steps have been taken to create a sense of belongingness in the minds of the employees, which in turn gives maximum contribution per employee while gearing them to face the challenges in the competitive business environment and achieve the desired goals.

The Company is poised to take on the challenges with its work force of around 6,312 employees in the business environment and march towards achieving its mission with success.

AUDITORS' REPORT

To
The Members of
VIDEOCON INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of **VIDEOCON INDUSTRIES LIMITED**, as at 30th September 2005, Profit and Loss Account and also the Cash Flow Statement of the Company for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, as amended by Companies (Auditor's Report)(Amendment) Order, 2004, and on the basis of such checks as considered appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure hereto a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Attention is invited to Note No. B-12 of Schedule 15 regarding incorporation of share of the Company in the operations of the joint venture according to the participating interest in the books of account of the Company based on the statements received from the Operators. The Company has received from the joint operator the audited financial statements for the period upto 31st March 2005 and un-audited financial statements for the period 1st April 2005 to 30th September 2005, on which we have placed reliance. We have also placed reliance on technical / commercial evaluation by the management in respect of allocation of development cost to producing properties depletion of producing properties on the basis of proved remaining reserves and Liability for abandonment costs.
5. Further to our comments in the Annexure referred to in paragraph 3 and paragraph 4 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books. Proper returns adequate for the purpose of our audit have been received from branches not visited by us. The branch Auditor's Reports have been forwarded to us and have been appropriately dealt with.
 - c) The balance sheet, profit and loss account and the cash flow statement dealt with by the report are in agreement with the books of account and with the audited returns from the foreign branches.
 - d) In our opinion, the balance sheet, profit and loss account, and cash flow statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
 - e) According to the information and explanations given to us and on the basis of written representations received from the directors as on 30th September 2005 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th September 2005 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to explanations given to us, the said accounts, read together with the significant accounting policies, paragraph 4 above and notes thereon, give the information required by the Companies Act, 1956 in the manner so required and a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 30th September 2005;
 - (ii) In the case of the Profit and Loss Account, of the profit for the period ended on that date, and
 - (iii) In the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

For KHANDELWAL JAIN & CO.

Chartered Accountants

SHIVRATAN AGARWAL

Partner

Membership No.:104180

Place : Mumbai

Date : December 13, 2005

For KADAM & CO.

Chartered Accountants

U.S.KADAM

Proprietor

Membership No.:31055

ANNEXURE REFERRED TO THE AUDITORS' REPORT

Statement referred to in paragraph 3 of the Auditors' Report of even date to the Members of VIDEOCON INDUSTRIES LIMITED on the accounts for the period ended 30th September, 2005.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets.
 - (b) As per the information and explanations given to us, physical verification of fixed assets, other than those under joint venture, has been carried out in terms of the phased programme of verification adopted by the Company and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable, having regard to the size of the company and nature of its business.
 - (c) During the period the company has not disposed off any substantial/major part of fixed assets.
- (ii) (a) As per the information furnished, the inventories (excluding stock of crude oil lying at extraction site with operator) have been physically verified during the period by the management. In our opinion, having regard to the nature and location of stocks, the frequency of the physical verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, procedures of physical verification of inventory followed by the management, to the extent verified, are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) The company is maintaining proper records of inventory. As per information and explanations given to us the discrepancies noticed on physical verification of stocks were not material in relation to the operations of the company and the same have been properly dealt with in the books of account.
- (iii) (a) As per the information and explanations given to us, the company has not granted or taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - (b) As the company has not granted or taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, the Clause (iii)(b), (c), (d), (e), (f) and (g) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and for the sales of goods. During the course of our audit, no major weakness has been noticed in the internal controls systems.

- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the companies act 1956 and exceeding the value of Rupees Five lakh in respect of any party during the period have been made at prices which are reasonable having regard to prevailing market price at the relevant time.
- (vi) The company has not accepted any deposits from the public within the meaning of the provisions of Section 58A and 58AA or any other relevant provision of the Companies Act, 1956 and rules made there under.
- (vii) In our opinion, the company has an internal audit system commensurate with the size of the company and the nature of its business.
- (viii) The Central Government has prescribed maintenance of the cost records under section 209(1)(d) of the Companies Act, 1956 in respect to the company's products. As per the information and explanations provided to us, we are of the opinion that prima facie, the prescribed records have been made and maintained. We have however not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and the records examined by us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise-duty, cess and other statutory dues wherever applicable. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as on 30th September 2005 for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, and information and explanations given to us except as mentioned below, there are no other dues of sales tax, income-tax, wealth-tax, service tax, custom duty, excise duty, cess which have not been deposited on account of disputes.

Nature of the Statute	Nature of the Dues	Amount (in Rs.)	Forum where dispute is pending
A. Relating to erstwhile			
1. Customs Act			
	Videocon International Limited.		
	Customs Penalty	11,000,000	High Court
		850,000	CESTAT
	Customs Duty	9,486,282	Asst Commissioner of Customs
		3,014,503	Commissioner (Appeals)
		672,650	CESTAT
		4,108,531	CEGAT
		1,133,384	Asst. Commissioner, ICD
2. Central Excise Act			
	Excise Penalty	299,131	CESTAT
	Excise Duty Demand	1,715,752	Commissioner of (Appeals)
		33,745	CEGAT
		11,288,985	Divisional Asst. Commissioner
		217,848,733	CESTAT
		531,618	CESTAT
		565,205	Joint Commissioner
4. Sales Tax Act			
	Sales Tax Demands	41,787,567	High Court
		53,326,713	Dy. Commissioner (Appeals)
		4,196,352	Dy. Commissioner
		6,492,328	Adl. Commissioner
		300,571	Asst. Commissioner
		33,391,801	Tribunal
B. Relating to erstwhile			
Income Tax Act			
	Petrocon India Limited.		
	Income Tax Demand	5,571,477	Income Tax Appellate Tribunal

- (x) There are no accumulated losses as on 30th September 2005. The Company has not incurred any cash losses during the period covered by our audit and the immediately preceding financial year.
- (xi) Based on our audit procedures and the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution, bank or to debenture holders during the period.
- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a Chit fund Company or nidhi/mutual benefit fund/society. Therefore the provisions of Clause (xiii) of the Order are not applicable to the Company.
- (xiv) The Company has maintained proper records of transactions and contracts in respect of dealing and trading in shares, securities, debentures and other investments and that timely entries have generally been made therein. All shares, debentures and other securities have been held by the Company in its own name except to the extent of the exemption granted under Section 49 of the Companies Act, 1956 and save for certain shares which are either lodged for transfer or held with valid transfer forms.
- (xv) According to the information and explanations given to us, the terms and conditions of guarantees given by the Company for loans taken by others from bank or financial institutions are, prima facie, not prejudicial to the interest of the Company.
- (xvi) According to the information and explanations given to us, the term loan raised during the period were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on our overall examination of the balance sheet of the company, we report that the Company has not used funds raised on short term basis for long term investments.
- (xviii) The Company has not made any preferential allotment of shares during the period to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any secured debentures during the period. The Company has created security in respect of debentures issued in earlier years.
- (xx) The Company has issued 45,560,145 GDR representing 45,560,145 equity shares of US\$ 10 each (inclusive of premium). The company has not raised any other money by public issue during the period covered by our audit.
- (xxi) As per the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For KHANDELWAL JAIN & CO.
Chartered Accountants

SHIVRATAN AGARWAL
Partner
Membership No.:104180

Place : Mumbai
Date : December 13, 2005

For KADAM & CO.
Chartered Accountants

U.S.KADAM
Proprietor
Membership No.:31055

VIDEOCON INDUSTRIES LIMITED

BALANCE SHEET AS AT 30TH SEPTEMBER, 2005

Particulars	Schedule	(Rupees)	As at 30th Sept., 2005 (Rupees)	As at 30th June, 2004 (Rupees)
I. SOURCES OF FUNDS				
1. Shareholders' Funds				
a. Share Capital	1		2,065,261,450	328,850,500
b. Share Capital Suspense	1A		556,826,740	-
c. Reserves & Surplus	2		43,724,098,065	2,041,028
			<u>46,346,186,255</u>	<u>330,891,528</u>
2. Share Application money pending allotment			95,589,720	-
3. Deferred Tax Liability (Net)			1,521,728,249	-
4. Loan Funds				
a. Secured Loans	3		27,761,001,604	-
b. Unsecured Loans	4		4,734,679,934	900,685,020
			<u>80,459,185,762</u>	<u>1,231,576,548</u>
II. APPLICATION OF FUNDS				
1 Fixed Assets				
a. Gross Block		61,939,867,063		1,166,218,987
b. Less: Depreciation		22,867,698,552		66,979,264
c. Net Block		39,072,168,511		1,099,239,723
d. Producing Properties (Net)		579,032,043		-
			39,651,200,554	1,099,239,723
2. Investments				
	6		3,387,854,966	82,905,784
3. Deferred Tax Assets				
			-	248,633,663
4. Current Assets, Loans & Advances				
a. Inventories		8,730,215,507		-
b. Sundry Debtors		9,971,190,153		6,784,203
c. Cash and Bank Balances		13,960,120,101		2,824,468
d. Other Current Assets		141,914,687		404,750
e. Loans & Advances		11,886,292,236		704,791,610
			<u>44,689,732,684</u>	<u>714,805,031</u>
Less: Current Liabilities & Provisions				
	8			
a. Current Liabilities		6,572,786,349		1,328,034,500
b. Provisions		696,816,093		154,590
			<u>7,269,602,442</u>	<u>1,328,189,090</u>
Net Current Assets				
			37,420,130,242	(613,384,059)
5. Profit and Loss Account				
			-	414,181,436
			<u>80,459,185,762</u>	<u>1,231,576,548</u>
Significant Accounting Policies and Notes to Accounts	15			

As per our Report of even date

For KHANDELWAL JAIN & CO.
Chartered Accountants

SHIVRATAN AGARWAL
Partner
Membership No. 104180

Place : Mumbai
Date : 13th December, 2005

For KADAM & CO.
Chartered Accountants

U.S.KADAM
Proprietor
Membership No. 31055

For and on behalf of the Board

V.N.DHOOT
Managing Director

P.A.INAMDAR
Company Secretary

S. PADMANABHAN
Director

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30TH SEPTEMBER, 2005

Particulars	Schedule	Current period ended 30th Sept., 2005 (Rupees)	Previous year ended 30th June, 2004 (Rupees)
I INCOME			
Sales/Income from Operations		56,538,250,510	37,052,128
Less : Excise Duty		2,044,222,197	—
Net Sales		54,494,028,313	37,052,128
Other Income	9	841,918,429	170,705,184
		<u>55,335,946,742</u>	<u>207,757,312</u>
II EXPENDITURE			
Cost of Goods Sold	10	29,979,969,230	—
Production & Exploration Expenses	11	9,573,657,175	—
Salaries, Wages & Employees' Benefits	12	495,295,946	13,150,234
Manufacturing and Other Expenses	13	6,265,624,679	114,870,673
Interest and Finance Charges	14	2,179,502,988	75,679,925
Depreciation		3,201,472,750	22,945,011
Less : Transfer from General Reserve		877,871,534	—
[Refer Note No. B-5 of Schedule 15]		<u>2,323,601,216</u>	<u>22,945,011</u>
		<u>50,817,651,234</u>	<u>226,645,844</u>
III Profit/(Loss) before Exceptional Items and Taxation		4,518,295,508	(18,888,532)
Exceptional Items (Ref. Note B-2(a) of Schedule 15)		(1,901,788,861)	—
Provision for Current Tax		210,000,000	—
Provision/(Credit) for Deferred Tax		(1,870,340,422)	(1,519,958)
IV Profit/(Loss) for the year		4,276,847,069	(17,368,574)
Excess provision for Income Tax for earlier years written back		23,624,716	—
Balance brought forward		(414,181,436)	(396,812,862)
Addition/Adjustment on amalgamation Refer Note No. B-7 & 8 of Schedule 15		3,015,133,459	—
V Balance available for Appropriation		<u>6,901,423,808</u>	<u>(414,181,436)</u>
VI APPROPRIATIONS			
Debenture Redemption Reserve		1,104,498,000	—
Proposed Dividend - Equity		551,921,583	—
Proposed Dividend - Preference		24,953,220	—
Corporate Tax on Proposed Dividend		80,906,691	—
Transfer to General Reserve		750,000,000	—
Balance carried to Balance Sheet		4,389,144,314	(414,181,436)
		<u>6,901,423,808</u>	<u>(414,181,436)</u>
Basic Earnings per Share (Not annualised)		25.20	(0.53)
Diluted Earnings per Share (Not annualised)		25.20	(0.53)
Refer Note no.B-13 of Schedule 15			
Significant Accounting Policies and Notes to Accounts	15		

As per our Report of even date

For **KHANDELWAL JAIN & CO.**
Chartered Accountants**SHIVRATAN AGARWAL**
Partner
Membership No. 104180Place : Mumbai
Date : 13th December, 2005For **KADAM & CO.**
Chartered Accountants**U.S.KADAM**
Proprietor
Membership No. 31055

For and on behalf of the Board

V.N.DHOOT
Managing Director**P.A.INAMDAR**
Company Secretary**S. PADMANABHAN**
Director

VIDEOCON INDUSTRIES LIMITED

SCHEDULES TO BALANCE SHEET

	As at 30th Sept., 2005 Rupees	As at 30th June, 2004 Rupees		As at 30th Sept., 2005 Rupees	As at 30th June, 2004 Rupees
SCHEDULE - 1 : SHARE CAPITAL					
Authorised			General Reserve		
300,000,000 (Previous year 35,000,000) Equity Shares of Rs. 10/- each.	3,000,000,000	350,000,000	As per Last Balance Sheet	—	—
Issued, Subscribed and Paid up			Addition on Amalgamation	1,513,031,501	—
206,526,145 (Previous year 32,885,050) Equity Shares of Rs. 10/- each, fully paid up.	2,065,261,450	328,850,500	Less : Transferred to Profit & Loss Account * [Refer Note No. B-5 of Schedule 15]	877,871,534	—
Of the above:			Add : Transferred from Profit & Loss Account	750,000,000	—
a) 82,565 Equity Shares of Rs. 10/- each have been issued on conversion of 20% Unsecured Optionally Convertible Debentures.				(G) 1,385,159,967	—
b) 12,513 Equity Shares of Rs. 10/- each have been issued on conversion of 14% Unsecured Optionally Convertible Debentures.			As per Account annexed	4,389,144,314	—
c) 142,195,422 Equity Shares of Rs. 10/- each were allotted pursuant to amalgamations without payments being received in cash.				(H) 4,389,144,314	—
d) 45,560,145 Equity Shares of Rs. 10/- each were issued by way of Euro Equity Issues represented by Global Depository Receipts (GDR), at a price of US\$ 10.00 per share (inclusive of premium).				(A-H) 43,724,098,065	2,041,028
	<u>2,065,261,450</u>	<u>328,850,500</u>			
SCHEDULE - 1A : SHARE CAPITAL SUSPENSE					
A) Equity Shares	142,424,880	—	Non Convertible Debentures	5,863,972,553	—
14,242,488 Equity Shares of Rs. 10/- each to be allotted to the shareholders of erstwhile Videocon International Limited pursuant to its amalgamation with the Company effective 31st December 2004. (Refer Note No. B-8(b) of Schedule 15)			Term Loans		
Less : Calls in Arrears by others	1,485,140	—	i. Rupee Loans from Banks & Financial Institutions	15,697,925,815	—
(A)	<u>140,939,740</u>	—	ii. Foreign Currency Loans from Banks	1,779,307,688	—
B) Preference Shares			iii. FCNR-B Loan from Banks	1,833,130,006	—
40,82,000 8% Redeemable Preference Shares of Rs.100/- each.	408,200,000	—	Corporate Loan from Banks	879,941,614	—
76,870 8% Redeemable Preference Shares of Rs 100/- each, to be allotted as fully paid up to the shareholders of erstwhile Videocon International Ltd pursuant to its amalgamation with the Company effective 31st December 2004. (Refer Note No. B-8(b) of Schedule 15)	7,687,000	—	Vehicle Loans from Banks	35,447,498	—
(B)	<u>415,887,000</u>	—	Hire Purchase Loan	1,436,403	—
Total (A + B)	<u>556,826,740</u>	—	Working Capital Loans From Banks	1,669,840,027	—
				<u>27,761,001,604</u>	—
SCHEDULE - 2 : RESERVES & SURPLUS					
Revaluation Reserve			A. Non Convertible Debentures		
As per last Balance Sheet	—	—	Out of the Non Convertible Debentures, those to the extent of :		
Addition on Amalgamation	9,518,448,908	—	i. Rs. 2,461,469,353/- (Previous year Rs.NIL) are secured by Assignment/fixed and floating charge of all moneys received/to be received by the Company in relation to and from the Ravva Joint Venture, including but not limited to all receivables of the Company subject, to the extent necessary, to the charge in favour of the Joint Ventures in terms of the Production Sharing Contract/Joint Operating Agreement in respect of Ravva Joint Venture; and		
(A)	<u>9,518,448,908</u>	—	ii. Rs.1,181,900,000/- (Previous year Rs.NIL) are secured by first mortgage and charge on immovable and movable properties, both present and future, subject to prior charge on specified movables created/to be created in favour of Company's Bankers for securing borrowings for working capital requirements, and rank pari passu with the charge created/to be created in favour of Financial Institutions/Banks in respect of their existing and future financial assistance.		
Capital Subsidy			iii. Rs.450,603,200/- (Previous year Rs.NIL) are secured by way of a first charge on the entire immovable and movable properties of the Company ranking pari passu with existing charge holders except prior charge on specified movables created in favour of Company's bankers for borrowings of working capital and exclusive charge created on specific machinery financed/ to be financed by the banker/s and/or financial institution/s and the personal guarantee of Shri V.N.Dhoot.		
As per last Balance Sheet	—	—	iv. Rs.1,350,000,000/- (Previous year Rs.NIL) are secured by unconditional and irrevocable guarantee of IDBI (for principle and interest). The said guarantee assistance, provided by IDBI, is secured by a first mortgage and charge in favour of the guarantor, of all the immovable properties, both present & future, and a first charge by way of hypothecation of all the movables, present & future ranking pari-passu with existing charge holders, subject to charges created / to be created in favour of the Bankers on the specified current assets for securing borrowings for working capital loans and also guaranteed by Shri. V. N. Dhoot.		
Addition on Amalgamation	5,500,000	—	v. Rs.420,000,000/- (Previous year Rs.NIL) are secured by charge on the properties of the Company and such charges to rank third subject and subservient to the Mortgages and charges created/to be created in favour of Financial Institutions/Debentures Trustees/Banks. The debentures will be redeemed at Rs.220/- (inclusive of face value of Rs.100/- per debenture) at the end of 10th year from the date of allotment i.e. 20th November, 1996 or on exercise of put/call option as per the terms of offer.		
(B)	<u>5,500,000</u>	—	The Debenture referred to in (i) to (iv) above are redeemable at par, and Debentures referred to at (v) above are redeemable at premium as stated in one or more installments on various dates with the earliest redemption being on 15th October, 2005 and last date being 1st January, 2012. The debentures redeemable as follows Rs.1,813 million in financial year 2005-06, Rs.2,208.56 million in financial year 2006-07, Rs.818.58 million in financial year 2007-08, Rs.582.88 million in financial year 2008-09, Rs.221.38 million in financial year 2009-10, Rs.176.38 million in financial year 2010-11 and Rs.43.19 million in financial year 2011-12.		
Capital Redemption Reserve			B. Term Loans : -		
As per last Balance Sheet	—	—	The Term Loans are secured by mortgage of existing and future assets of the Company and a floating charge on all movables assets, present and future (except book debts), subject to prior charge of the Bankers on stock of raw materials, finished, semi finished goods and other movables, for securing working capital loans in the ordinary course of business, and exclusive charge created on specific items of machinery financed by the respective lenders. The above charges shall rank pari passu inter-se for all intents and purposes. The above loans are guaranteed by Shri V. N. Dhoot. In addition to the above, a part of term loans from ICICI Bank Ltd. is further secured by way of pledge of shares of Deccan Cement Ltd. and Evans Fraser & Co. (India) Ltd. and a part of term loan from State Bank of India is further secured by way of pledge of shares of Kitchen Appliances India Ltd. and Applicomp (India) Ltd. belonging to and held by the Company. A part of loans from banks are secured by the assignment/fixed and floating charge of all monies received/ to be received by company in relation to and from the Ravva Joint Venture, including but not limited to all receivables of company, subject to the extent necessary to charge in favour of the		
Addition on Amalgamation	537,500,000	—			
(C)	<u>537,500,000</u>	—			
Debenture Redemption Reserve					
As per last Balance Sheet	—	—			
Addition on Amalgamation	1,225,951,400	—			
Add: Transferred from Profit & Loss Account	1,104,498,000	—			
(D)	<u>2,330,449,400</u>	—			
Capital Reserve					
As per last Balance Sheet	25,000	25,000			
(E)	<u>25,000</u>	25,000			
Securities Premium Account					
As per last Balance Sheet	2,016,028	2,016,028			
Add: Additions on Amalgamation	5,165,678,713	—			
Less : Call and/or allotment money in arrears by others on Amalgamation	16,901,540	—			
Add: Received during the period	20,488,904,198	—			
Less: Share Issue Expenses	81,826,923	—			
(F)	<u>25,557,870,476</u>	<u>2,016,028</u>			

Joint Ventures in terms of the Production Sharing Contract/Joint Operating Agreement in respect of Ravva Joint Venture; and the assignment or fixed and floating charge of all the right, title and interest into and under all project documents, including but not limited to all contracts, agreements or arrangements which the Company is a part to, and all leases, licenses, consents, approvals related to the Ravva Joint Venture, insurance policies in the name of the Company, in a form and manner satisfactory to Trustee.

C. Corporate Loan from Banks :-

Corporate Loan from Banks are partially secured by first charge, partially by second charge, ranking pari-passu, and the balance by second subordinated charge, on the immovable and movable assets, both present and future, of the Company. These are further secured by unconditional and irrevocable guarantee of Shri. V. N. Dhoot.

D. Vehicle Loans from Banks :-

Vehicle Loans from Banks are secured by way of hypothecation of Vehicles acquired out of the said loan. The loans are also guaranteed by personal guarantee of Shri. V. N. Dhoot.

E. Hire Purchase Loan :-

Hire Purchase Loan is secured by way of mortgage of Buildings purchased from Gujarat Housing Board.

F. Working Capital Loans From Banks :-

Working Capital Loans from Banks are secured by hypothecation of the Company's stock of raw materials, packing materials, stock-in-process, finished goods, stores and spares, book debts of Glass Shell Division only and all other current assets are guaranteed by Shri. V. N. Dhoot. Installments of loans from banks and financial institutions falling due within one year Rs. 1,768.71 million (Previous year Rs. Nil)

As at
30th Sept., 2005
Rupees

As at
30th June, 2004
Rupees

SCHEDULE - 4 : UNSECURED LOANS

Nil (Previous year 9,000,000) 6.25% Non Convertible Debentures of Rs. 100/- each

From Banks

i. Rupee Loan

ii. Foreign Currency Loan

Loans from Others

Sales Tax Deferral

2,522,248,741

2,115,409,524

3,964,830

93,056,839

4,734,679,934

900,000,000

—

—

685,020

—

900,685,020

SCHEDULE - 5 : FIXED ASSETS

(Rupees)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As at 30th June, 2004	Additions on Amalgamation	Additions during period	Deductions during period	As at 30th Sept., 2005	Up to 30th June, 2004	Additions on Amalgamation	For the period	Deductions during period	Up to 30th Sept., 2005	As at 30th Sept., 2005	As at 30th June, 2004
Free Hold Land	—	85,174,723	700,000	—	85,874,723	—	—	—	—	—	85,874,723	—
Leasehold Land	210,000	9,005,706	679,880	—	9,895,586	—	—	4,035,736	—	4,035,736	5,859,850	210,000
Building	1,137,290,953	4,379,187,796	26,668,613	4,920,360	5,538,227,002	60,849,683	974,069,836	111,679,472	207,189	1,146,391,802	4,391,835,200	1,076,441,270
Onshore Building	—	80,818,089	—	—	80,818,089	—	24,730,901	3,505,449	—	28,236,350	52,581,739	—
Leasehold Premises	1,726,700	—	—	—	1,726,700	337,824	—	86,947	—	424,771	1,301,929	1,388,876
Plant & Machinery	—	*39,823,807,506	5,666,861,604	—	45,490,669,110	—	15,064,620,467	2,820,186,437	—	17,884,806,904	27,605,862,206	—
Furnace	—	1,139,242,759	—	—	1,139,242,759	—	1,004,943,313	44,793,729	—	1,049,737,042	89,505,717	—
Electrical Installations	—	105,755,369	1,899,086	—	1,07,654,455	—	53,655,926	4,319,797	—	57,975,723	49,678,732	—
Platform Tripod	—	45,701,388	—	—	45,701,388	—	43,250,779	918,978	—	44,169,757	1,531,631	—
Platform Tetrapod	—	53,708,960	—	—	53,708,960	—	50,828,967	1,079,997	—	51,908,964	1,799,996	—
Pipeline	—	616,725,651	—	—	616,725,651	—	526,872,767	33,694,832	—	560,567,599	56,158,052	—
Terminal Facilities	—	63,021,462	—	—	63,021,462	—	59,642,111	1,267,257	—	60,909,368	2,112,094	—
Crude Oil Storage Tank	—	153,602,288	1,822,731	—	155,425,019	—	117,696,575	13,738,390	—	131,434,965	23,990,054	—
Onshore Processing Facilities	—	603,599,322	386,228	—	603,985,550	—	503,876,580	37,453,793	—	541,330,373	62,655,177	—
Offshore Processing Facilities	—	663,054,079	2,616,914	—	665,670,993	—	562,381,895	38,230,607	—	600,612,502	65,058,491	—
Tanker Mooring & Loading Facility	—	156,841,961	4,079,013	—	160,920,974	—	107,625,156	19,622,884	—	127,248,040	33,672,934	—
Communication Equipments	—	3,254,945	336,127	349,694	3,241,378	—	1,636,018	330,513	227,794	1,738,737	1,502,641	—
Office Equipments	6,675,190	74,563,107	10,657,628	6,453,626	85,442,299	829,760	35,355,345	5,732,946	667,972	41,250,079	44,192,220	5,845,430
Computer Systems	19,351,238	278,936,068	34,010,063	21,201,401	311,095,968	4,530,910	185,429,465	31,300,839	8,454,943	212,806,271	98,289,697	14,820,328
Computer Software	—	—	13,750,000	—	13,750,000	—	—	1,604,167	—	1,604,167	12,145,833	—
Furniture & Fixtures	964,906	128,126,592	6,194,160	296,850	134,988,808	431,086	75,234,576	6,488,989	169,727	81,984,924	53,003,884	533,820
Vehicles	—	412,657,645	8,396,638	2,652,207	418,402,076	—	218,106,044	21,400,991	982,557	238,524,478	179,877,598	—
Total	1,166,218,987	48,876,785,416	5,779,058,685	35,874,138	55,786,188,950	66,979,263	19,609,956,721	3,201,472,750	10,710,182	22,867,698,552	32,918,490,398	1,099,239,724
Capital Work - in - Progress	—	6,284,889,209	—	—	6,153,678,113	—	—	—	—	6,153,678,113	—	—
	1,166,218,987	55,161,674,625	—	—	61,939,867,063	—	—	—	—	22,867,698,552	39,072,168,511	1,099,239,724
As at 30th June, 2004	1,143,741,906	—	22,477,081	—	1,166,218,987	44,034,253	—	22,945,011	—	66,979,264	1,099,239,723	1,099,707,653

* Addition on Amalgamation to the Gross Block of Plant and Machinery includes Rs.9,518,448,908/- being the amount added on revaluation on 01.08.1998 and 01.10.2002 by erstwhile Videocon International Ltd.

SCHEDULE - 6 : INVESTMENTS

LONG TERM INVESTMENTS : IN GOVERNMENT & TRUST SECURITIES

Master Gain

Face Value	As at 30th September, 2005		As at 30th June, 2004	
	Quantity	Rupees	Quantity	Rupees
10	32,200	408,445	—	—
		408,445		—
10	1,608,800	29,016,735	—	—
10	1,811,748	54,986,552	—	—
10	300	2,583	—	—
10	82,000	2,845,400	—	—
		86,851,270		—
10	1,178,409	50,308,842	—	—
10	112,500	13,658,000	—	—
10	129,889	3,507,003	—	—
10	75,000	5,291,250	—	—
10	70,614	27,539,460	—	—
10	80,000	80,000	—	—
10	189,400	14,375,460	—	—
10	25,000	25,000	—	—
10	180,400	1,804,000	—	—
10	41,800	668,800	—	—
10	210,000	5,733,000	—	—
10	19,900	410,935	—	—
10	13,200	13,200	—	—
10	626	125,200	—	—
10	50,381	8,058,945	—	—
10	70,000	3,706,500	—	—
10	166,200	3,490,200	—	—
		138,795,795		—

VIDEOCON INDUSTRIES LIMITED

	Face Value	As at 30th September, 2005		As at 30th June, 2004	
		Quantity	Rupees	Quantity	Rupees
IN MUTUAL FUNDS UNITS					
Prudential ICICI Mutual Fund - Liquid Plan	10	412	4,879	396	4,684
- Dividend Option	10	1,000,000	10,000,000	-	-
BOI Units			<u>10,004,879</u>		<u>4,684</u>
UNQUOTED					
1. IN EQUITY SHARES (Fully Paid up) - TRADE					
Applicomp India Ltd. *	10	17,023,500	170,235,000	-	-
Indian Refrigeration Co. Ltd.	10	1,990,000	19,900,000	1,900,000	19,000,000
Kitchen Appliances (I) Ltd. *	10	4,406,000	69,620,000	-	-
Millennium Appliances India Ltd.	10	4,750,000	95,000,000	-	-
			<u>354,755,000</u>		<u>19,000,000</u>
2. IN EQUITY SHARES (Fully Paid up) - OTHERS					
Chamba Investments Private Limited	10	-	-	20	200
Cluster Trade & Investments Private Limited	10	-	-	10	100
Ease Finance Limited	10	4,800	960,000	4,800	960,000
Evans Fraser & Co. (India) Limited	100	6,250	40,625,000	900	5,850,000
Holzmann Videocon Engineers Limited	10	990,600	9,906,000	340,600	3,406,000
Kay Kay Constructions Limited	10	4,500	900,000	-	-
Koala Holdings Private Limited	10	-	-	10	100
M U Finance Private Limited	10	-	-	30	300
Roshi Finance Private Limited	10	-	-	200	2,000
Tapti Holdings Private Limited	10	-	-	10	100
Videocon Housing Finance Limited	10	-	-	1,250,000	12,500,000
Ahmednagar Electronics Private Limited	10	-	-	49,900	499,000
Worli Infrastructures & Developers Private Limited	10	50,000	500,000	-	-
Gayatri Projects Ltd.	10	950,000	-	-	-
Goa Energy Pvt. Ltd.	10	1,000	10,000	-	-
Nippon Investment and Finance Co. Pvt. Ltd.	10	99,900	999,000	-	-
The Banaras State Bank Ltd.	100	25,000	25,000	-	-
Dhoot Securities Ltd.	10	26,000	260,000	-	-
Eagle Corporation Ltd.	1 US\$	190	8,332	-	-
Deve Sugars Ltd.	10	125,000	125,000	-	-
			<u>54,318,332</u>		<u>23,217,800</u>
3. IN EQUITY SHARES OF SUBSIDIARY CO. (Fully Paid up)					
Popup Properties and Investments Pvt. Ltd.	10	-	-	10,000	100,000
Videocon Securities Limited	10	-	-	50,000	500,000
Videocon (Mauritius) Infrastructure Venture Ltd.	1 US\$	530,000	22,583,300	530,000	22,583,300
Paramount Global Ltd.	1 US\$	12,800,000	562,120,018	-	-
Videocon Cayman Ltd.	1 US\$	50,000	22,260,000	-	-
Videocon Global Ltd.	1 US\$	2,500	115,150	-	-
Mars Overseas Ltd.	1 US\$	1,000	46,340	-	-
Sky Billion Trading Ltd.	1 US\$	1,072,000	49,609,060	-	-
Trend Ltd.	1 US\$	400,000	18,108,000	-	-
Powerking Corporation Ltd.	1 US\$	1,000	45,940	-	-
Middle East Appliances LLC.	1 RO	2,251,800	270,144,757	-	-
Videocon Industrial Finance Ltd.	10	6,000,070	60,000,700	-	-
Gajanan Electronics & Home App. Pvt. Ltd.	10	10,000	100,000	-	-
Gruhaupyogi Electronics Appliances Pvt. Ltd.	10	10,000	100,000	-	-
Godavari Consumer Electronics App. P. Ltd.	10	10,000	100,000	-	-
Mayur Household Electronics Pvt. Ltd.	10	10,000	100,000	-	-
			<u>1,005,433,265</u>		<u>23,183,300</u>
4. IN EQUITY SHARES OF JOINT VENTURE (Fully Paid up)					
India Floor Care & Appliances Limited	10	-	-	1,750,000	17,500,000
					<u>17,500,000</u>
IN DEBENTURES - TRADE					
7.75% Non Convertible Debentures of Oriental Bank of Commerce	100000	100	10,000,000	-	-
			<u>10,000,000</u>		<u>-</u>
OTHERS					
In Shares of Co-operative Bank			521,360	-	-
In Shares of Co-operative Society			1,550	-	-
			<u>522,910</u>		<u>-</u>
SHARE APPLICATION MONEY PENDING ALLOTMENT					
Kitchen Appliances (I) Ltd.			500,000,000		-
Millennium Appliances India Ltd.			500,000,000		-
			<u>1,000,000,000</u>		<u>-</u>

	Face Value	As at 30th September, 2005		As at 30th June, 2004	
		Quantity	Rupees	Quantity	Rupees
CURRENT INVESTMENTS:					
UNQUOTED					
IN UNITS OF MUTUAL FUNDS					
Principal Mutual Fund - Cash Management Fund	10	68,750,035	726,764,239		—
Kotak Mahindra Mutual Fund - Floater Short Term Growth	10	77	831	—	—
			<u>726,765,070</u>		<u>—</u>
TOTAL			3,387,854,966		82,905,784
Aggregate cost of quoted Investments			236,060,389		4,684
Aggregate market value of quoted Investments			517,937,636		4,684
Aggregate cost of unquoted Investments/Application Money			3,151,794,577		82,901,100

* Refer Note B - Schedule 3

Following Investments were acquired and sold during the period:

Particulars	Quantity	As at 30th Sept., 2005 Rupees	As at 30th June, 2004 Rupees
Principal Mutual Fund - Cash Management Fund Liquid Option Instl. Plan - Growth Plan	446,686,719		
Principal Mutual Fund - Cash Management Fund Liquid Option Instl. Prem. Plan - Growth	369,219,481		
Principal Mutual Fund - Cash Management Fund Instl. Option - Growth Plan	25,000,000		
Kotak Mutual Fund - Liquid (Regular) - Growth	71,264		
Kotak Mahindra Mutual Fund - Floater Short Term Growth	276,919		
Kotak Mahindra Mutual Fund - Liquid (Institutional Premium) - Daily Dividend	14,721,939		
Lupin Laboratories Limited	16,200		
Chola Mutual Fund - Liquid Inst. Plus - Cumulative	66,068,087		
Sahara Mutual Fund - RLFG Sahara Liquid Fund - Growth	41,433,259		
Allahabad Bank	535,066		
		8,730,215,507	6,784,203

SCHEDULE - 7 : CURRENT ASSETS, LOANS & ADVANCES

a) Inventories (As taken, valued and certified by Management)			
Raw Materials including Consumables, Stores & Spares	4,862,939,195	—	
Work in Process	624,030,220	—	
Finished Goods	2,031,803,587	—	
Material in Transit and in Bonded warehouse	1,059,607,238	—	
Drilling and Production Materials	124,266,213	—	
Crude Oil	27,569,054	—	
	(a) 8,730,215,507		
b) Sundry Debtors (Unsecured, considered good)			
Outstanding for a period exceeding six months	254,272,838	—	
Others	9,716,917,315	6,784,203	
	(b) 9,971,190,153	6,784,203	
c) Cash & Bank Balances			
Cash on Hand	7,384,186	248,943	
Cheque/Drafts on hand/in Transit	116,172,117	—	
Balances with Scheduled Bank			
In Current Accounts (Refer Note No. B-1k of Schedule 15)	13,434,544,245	2,370,525	
In Fixed Deposits	361,429,796	205,000	
In Dividend/Interest Warrant Accounts (Per Contra)	40,529,570	—	
With Non-Scheduled Bank in Current Account			
Agriculture Bank of China	60,187	—	
(Maximum Balance Outstanding during the period Rs.282,007/- (Previous year Rs.NIL))			
	(c) 13,960,120,101	2,824,468	
d) Other Current Assets			
	141,914,687	404,750	
	(d) 141,914,687	404,750	
e) Loans & Advances (Unsecured, considered good)			
Inter Corporate Deposit/Loans	172,204,125	—	
Share Applications Money (Subsidiaries)	46,362,293	—	
Advance for Purchase of Properties	259,626,599	—	
Advance to Subsidiary Company	—	545,309,866	
Advances recoverable in Cash or in kind or for value to be received	10,624,472,152	143,570,264	
Balance with Central Excise / Customs Department	254,658,746	—	
Advance Tax and T.D.S. (net)	15,669,652	8,194,274	
Other Deposits	513,298,669	7,717,205	
	(e) 11,886,292,236	704,791,610	
Total (a to e)	44,689,732,684	714,805,031	

	As at 30th Sept., 2005 Rupees	As at 30th June, 2004 Rupees
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SCHEDULE - 8 : CURRENT LIABILITIES & PROVISIONS

a) Current Liabilities		
Sundry Creditors	4,400,799,460	7,155,894
Advances from Customers	—	122,527,836
Advances from Subsidiary	731,320,007	—
Temporary Overdraft from Banks	84,445,660	—
Income Received in Advance	6,101,196	18,608,728
Interest Accrued but not due	278,896,945	—
Other Liabilities	1,030,693,511	1,178,050,312
Unclaimed Debenture Redemption	—	1,691,730
Unclaimed Dividend/Interest (Per Contra)	40,529,570	—
	(a) 6,572,786,349	1,328,034,500
b) Provisions		
Proposed Dividend - Equity	551,921,583	—
Proposed Dividend - Preference	35,989,710	—
Provision For Corporate Tax on Proposed Dividend	82,349,022	—
Provision for Leave Encashment	26,555,778	154,590
	(b) 696,816,093	154,590
Total (a + b)	7,269,602,442	1,328,189,090

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	Current Period ended 30th Sept., 2005 Rupees	Previous year ended 30th June, 2004 Rupees
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SCHEDULE - 9 : OTHER INCOME

Rent Received	102,501,228	55,882,970
[TDS Rs. 7,285,081/-, Previous year Rs. 1,601,210/-]		
Service Charges	108,509,800	83,642,989
[TDS Rs. 8,130,610/-, Previous year Rs. 2,517,396/-]		
Interest Income	205,385,226	373,591
[TDS Rs. 18,344,322/-, Previous year Rs. 18,486/-]		
Profit on Sale of Investments (net)	19,841,282	15,970,848
Dividend Received	9,455,143	2,544,483
Insurance Claim Received	157,950,745	—
Exchange Rate Fluctuation	184,495,725	—
Profit on Sale of Fixed Assets	1,296,059	—
Write Back against diminution in the value of Quoted Investment	13,210,940	—
Miscellaneous Income	39,272,281	12,290,303
[TDS Rs. 161,162/-, Previous year Rs.56,454/-]		
	841,918,429	170,705,184

SCHEDULE 10 - COST OF GOODS SOLD

A. Material and Components Consumed		
Opening Stock	4,553,822,139	—
Add : Purchases	30,615,378,380	—
	35,169,200,519	—
Less : Closing Stock	4,862,939,195	—
	(A) 30,306,261,324	—

VIDEOCON INDUSTRIES LIMITED

	Current Period ended 30th Sept., 2005 Rupees	Previous year ended 30th June, 2004 Rupees
B. (Increase)/Decrease in Stock		
Closing Stock :		
Finished Goods	2,059,372,641	-
Work in Process	624,030,220	-
	<u>2,683,402,861</u>	<u>-</u>
Opening Stock :		
Finished Goods	1,803,355,828	-
Work in Process	553,754,939	-
	<u>2,357,110,767</u>	<u>-</u>
(B)	<u>(326,292,094)</u>	<u>-</u>
(A+B)	<u>29,979,969,230</u>	<u>-</u>

SCHEDULE - 11 : PRODUCTION & EXPLORATION EXPENSES

Production Expenses	356,167,891	-
Royalty	496,794,518	-
Cess	722,696,310	-
Production Bonus	211,271,878	-
Government Share in Profit Petroleum	7,574,814,993	-
Abandonment Costs	75,083,006	-
Producing Properties Written Off	118,750,149	-
Exploration Expenses	18,078,430	-
	<u>9,573,657,175</u>	<u>-</u>

SCHEDULE 12 : SALARY, WAGES & EMPLOYEES' BENEFITS

Salary, Wages & Other Benefits	430,885,656	12,241,104
Contribution to Provident and other Funds	28,621,473	300,047
Staff Welfare	35,788,817	609,083
	<u>495,295,946</u>	<u>13,150,234</u>

SCHEDULE - 13 : MANUFACTURING AND OTHER EXPENSES

Rent	21,780,407	-
Rates & Taxes	81,851,809	26,401,649
Draw and License Fees	3,660,000	15,160,000
Prize Pay-out Expenses	2,824,783	28,104,098
Draw Related Expenses	34,021,928	2,600,002
Repairs & Maintenance - others	33,296,399	4,436,224
Power, Fuel & Water	273,655,429	-
Repairs to Building	8,294,114	-
Repairs to Plant & Machinery	24,361,441	-
Bank Charges	270,114,952	273,060
Directors' Sitting Fees	178,000	-
Royalty	13,175,285	-
Printing & Stationery	31,592,640	532,143
Freight & Forwarding	318,401,412	-
Advertisement & Publicity	722,657,602	10,370,730
Sales Promotion	1,902,230,442	4,389,677
Discount & Commission	661,419,430	1,399,792
Legal & Professional Charges	149,447,604	4,108,365
Donation	21,312,000	-
[Includes Rs.10,000,000/- to Indian National Congress and Rs.5,000,000/- to Rashtriya Janata Dal] (Previous year Rs. Nil)		
Insurance Expenses	430,090,124	-
Auditors' Remuneration	6,510,000	272,090
Bad Debts Written off	835,749,192	-
Miscellaneous Expenses	418,999,686	16,822,844
	<u>6,265,624,679</u>	<u>114,870,673</u>

SCHEDULE - 14 : INTEREST AND FINANCE CHARGES

On Fixed period Borrowings	1,869,483,931	58,888,857
On Others	310,019,057	16,791,068
	<u>2,179,502,988</u>	<u>75,679,925</u>

SCHEDULE - 15 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A] SIGNIFICANT ACCOUNTING POLICIES :-

- 1. Basis of Accounting:**
The financial statements are prepared under historical cost convention except certain Fixed Assets which are revalued, using the accrual system of accounting unless otherwise stated.
- 2. Fixed Assets:**
 - a. Fixed Assets are stated at actual cost, except for certain fixed assets which have been stated at revalued amounts, less accumulated depreciation and impairment loss, if any. The actual cost is inclusive of freight, installation cost, duties, taxes, financing cost and other incidental expenses but net of MODVAT/ CENVAT. Exchange difference, if any, in respect of liabilities incurred to acquire fixed assets is adjusted to the carrying amount of respective fixed assets.
 - b. Capital Work in Progress is carried at cost, comprising of direct cost, attributable interest and related incidental expenditure. The advances given for acquiring fixed assets are shown under Capital Work in Progress.
- 3. Joint Ventures for Oil and Gas Fields:**
In respect of joint ventures in the nature of Production Sharing Contracts (PSC) entered into by the Company for oil and gas exploration and production activities, the Company's share in the assets and liabilities as well as income and expenditure of Joint Venture Operations are accounted for according to the Participating Interest of the Company as per the PSC and the Joint Operating Agreements on a line by line basis in the Company's Financial Statements.
- 4. Exploration, Development and Production Costs:**
The Company follows the "Successful Efforts Method" of accounting for oil and gas exploration, development and production activities as explained below:
 - a) Exploration and production cost are expensed in the year/period in which these are incurred.
 - b) Development costs are capitalised and reflected as "Producing Properties". Costs include recharges to the Joint Venture by the Operator/Affiliate in respect of the actual cost incurred and as set out in the Production Sharing Contract (PSC). Producing Properties are depleted using the "Unit of Production Method".
- 5. Abandonment Costs:**
Abandonment Costs relating to dismantling, abandoning and restoring offshore well sites and allied facilities are provided for on the basis of "Unit of Production Method". Aggregate abandonment costs to be incurred are estimated based on technical evaluation by experts.
- 6. Depreciation and Amortisation:**
The Company provides depreciation on fixed assets held in India on written down value method at the rates specified in the Schedule XIV to Companies Act, 1956 except a) on Fixed Assets of Consumer Electronics Division and b) on office buildings acquired after 01.04.2000 on which depreciation is provided on straight line method at the rates specified in the said Schedule. Depreciation on fixed assets held outside India is calculated on straight line method from the date of acquisition applying the rates varying from 10% to 20%. Producing Properties are depleted using the "Unit of Production Method". Leasehold Land is amortised over the period of lease.
The depreciation on revised carrying amount of fixed assets arising on account of translation of Foreign Currency Loans availed in respect of the Fixed Assets and on revaluation of assets is provided as aforesaid over the residual useful life of the respective assets.
- 7. Impairment of Assets :**
The Fixed Assets and Producing Properties are reviewed for impairment at each Balance Sheet date. In case of any such indication, the recoverable amount of these assets is determined, and if such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the impairment loss is recognised by writing down such assets to their recoverable amount. An impairment loss is reversed if there is change in the recoverable amount and such loss either no longer exists or has decreased.
- 8. Investments:**
Quoted Investment are valued at cost or market value whichever is lower. Unquoted Investments are stated at Cost and the cost is inclusive of brokerage, fees and duties. The decline in the value of the unquoted Investments, other than temporary, is provided for.
- 9. Inventories:**
Inventories including crude oil stock are valued at cost or net realisable value whichever is lower.
- 10. Excise and Customs Duty**
Excise Duty in respect of finished goods lying in factory premises and Customs Duty on goods lying in customs bonded warehouse are provided for and included in the valuation of inventory.
- 11. MODVAT/ CENVAT**
MODVAT/ CENVAT Benefit is accounted for by reducing the purchase cost of the materials/ fixed assets.
- 12. Revenue Recognition:**
 - a. Sales/turnover includes sales value of goods, excise duty, duty drawback and other recoveries such as insurance, transportation and packing charges but excludes sale tax and recovery of financial and discounting charges. Sale of Crude Oil and Natural Gas are exclusive of Sales Tax.
 - b. Insurance, Duty Drawback and other claims are accounted for as and when admitted by the appropriate authorities.

13. Foreign Currency Transactions:

- Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transactions. Current Assets and Current Liabilities are translated at the year end rate. The difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of Current Assets and Current Liabilities at the end of the year is recognised, as the case may be, as income or expense for the year.
- Foreign Currency liabilities in respect loans availed for fixed assets and outstanding on the last day of the financial year are translated at the exchange rate prevailing on that day and any loss or gain arising out of such translation is adjusted to the cost of the fixed assets and depreciation is also charged/adjusted on such differences.

14. Translation of the financial statements of foreign branch

- Revenue items are translated at average rates.
- Opening and closing inventories are translated at the rate prevalent at the commencement and close, respectively, of the accounting year.
- Fixed assets are translated at the exchange rate as on the date of the transaction. Depreciation on fixed assets is translated at the rates used for translation of the value of the assets to which it relates.
- Other current assets and current liabilities are translated at the closing rate.

15. Retirement Benefits

- Contributions to Provident Fund and Family Pension Scheme are accounted for on accrual basis and charged to Profit & Loss Account.
- The Company's employees are covered under the Employees Group Gratuity Cum Life Assurance Scheme of Life Insurance Corporation of India. The Company accounts for gratuity liability equivalent to the premium amount payable to Life Insurance Corporation of India every year, which is based on actuarial valuation.
- Liability on account of leave encashment is provided for in respect of employees of Glass Shell unit at village Chhavaj, Dist.Bharuch, Gujrat on actuarial valuation basis and in respect of other employees to the extent encashable as at the end of the financial year as per rules of the Company.

16. Taxation:

Income tax comprises of current tax and deferred tax. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences, subject to the consideration of prudence. Deferred tax assets and liabilities are measured using the tax rates enacted or substantively enacted by the balance sheet date. The carrying amount of deferred tax asset/liability are reviewed at each Balance Sheet date.

17. Share Issue Expenses:

Share issue expenses are written off to Securities Premium Account.

18. Premium on Redemption of Bonds / Debentures:

Premium on Redemption of Bonds / Debentures are written off to Securities Premium Account.

19. Research and Development:

Revenue expenditure pertaining to Research and Development is charged to revenue under the respective heads of account in the period in which it is incurred. Capital expenditure, if any, on Research and Development is shown as an addition to Fixed Assets under the respective heads.

20. Prior Period Items:

Prior period items are included in the respective heads of accounts and material items are disclosed by way of notes to accounts.

21. Contingent Liabilities:

Contingent Liabilities are disclosed by way of Notes to Accounts. Disputed demands in respect of Central Excise, Customs, Income-tax and Sales Tax are disclosed as contingent liabilities. Payment in respect of such demands, if any, is shown as advance, till the final outcome of the matter.

22. Other Accounting Policies:

These are consistent with the generally accepted accounting practices.

B] NOTES TO ACCOUNTS :-

	30.09.2005 (Rupees in Million)	30.06.2004 (Rupees in Million)
1. Contingent Liabilities not provided for:		
a. Letters of Guarantees	22,572.48	—
Includes Bank Guarantees given to Sales Tax Department Rs.10.53 million (Previous year Rs.NIL) Against demand stated in 'g' below		
b. Letters of Credit opened	1,077.81	—
c. Customs Penalty - Stayed by High Court	11.85	—
d. Customs Duty demands under dispute [Amount paid under protest Rs. 0.4 million (Previous year Rs.NIL)]	18.82	—
e. Income Tax demands under dispute [Amount paid under protest Rs.9.21 million (Previous Year Rs.NIL)]	9.21	—
f. Excise Duty demand under dispute [Amount paid under protest Rs.5.31 million (Previous Year Rs.NIL)]	237.59	—
g. Sales Tax demands under dispute [Amount paid under protest Rs.47.28 million (Previous Year Rs. NIL)]	186.77	—
h. Claims against the Company not acknowledged as debts: Claim by Delhi Development Authority in respect of unearned income, ground rent and interest in respect of property acquired on amalgamation of Banganga Investments Private Limited with the Company - Rs. 293.93 million (Previous year Rs. 293.93 million).		

- ONGC has claimed a sum of US\$ 7.74 million equivalent to Rs. 339.26 million as Production Bonus from the Company and the same has been disputed by the Company. However, the Company has made a provision of US\$ 5.81 million equivalent to Rs. 253.91 million pursuant to the interim agreement reached by the contractor parties and the same has been paid. Negotiations are in progress for arriving at 'negotiated rate' based on quantum of production. Hence, no provision is made for the balance amount.
 - Disputed Income Tax demand amounting to US\$ 0.51 million equivalent to Rs. 22.29 million in respect of certain payment made by Ravva Oil & Gas Field Joint Venture is currently pending before the Income Tax Appellate Tribunal. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the accounts as the same is subject to agreement by the members of the Joint Venture. Should it ultimately become payable, the Company's share as per the participating interest would be US\$ 0.13 million equivalent to Rs. 5.57 million.
 - The balance in the account of the company of US\$ 232.50 million (equivalent to Rs.10,232.33 million) included in the balances with Scheduled Banks in Current Accounts in Schedule 7, has been charged and assigned against the term loan facility of US\$ 290.00 million outstanding balances as on 30th September, 2005 of US\$ 232.50 million (equivalent to Rs.10,232.33 million), availed by Eagle Corporation (the Borrower).
- There is a dispute between the Government of India (GoI) and the Company regarding the computation of Post Tax Rate of Return (PTRR) and Cost Petroleum for calculation of its share in Profit Petroleum under the Ravva PSC and interest thereon. The said disputes with the GoI have been referred to an International Arbitration in accordance with the provisions of the Ravva PSC. Vide the interim award dated 31st March 2005, the Tribunal has partly upheld the Company's claim. The Company has accordingly worked out and submitted a computation on 31st May 2005 to GoI indicating the amount payable at US\$ 27.02 million equivalent to Rs. 1,176.04 million. However, GoI has now claimed US\$ 43.72 million equivalent to Rs. 1,901.79 million and interest thereon. The Company has filed a supplemental application on 7th July 2005 with the Arbitration Tribunal with a prayer to determine the correct amount payable to GoI as well as to determine the interest if any payable on the same. However, pending the final decision of the Hon'ble Arbitral Tribunal the Company has accounted for and paid the sum of US\$ 43.72 million equivalent to Rs. 1,901.79 million on ad hoc basis and the same has been shown as exceptional item in the Profit and Loss Account.
Any further sum required to be paid or returnable in accordance with the determination of the amount by Hon'ble Arbitral Tribunal in this behalf shall be accounted for on the receipt of the final decision in this regard.
 - There is a dispute between the Company and GoI with regard to the computation of interest on delayed payment of profit petroleum to the extent of US\$ 67,636 equivalent to Rs. 2.98 million. The Company has referred the dispute to the Arbitral Tribunal for a final award, pending which no provision has been made by the Company.
 - Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances) Rs.957.47 million (Previous year Rs. NIL).
 - As per the accounting policy followed by the company, the quoted investments are valued at cost or market value whichever is lower i.e. they have been marked to market. Accordingly, during the year, there is a write back of Rs.13.21 million (Previous year Rs.NIL) against the diminution in the value of quoted investments recognised in earlier years.
 - The gross block of the Fixed Assets includes Rs. 9,518.45 million (Previous year Rs.NIL) on account of revaluation of Plant and Machinery as made by erstwhile Videocoin International Ltd. as at 01.04.1998. & 01.10.2002 which have been added on amalgamation of that company with effect from 31st December 2004. The additional depreciation of Rs. 877.87 million for the period 31.12.2004 to 30.09.2005 (Previous year Rs.NIL) consequent to the said revaluation has been charged to the Profit and Loss Account and an equivalent amount has been withdrawn from General Reserve and credited to the Profit and Loss Account.
 - Under the terms of Profit Sharing Contract with the Government of India, the Contract Area in Block KG-OS/6 located at the Krishna-Godavari basin, off the south-east coast of India has been relinquished and the Contract has ended with effect from 12th May 2004. In the opinion of the management no significant adjustment is required in the accounts in this regard.
 - Petrocoin India Limited, (PIL - the amalgamating Company) has been amalgamated with the Company with effect from 31st March, 2004 (the appointed date) in terms of the Scheme of Amalgamation (the Scheme) sanctioned by the Hon'ble High Court at Bombay vide its order dated 7th June, 2005. For giving effect to the Scheme, the following accounting treatment has been given in the accounts.
 - Amalgamation has been accounted for under the "Pooling of Interest Method" as prescribed by Accounting Standard - 14 "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India. Accordingly, the assets and liabilities and reserves of PIL have been recorded at their book values in the accounts of the Company.
 - PIL was mainly engaged in the business of the extraction of Crude Oil and Natural Gas. It was also engaged in the trading of electronic appliances, electrical goods and shares & securities on opportunistic basis. In accordance with the Scheme, the entire business and undertaking of PIL stands transferred and vested in the Company with effect from the appointed date i.e. 31st March, 2004. In consideration of the said transfer, 125,755,450 equity shares of Rs.10/- each fully paid up have been issued and allotted at par to the shareholders of erstwhile PIL in the ratio of five equity shares of Rs.10/- each fully paid up of the Company for every two equity shares of Rs.10/- each fully paid up of PIL. The difference between the paid up value of the shares allotted and the paid up value of the Share Capital of the PIL amounting to Rs. 754.53 million and the net balance in Profit and Loss Account as on 30th June 2004 of Rs. 70.64 million have been adjusted against the Reserves.
 - As the effective date falls after 30th June, 2004, the previous year's figures do not include the figures in respect of operations of PIL for the period from 31st March 2004 (the appointed date) to 30th June 2004. The Profits amounting to Rs. 72.92 million of PIL for the period from 31st March 2004 to 30th June 2004 have been adjusted in the Reserves, as the accounts for the period upto 30th June 2004 and 31st March 2004 of the Company and PIL, respectively, have been closed and approved.

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- d) The summarized Profit and Loss Account of PIL for the period from 31st March 2004 to 30th June 2004 are given below:

	Rs. Million
Income	
Sales/Income from operations	4,227.24
Other Income	93.70
a)	4,320.94
Expenditure	
Cost of goods Sold/Traded	1,996.21
Production & Exploration Expenses	1,495.58
Administrative & General Expenses	400.39
Interest and Finance Charges	314.50
Depreciation	41.34
(b)	4,248.02
Profit for the Period	(a-b) 72.92
Less: Balance brought forward	2.28
Net adjusted in Profit and Loss Account	70.64

8. Videocon International Limited, (VIL - the amalgamating Company) has been amalgamated with the Company with effect from 31st December, 2004 (the appointed date) in terms of the Scheme of Amalgamation (the Scheme) sanctioned by the Hon'ble High Court at Bombay vide its order dated 25th November, 2005. The Scheme has become effective on 7th December, 2005. For giving effect to the Scheme, the following accounting treatment has been given in the accounts.

- a) Amalgamation has been accounted for under the "Pooling of Interest Method" as prescribed by Accounting Standard - 14 "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India. Accordingly, the assets and liabilities and reserves of VIL have been recorded at their book values in the accounts of the Company.
- b) VIL was mainly engaged in the business of the manufacturing, marketing and distribution of consumer electronic products and household appliances and glass shell for colour picture tubes. In accordance with the Scheme, the entire business and undertaking of VIL stands transferred and vested in the Company with effect from the appointed date i.e. 31st December, 2004. In consideration of the said transfer, 14,242,488 equity shares of Rs.10/- each fully paid up have to be issued and allotted at par to the shareholders of erstwhile VIL in the ratio of one equity shares of Rs.10/- each fully paid up of the Company for every five equity shares of Rs.10/- each fully paid up of VIL. The shareholder holding preference shares of Rs.100/- each have to be issued one preference share of Rs.100/- each of the company on the same terms and conditions as those in VIL. Pending the allotment of the said equity shares and preference shares pursuant to the scheme, the amount has been shown as "Share Capital Suspend" as on 30.09.2005. The difference between the paid up value of the equity shares to be allotted and the paid up value of the Equity Share Capital of the VIL amounting to Rs. 569.7 million have been adjusted against the reserves.
- c) Consequent upon the merger, accounting policy of VIL relating to depreciation on certain fixed assets have been changed to achieve uniformity with the accounting policy of the Company. The resultant additional charge of Rs.72.92 million pertaining to the year is charged to Profit and Loss Account and Rs.132.10 million relating to the period prior to the appointed date is accounted for in the adjustments on amalgamation.
9. Capital Work in Progress includes Capital Advances Rs. 2,570.70 million (Previous year Rs.Nil), Interest capitalised during the period Rs.379.32 million (Previous year Rs.NIL).
10. The Company has made a provision of Rs.209 million (Previous Year Rs.NIL) towards current income tax, after taking into consideration, the benefits admissible under the provisions of the Income Tax Act,1961 and the same is, in the opinion of the Management, adequate. The Company has also made a provision of Rs.1 million (Previous year Rs.NIL) towards Wealth Tax.

11. The major components of deferred tax liabilities/assets are as under:

	2004-05 (Rs. Million)	2003-04 (Rs. Million)
A. Deferred Tax Liabilities		
i. Related to Depreciation on Fixed Assets & amortisation.	1,569.38	95.82
ii. Others	15.44	—
	1,584.82	95.82
B. Deferred Tax Assets		
i. Expenses charged in the financial statements but allowable as deduction in future years under the Income Tax Act, 1961.	26.50	—
ii. Diminution in value of investments charged in Profit & Loss Account	36.59	—
iii. Unabsorbed Losses/Depreciation	—	344.45
	63.09	344.45
Net Deferred Tax Liability / (Assets)	1,521.73	(248.63)

12. Joint Venture Disclosure :

A. Unincorporated Joint Ventures for Oil & Gas field:

- a) Ravva Oil & Gas Field:

The Production Sharing Contract (PSC) in respect of Ravva Oil and Gas Field was entered into on 28th October 1994 (Effective Date) between the President of India on behalf of the Government of India and contractor parties viz. Oil and Natural Gas Corporation Ltd, erstwhile Petrocon India Limited (now amalgamated with the Company) Cairn Energy India Pty Limited and Ravva Oil (Singapore) Pte. Ltd. The contractor parties have pursuant to PSC entered into a Joint Operating Agreement on the Effective Date. Cairn Energy India Pty Ltd. is the Operator. The participating interest of the Company in the said PSC is 25%. The Financial Statements reflect the share of the Company in the assets and the liabilities as well as the income and the expenditure of Joint Venture Operations on a line by line basis. The Company incorporates its share in the operations of the Joint Venture based on statements of account received from the Operator.

- b) Block KG-OS/6:

The Production Sharing Contract (PSC) in respect of Block KG-OS/6 was entered into on 30th June 1998 between the President of India on behalf of the Government of India, Oil & Natural Gas Corporation Ltd, erstwhile Petrocon India Limited (now amalgamated with the Company) and Cairn Energy India Pty Limited. The participating interest of the Company in the said PSC was 50%. The Financial Statements reflect the share of the Company in the assets and the liabilities as well as the income and the expenditure of the Joint Venture Operations on a line by line basis. The Company incorporates its share in the operations of the Joint Venture based on statements of account received from the Operator. Also refer note 6 above.

B. Jointly Controlled Entity

- a. Name of the Entity Participating Interest
India Floor Care and Appliances Limited 50% upto 27th July 2005.
- b. Interest in the Assets, Liabilities, Income and Expenses with respect to above entity.

	30th September 2005 (Rs. in millions)	30th June 2004 (Rs. in millions)
i) Assets :		
Net Fixed Assets	—	16.82
Investments	—	0.02
Current Assets	—	5.75
Miscellaneous Expenditure	—	0.06
Profit and Loss Account	—	26.71
ii) Liabilities :		
Preference Share Capital	—	10.00
Loans - Secured and Unsecured	—	3.09
Current Liabilities and Provisions	—	18.75
iii) Total Income	9.35	12.94
iv) Total Expenses	13.47	16.72
v) Contingent Liabilities	—	—
vi) Capital Commitment	—	—
	For the period ended 30th Sept., 2005	For the year ended 30th June, 2004

13. Earnings Per Share:

- a) Net Profit/(Loss) available for equity shareholders (Rs. Million) 4,300.47 (17.37)
- b) Weighted Average no. equity shares for Basic 170,626,962 32,885,050
- c) Weighted Average no. equity shares for Diluted 170,627,437 32,885,050
- d) Basic Earnings per Share (Rs.) 25.20 (0.53)
- e) Diluted Earnings per Share (Rs.) 25.20 (0.53)

- 14 The Company has discontinued the business of sale and distribution of lotteries with effect from 28th February 2005. The assets related to this business have been sold and the resultant gain of Rs. 0.10 million has been included in Miscellaneous Income under the head "Other Income" in Schedule 9.

- 15 The Company has decided to amortise the value of Leasehold Land over the period of lease which was hitherto not amortised. Consequently, the Depreciation is higher by Rs. 4.04 million (including Rs. 3.53 million pertaining to prior periods) and the Profit for the period as well as the Net Fixed Assets are lower by that extent.

16. The Company has invested an amount of Rs.726.77 million in units of mutual funds out of which the Company has earmarked against provision for abandonment cost to the extent the sum of Rs.491.30 million included under the head other liabilities in Schedule 8.

- 17 (a) The Financial Institutions have a right to convert at their option the whole outstanding amount of term loans or a part not exceeding 20% of defaulted amount of loan, whichever is lower, into fully paid up equity shares of the Company at par on default in payments / repayments of three consecutive installments of principal and / or interest thereon or on mismanagement of the affairs of the Company.

- (b) The Financial Institutions have a right to convert at their option the whole or a part of outstanding amount of Preference Shares, into fully paid up equity shares of the Company as per SEBI guidelines, on default in payment of dividend or a default in redemption of Preference Shares or any combination thereof.

18. Some of the balances of Debtors, Creditors, Deposits, Advances and Other Current Assets are subject to confirmation.
19. In the opinion of the Board, the value of realisation of Current Assets, Loans and Advances in the ordinary course of the business would not be less than amount at which they are stated in the Balance Sheet and the provision for all known and determined liabilities is adequate and not in excess of the amount reasonably required.

	For the period ended 30th Sept., 2005 (Rs. Million)	For the year ended 30th June, 2004 (Rs. Million)
20. Auditors' Remuneration: (Including Service Tax)		
a) Audit Fees	4.41	0.19
b) Tax Audit Fees	1.10	0.03
c) Out of Pocket Expenses	0.20	0.01
d) Other Services	0.80	0.04
	6.51	0.27

21. Sundry Creditors include Rs.59.61 million due to Small Scale Industrial undertakings to the extent such parties have been identified from available information. The names of small scale industrial undertakings to whom amounts payable are outstanding for more than 30 days are - Acropolis Industries, Akshay Chemicals, Akshay Udyog, Apeedee Agroplast, Apollo Industries, Aqura, Ashok Prints, Atul Fasteners Limited, Auto Strap India, Badri Minerals, Bhagyaxmi Industries, Bharat Rubber Factory, Bharat Silica Sand, Blue Star Engineers, Brajesh Packaging Pvt. Ltd., Bright Star Component (P) Ltd., Bt Solders Pvt. Ltd., Cento Thou Engineers, Chetak Plasto Electric PL, Chirag Plast, Compact, Core Emballage Limited, Creative Engineers, Crystal India, Darshan Plastics, Dhiraaj Industries, Doshi Ion Exchange & Chemical Indu Ltd, Ekdant Moulders & Eng. Pvt. Ltd., Electro Magnetic Industries, Ellora Gases [P] Ltd., Ellora Rubber, Emerald Resilient Tyre Manufactur. P. Ltd., Eros Minerals, Essdee Industries, Excel Process Pvt Ltd, Exxonmobil Lubricants Pvt Ltd, Gujarat Engineering Works, Gujarat Industries, Gurudatta Industries, H V Equipments Pvt Ltd, Hydro Chem (India), Hydroflex Hose Industries, Jat Metal Pressing Pvt.ltd., Kaithi Plastics, Kantilal Chunilal & Sons Appliances Ltd., Khanna Traders & Engin, Khetan Welpack P. Ltd, Korrocoat Polymers Pvt Ltd, Labddhi Polyplast Engineers, M S Electronics, Madhuri Engineering, Mahalaxmi Electromac., Mangalam Coils Pvt. Ltd, Mansi Engineering, National Minerals, Nemisons Plastics, New Krishna Metal Arts, Noida Electronics, Novel Packaging Industries, Nutech Sintered Products P, Om Sai Decoplast Pvt. Ltd., Oracle Presscomps & Engg. P. Ltd., Patkar Popular Engineering Works, Powerflex Industries, Pratibha Plastic Udyog Pvt Ltd, Precimax Engineers, Premier Seals India Ltd., Prima India, Prime Products, Prism Industries, Proficient Industries, Quartz India, Queen Printers, R P Engineers, R.R.Metal Pressing Pvt. Ltd., Rajmudra Offset, Ruchi Enterprise, Sanjay Plastics, Sapna Packaging, Saptagiri Industries, Sara Minerals & Chemicals Inds., Servelink Engineers Pvt Ltd., Shardul Fasteners., Shivam Rubber Industries., Shree Amba Vijay Saw Mill, Shree Chintamani Sales Corp., Shree Enterprise, Shree Gaurav Enterprise, Shree Narayan Saw Mill, Shree Udyog, Shree Vyankatesh Plastic Industries, Silverline Metal Engg. Pvt.ltd., Sjs Plastiblends Pvt.Ltd., Smitship Plastic Ind. Pvt Ltd, Spare Age (India) Pvt. Ltd., Sun Polymers, Supack Industries Pvt Ltd, Supreme Enterprises, Surya Springs Private Ltd., Sushant Industries, Swastik Fasteners, Techno Consultech, Technomech India Pvt. Ltd., Tega Industries Ltd, Tejal Industries, Triumph Pack (P) Ltd., Varunsak Plastics Paints &, Vijay Knit Fab, Vinod Minerals, Yash Industries, Yashoda Industries, Zincollid

22. There are no amounts due to be credited to Investor Education & Protection Fund.

23. Related Party Disclosures

As required under Accounting Standard 18 on "Related Party Disclosure". The disclosure of transaction with related parties as defined in the Accounting Standard are given below.

a) List of Related Parties

i) Subsidiary Companies :

- Paramount Global Ltd.
- Videocon Cayman Ltd.
- Videocon Global Ltd.
- Mars Overseas Ltd.
- Sky Billion Trading Ltd.
- Trend Ltd.
- Middle East Appliances LLC.
- Videocon Industrial Finance Ltd.
- Gajanan Electronics & Home Appliances Pvt. Ltd.
- Gruhaupyogi Electronics Appliances Pvt. Ltd.
- Mayur Household Electronics Pvt. Ltd.
- Powerking Corporation Ltd. (w.e.f. 15th July, 2005)
- Godavari Consumer Electronics Appliances Pvt. Ltd. (w.e.f. 28th February, 2005)
- Popup Properties & Investments Pvt. Ltd. (upto 27th July,2005)
- Videocon Securities Ltd. (upto 27th July,2005)
- Videocon (Mauritius) Infrastructure Ventures Ltd.

ii) Associate and Joint Venture

- India Floor Care Appliances Limited Joint Venture - Participating Interest 50% (Upto 27th July, 2005).
- Raava Oil & Gas Field (unincorporated) Joint Venture - Participating Interest 25%
- Block KG -OS/6 (unincorporated) Joint Venture - Participating Interest 50%
- Videocon India - Enterprise in which Director is a partner.

iii) Key Management Personnel

- Shri Venugopal N. Dhoot - Chairman & Managing Director (w.e.f. 1st September, 2005)
- Shri Pradeepkumar N. Dhoot - Director.

b) Transactions/outstanding Balances with Related Parties :

The company has entered into transactions with certain related parties as listed below. The Board considers such transactions to be in normal course of business.

Nature of Transaction	Subsidiary Companies (Rs. in million)	Associates/ Joint Venture (Rs. in million)	Key Management Personnel (Rs. in million)
Sale of Goods	11,246.46 (NIL)	-	-
Investments During the year	651.16 (NIL)	-	-
Share Application Money	46.36 (NIL)	-	-
Advances/Loans given	342.80 (NIL)	-	-
Advances/Loans Received	NIL (545.31)	-	-
Advance Received against orders	861.97 (NIL)	-	-
Transaction with Joint Venture - Contribution towards share of expenditure		464.27	
Outstanding as at 30.09.2005			
Trade Receivables	92.89 (NIL)	-	-
Advance Received against orders	861.97 (NIL)	-	-
Advances/Loans given / (returned) (Net)	(731.32) (545.31)	-	-
Share Application Money	46.36 (NIL)	-	-
Investments	982.85 (NIL)	-	-
Outstanding with Joint Venture	-	3.34	-

24. The Company has prepared the consolidated Financial Statements as per Accounting Standard AS 21 and accordingly the segment information as per AS-17 "Segment Reporting" has been presented in the Consolidated Financial Statements.

25. Loans and Advances in the nature of Loans given to Subsidiaries and Associate etc:

A. Loans and Advances in the nature of Loans :

Sr. No.	Name of the Company		As At 30th September 2005 (Rs. in millions)	As At 30th June 2004 (Rs. in millions)	Maximum Balance During the Period (Rs. in millions)
1	Paramount Global Limited	Subsidiary	632.18	-	873.56
2	Videocon (Cayman) Limited	Subsidiary	0.36	-	0.36
3	Middle East Appliances Llc	Subsidiary	216.49	-	216.49
4	Videocon Industrial Finance Ltd.	Subsidiary	2.01	-	2.01
5	Gruhaupyogi Electronics Appliance Pvt. Ltd.	Subsidiary	-	-	11.03
6	Mayur Household Electronics Pvt. Ltd.	Subsidiary	-	-	8.00
	TOTAL:-		851.04	-	

Notes :-

1. Loans and Advances shown above, to subsidiaries fall under the category of 'Loans & Advances in nature of Loans where there is no repayment schedule'.
2. No interest is chargeable on Loans and Advances to above Subsidiaries except Paramount Global Limited.

B. Investment by the loanee in the shares of the Company.
None of the loanees have made investments in the shares of the Company.

26. Reserves:

Share of the Company in remaining reserves on proved and probable basis (as per Operator's estimates)

Particulars	Unit of measurement	As on 30.09.2005
Crude Oil	Million Metric Tonnes	3.40
Natural Gas	Million Cubic Metres	853.94

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	Unit	Period Ended 30.09.2005		Year Ended 30.06.2004	
		Quantity	Rupees (in millions)	Quantity	Rupees (in millions)
27. Additional Information pursuant to the provisions of paragraphs 3,4C, 4D of part II of Schedule VI to the Companies Act, 1956.					
QUANTITATIVE INFORMATION :					
I. Production (Including Goods Manufactured through third parties and excluding goods manufactured for others on job basis)					
a.	Crude Oil	MT	776,799		
b.	Natural Gas	Cu.Mtr	303,594,560		
c.	TV Sets including Asemblies and sub assemblies thereof and Glass Shells.	Nos	15,153,628		
d.	Audio, Video and other Electricals and Electronic Appliances, including Assemblies and Sub-Assemblies thereof	Nos	2,604,622		
e.	Air Conditioners	Nos	178,379		
II. Stocks of Finished Goods At Close :					
a.	Crude Oil	MT	10,411	27.57	
b.	Natural Gas	Cu.Mtr.	—	—	
c.	TV Sets including Asemblies and sub assemblies thereof and Glass Shells.	Nos	958,394	1,378.25	
d.	Audio, Video and other Electricals and Electronic Appliances, including Assemblies and Sub-Assemblies thereof	Nos	226,789	595.76	
e.	Air Conditioners	Nos	4,506	57.79	
TOTAL				2,059.37	—
III. Stocks of Finished Goods At Beginning					
a.	Crude Oil	MT	22,008	53.34	
b.	Natural Gas	Cu.Mtr.	—	—	
c.	TV Sets including Asemblies and sub assemblies thereof and Glass Shells.	Nos	544,827	963.15	
d.	Audio, Video and other Electricals and Electronic Appliances, including Assemblies and Sub-Assemblies thereof	Nos.	195,835	694.85	
e.	Air Conditioners	Nos	6,882	92.02	
TOTAL				1,803.36	—
IV. Sales/Services Rendered (Including Duty Drawback and Cash Compensatory support)					
a.	Crude Oil	MT	788,396	12,929.33	
b.	Natural Gas	Cu.Mtr.	282,700,789	1,387.19	
c.	TV Sets including Asemblies and sub assemblies thereof and Glass Shells.	Nos	14,740,061	24,574.36	
d.	Audio, Video and other Electricals and Electronic Appliances, including Assemblies and Sub-Assemblies thereof	Nos	2,573,668	9,781.28	
e.	Air Conditioners	Nos	180,755	2,568.24	
i.	Other Sales & Service Income			5,297.85	37.05
TOTAL				56,538.25	37.05
V. Flared/Consumed/Normal Loss					
a.	Natural Gas	Cu.Mtr.	20,893,771		
VI. Raw Material Components and Spares Consumption including for products manufactured through third parties					
a.	Printed Circuit Board (All types)	Nos	4,149,168	2,638.75	
b.	Active & Passive Components **			8,721.64	
c.	Plastic and Wooden Parts	Nos	6,188,543	11,635.56	
d.	Other Raw Materials **			2,505.40	
TOTAL				25,501.35	—

* Inclusive of job charges paid.

** It is not practicable to furnish quantitative information of components consumed in view of considerable number of items, of diverse in size & number

Note : The industrial licensing has been abolished in respect of the products of the Company.

VII. Value of Imported and Indigenous

- a. Raw Materials, Components and Spares Consumed *
 Imported
 Indigenous
- b. Components, stores and spares have been shown with Raw Materials as it is not practicable to show separately in view of the large number of items and their negligible value.
- TOTAL**
 *Includes job charges paid

Percentage	Rupees in millions	Percentage	Rupees in millions
14.17	3,613.54		
85.83	21,887.81		
	25,501.35		—

VIII. CIF Value of Imports, Expenditure and Earning in Foreign Exchange :

- a. C.I.F. Value of Imports
 Raw Materials
 Capital Goods (including advances)
- b. Expenditure incurred in Foreign Currency : (on payment basis)
 for Cash Call paid to the operator for the project.
 Technical Know-how Fees
 Interest and Bank Charges
 Royalty
 Training / Technical Assistance Fees
 Travelling
 Dividend- 714 shareholders holding 62,10,358 Shares (Previous year – 766 shareholders holding 8,41,403 shares)
 Investments / Share Application Money
 Others
- c. Other Earning/Receipts in Foreign Currency
 F.O.B. Value of exports (on receipt basis)
 Interest
 Others

Period Ended 30.09.2005	Year Ended 30.06.2004
Rupees in millions	Rupees in millions
3,825.37	—
836.59	—
242.97	—
NIL	—
163.45	—
7.46	—
14.60	—
28.35	—
3.51	—
0.08	—
52.64	4.59
2,036.09	—
NIL	—
160.37	—

28. The results for the current period ended 30th September, 2005 are not comparable with those of the previous year as :
 a) the current period's figures are for a period of 15 months as against 12 months in the previous year.
 b) the current period's figures include operations of erstwhile Petrocon India Ltd. for the full period of 15 months consequent to its amalgamation with the Company effective 31st March 2004 and operations of erstwhile Videocon International Ltd. for the 9 month's period consequent to its amalgamation with the Company effective 31st December 2004.
 c) the figures of the current period includes operations of business of sale and distribution of lotteries for the period of 8 months, as against 3 months operations included in the previous year.
29. Figures in respect of previous year have been regrouped and recasted wherever necessary to make them comparable with those of current period.
30. **Balance Sheet Abstract and Company's General Business Profile:**

I. Registration Details
 Registration No. 103624
 Balance Sheet Date 30.09.2005
 State Code 11

II. Capital Raised During the year (Amounts Rs. in Thousand)
 Public Issue Nil
 Rights Issue Nil
 Bonus Issue Nil
 Private Placement 2,291,423
 Amalgamation 1,814,381
 Share Application Money 95,590

III. Position of Mobilisation & Deployment of Funds (Amounts Rs. in Thousand)
 Total Liabilities 80,459,186
 Total Assets 80,459,186

Sources of Funds
 Paid-up Capital 2,065,261
 Share Capital Suspense 556,827
 Reserves & Surplus 43,724,098
 Deferred Tax Liability (Net) 1,521,728
 Secured Loans 27,761,002
 Unsecured Loans 4,734,680

Application of Funds
 Net Fixed Assets 39,651,201
 Investments 3,387,855
 Net Current Assets 37,420,130

IV. Performance of Company (Amounts Rs. in Thousand)
 Turnover 55,335,947
 Total Expenditure 50,817,651
 Profit Before Tax 4,518,296
 Profit After Tax 4,276,847
 Earnings Per Share in Rs. 25.20
 Dividend Rate % 25.00%

V. Generic Names of Three Principal Products of the Company (As per monetary terms)

a)	Item Code No. (ITC Code)	2709.00
	Product Description	Crude Oil and Natural Gas
b)	Item Code No. (ITC Code)	8528.00
	Product Description	Television
c)	Item Code No. (ITC Code)	8520.00
	Product Description	Tape Recorder
d)	Item Code No. (ITC Code)	85281008
	Product Description	Glass Shell Panels & Funnels for C.P.T.

As per our Report of even date

For **KHANDELWAL JAIN & CO.**
 Chartered Accountants

SHIVRATAN AGARWAL
 Partner
 Membership No. 104180

Place : Mumbai
 Date : 13th December, 2005

For **KADAM & CO.**
 Chartered Accountants

U.S.KADAM
 Proprietor
 Membership No. 31055

For and on behalf of the Board

V.N.DHOOT
 Managing Director

P.A.INAMDAR
 Company Secretary

S. PADMANABHAN
 Director

VIDEOCON INDUSTRIES LIMITED

CASH FLOW STATEMENT

	2004-2005 Rupees	2003-2004 Rupees		2004-2005 Rupees	2003-2004 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES					
Net Profit before Tax	4,518,295,508	(18,888,532)	Increase in Producing Properties	697,782,192	-
Add:			Purchase of Investments (Net)	3,291,738,242	-
a) Depreciation	2,323,601,216	22,945,011		45,189,085,927	22,477,081
b) Interest and Finance Charges	2,179,502,988	75,679,925	Net Cash generated from Investing Activities	(44,929,240,320)	1,853,780
c) Producing Properties written off	118,750,149	-	C. CASH FLOW FROM FINANCING ACTIVITIES		
d) Provision for Leave Encashment	26,401,188	154,590	- Increase in Share Capital including amalgamation	1,736,410,950	-
	9,166,551,049	79,890,994	- Increase In Share Capital suspense on amalgamation	556,826,740	-
Less:			- Increase in Reserves on amalgamation	17,949,208,982	-
a) Income from Investments	19,841,282	15,970,848	- Securities Premium Received (net of Share Issue Expenses) and addition on amalgamation	20,407,077,275	-
b) Dividend Received	9,455,143	2,544,483	- Transfer of Deferred Tax Liabilities on amalgamation	3,640,702,334	-
c) Interest Received	205,385,226	373,591	- Amalgamation Adjustment Account	3,015,133,459	-
d) Exceptional Items	1,901,788,861	-	- Increase in Secured Non Convertible Debentures	5,863,972,553	-
e) Write back of diminution in value of Investment	13,210,940	-	- Increase in Secured Term Loans from Banks	20,227,189,024	-
	2,149,681,452	18,888,922	- Increase in Unsecured Loans	3,833,994,914	-
Cash generated from Operating Activities before Working Capital changes	7,016,869,597	61,002,072	- Increase in Working capital	1,669,840,027	-
Adjustments (including on amalgamation) :			Share Application Money Received	95,589,720	-
a) Inventories	(8,730,215,507)	-	Inter Corporate Deposits	-	1,000,000
b) Sundry Debtors	(9,964,405,950)	(6,784,203)		78,995,945,978	1,000,000
c) Other Current Assets	(141,509,937)	39,977	Less:		
d) Loans & Advances	(11,174,025,248)	(18,223,945)	Redemption of Unsecured Optionally Convertible Debentures	-	206,100
e) Current Liabilities	5,257,230,670	132,139,235	Repayment of Unsecured Short Term Loans from Banks	-	96,722,090
Cash generated from Operating Activities	(17,736,056,375)	168,173,136	Repayment of Unsecured Loan from others	-	281,549
Add: Income Tax Adjustment (Net)	(193,850,662)	3,265,139	Payment of Unclaimed Dividend	-	168,233
Net Cash generated from Operating Activities	(17,929,907,037)	171,438,275	Interest and Finance Charges Paid	2,179,502,988	75,679,925
B. CASH FLOW FROM INVESTING ACTIVITIES				2,179,502,988	173,057,897
Sale of Fixed Assets (Net)	25,163,956	-	Net Cash generated from Financing Activities	76,816,442,990	(172,057,897)
Sale of Investments (Net)	-	5,441,938	Net Change in Cash and Cash Equivalents	13,957,295,633	1,234,158
Profit on Sale of Investments (Net)	19,841,282	15,970,848	Opening Balance of Cash and Cash Equivalents	2,824,468	1,590,310
Dividend Received	9,455,143	2,544,483	Closing Balance of Cash and Cash Equivalents	13,960,120,101	2,824,468
Interest Received	205,385,226	373,591			
	259,845,607	24,330,860			
Less:					
Increase in Fixed Assets including Capital Work-in-progress (including net additions on amalgamation)	41,199,565,493	22,477,081			

Note: Previous year's figures have been regrouped/rearranged to confirm to the current period's presentation, wherever necessary.

As per our Report of even date

For **KHANDELWAL JAIN & CO.**
Chartered Accountants

SHIVRATAN AGARWAL
Partner
Membership No. 104180

Place : Mumbai
Date : 13th December, 2005

For **KADAM & CO.**
Chartered Accountants

U.S.KADAM
Proprietor
Membership No. 31055

For and on behalf of the Board

V.N.DHOOT
Managing Director

P.A.INAMDAR
Company Secretary

S. PADMANABHAN
Director

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO COMPANY'S INTEREST IN SUBSIDIARY COMPANIES

1	Name of Subsidiary	Videocon Industrial Finance Limited	Gruhaapoyogi Electronics Appliances Pvt. Ltd.	Gajanan Electronics & Home Appliances Pvt. Ltd.	Mayur Household Electronics Pvt. Ltd.	Godavari Consumer Electronics Appliances Pvt. Ltd.	Paramount Global Ltd	Middle East Appliance LLC	Videocon (Cayman) Ltd	Trend Ltd.	Sky Billion Trading Ltd	Mars Overseas Ltd	Videocon Global Ltd.	Powerking Corporation Ltd	Videocon (Mauritius) Infrastructure Ventures Ltd
2.	The financial year of the Subsidiary Companies ended on Holding Company's Interest	30th Sept., 2005	30th Sept., 2005	30th Sept., 2005	30th Sept., 2005	30th Sept., 2005	30th Sept., 2005	30th Sept., 2005	30th Sept., 2005	30th Sept., 2005	30th Sept., 2005	30th Sept., 2005	30th Sept., 2005	30th Sept., 2005	30th Sept., 2005
3.	No. of Shares held by Videocon International Ltd with its nominees in the subsidiaries at the end of the financial year of the Subsidiary Companies	6,000,070 Equity Shares of the face value of Rs. 10/-each fully paid-up	10,000 Equity Shares of the face value of Rs. 10/-each fully paid-up	10,000 Equity Shares of the face value of Rs. 10/-each fully paid-up	10,000 Equity Shares of the face value of Rs. 10/-each fully paid-up	10,000 Equity Shares of the face value of Rs. 10/-each fully paid-up	12,800,000 Shares of the face value of US\$ 1.00 each fully paid-up	2,251,800 Shares of the face value of US\$ 1.00 each fully paid-up	50,000 Shares of the face value of US\$ 1.00 each fully paid-up	400,000 Shares of the face value of US\$ 1.00 each fully paid-up	1,072,000 Shares of the face value of US\$ 1.00 each fully paid-up	1,000 Shares of the face value of US\$ 1.00 each fully paid-up	2,500 Shares of the face value of US\$ 1.00 each fully paid-up	1,000 Shares of the face value of US\$ 1.00 each fully paid-up	530,000 Shares of the face value of US\$ 1.00 each fully paid-up
4.	Extent of interest of holding company at the end of financial year of the Subsidiary Companies	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
5.	The net aggregate amount of the Subsidiary Companies Profit / (Loss) so far as it concerns the members of the Holding Company	Rs. 517,631/-	Rs. 412,726/-	Rs. 499,206/-	Rs. 3,742,259/-	Rs. 1,865,606/-	(US\$ 681,423/-) (in Rs. 30,166,608/-)	(RO 14,899/-) (in Rs. 1,704,893/-)	(US\$ 367,538/-) (in Rs. 16,270,907/-)	(US\$ 1,470,433/-) (in Rs. 65,096,071/-)	US\$ 69,869/- in Rs. 3,083,092/-	(US\$ 443,180/-) (in Rs. 19,619,579/-)	US\$ 241,087/- in Rs. 10,672,821/-	(US\$ 2,514,697/-) (in Rs. 111,325,622/-)	(US\$ 10,516/-) (in Rs. 465,543/-)
6.	Not dealt with in the Holding Company's accounts:	Rs. 9,715,704/-	Rs. 820,679/-	Rs. 348,055/-	N.A.	N.A.	(US\$ 4,308,194/-) (in Rs. 190,723,748/-)	(RO 20,596/-) (in Rs. 2,356,800/-)	(US\$ 1,672,109/-) (in Rs. 74,024,279/-)	(US\$ 496,872/-) (in Rs. 21,996,536/-)	US\$ 53,210/- in Rs. 2,355,598/-	(US\$ 9,100/-) (in Rs. 19,237/-)	US\$ 2,379/- in Rs. 105,053/-	N.A.	(US\$ 17,568/-) (in Rs. 777,735/-)
7.	For the previous financial year ended	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
8.	For the current financial period ended	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
9.	For the previous financial years of the Subsidiary Companies since they became the Holding Company's subsidiaries	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
10.	For the previous financial year ended	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
11.	For the previous financial years of the Subsidiary Companies since they became the Holding Company's subsidiaries	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

For and on behalf of the Board

V. N. DHOOT
Managing Director
S. PADMANABHAN
Director
P. A. INAMDAR
Company Secretary

Place: Mumbai
Date: December 13, 2005

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To
The Board of Directors
VIDEOCON INDUSTRIES LIMITED

We have examined the attached consolidated Balance Sheet of Videocon Industries Limited (the Company) and its subsidiaries as at 30th September 2005 and the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the period ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by them on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting frame work and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not jointly audit the financial statements of Subsidiaries and Joint Venture, whose financial statements reflect total assets of Rs. 30,499.31 million as at 30th September 2005 and total revenues of Rs. 24,332.96 million for the period ended on that date. These financial statements have been audited by either of us singly or by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of these entities, is based solely on the reports of those respective auditors.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of the Accounting Standard (AS) 21 on "Consolidated Financial Statements" and the Accounting Standard (AS) 27 on "Financial Reporting of Interest in Joint Venture" issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company, its subsidiary and its joint venture company included in Consolidated Financial Statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit report on individual audited financials statements of the Company and its subsidiaries, we are of the opinion that the attached consolidated financial statements, subject to Note no. 3 of Schedule 16B [Re. Non-incorporation of the audited accounts of its Subsidiary viz. Videocon (Mauritius) Infrastructure Ventures Limited in the consolidated financial statements] and read with the other notes and the significant accounting policies thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Company and its subsidiaries as at 30th September 2005; and
- b. in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company, its subsidiaries and its interest in joint venture company for the period ended on that date; and
- c. in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the company, its subsidiaries and its interest in joint venture company for the period ended on that date.

For **KHANDELWAL JAIN & CO.**
Chartered Accountants

SHIVRATAN AGARWAL
Partner
Membership No.: 104180

Place : Mumbai
Date : December 13, 2005.

For **KADAM & CO.**
Chartered Accountants

U.S.KADAM
Proprietor
Membership No.: 31055

CONSOLIDATED BALANCE SHEET AS AT 30th SEPTEMBER, 2005

Particulars	Schedule	(Rupees)	As at 30th Sept., 2005 (Rupees)	As at 30th June, 2004 (Rupees)
I. SOURCES OF FUNDS				
1. Shareholders' Funds				
a. Share Capital	1		2,065,261,450	328,850,500
b. Share Capital Suspense	1A		556,826,740	—
c. Reserves & Surplus	2		43,320,398,075	2,041,028
			<u>45,942,486,265</u>	<u>330,891,528</u>
2. Share Application money pending allotment			95,589,720	—
3. Deferred Tax Liability (Net)			1,522,040,928	—
4. Loan Funds				
a. Secured Loans	3		39,220,291,104	3,089,000
b. Unsecured Loans	4		2,963,879,934	900,685,020
5. Preference Share Capital of JV Entity			—	10,000,000
	Total		<u>89,744,287,951</u>	<u>1,244,665,548</u>
II. APPLICATION OF FUNDS				
1. Fixed Assets				
a. Gross Block	5	62,300,656,250		1,200,106,517
b. Less: Depreciation		22,874,997,678		84,046,613
c. Net Block		39,425,658,572		1,116,059,904
d. Producing Properties (Net)		579,032,043		—
			40,004,690,615	1,116,059,904
2. Goodwill on consolidation			79,897,529	25,887
3. Investments	6		2,405,005,001	603,491,444
4. Deferred Tax Assets			—	248,633,663
5. Current Assets, Loans & Advances				
a. Inventories	7	8,847,327,814		3,201,784
b. Sundry Debtors		25,231,095,944		7,121,003
c. Cash and Bank Balances		16,809,436,914		3,701,878
d. Other Current Assets		143,275,033		1,442,289
e. Loans & Advances		18,267,448,382		160,175,252
		69,298,584,087		175,642,206
Less: Current Liabilities & Provisions				
a. Current Liabilities	8	21,347,139,593		1,348,719,990
b. Provisions		696,816,093		265,905
		22,043,955,686		1,348,985,895
Net Current Assets			47,254,628,401	(1,173,343,689)
6. Miscellaneous Expenditure (To the extent not written off or adjusted)	9		66,405	122,628
7. Profit and Loss Account			—	449,675,711
	Total		<u>89,744,287,951</u>	<u>1,244,665,548</u>
Significant Accounting Policies and Notes to Accounts	16			

As per our Report of even date

For KHANDELWAL JAIN & CO.
Chartered AccountantsSHIVRATAN AGARWAL
Partner
Membership No. 104180Place : Mumbai
Date : 13th December, 2005For KADAM & CO.
Chartered AccountantsU.S.KADAM
Proprietor
Membership No. 31055

For and on behalf of the Board

V.N.DHOOT
Managing DirectorS. PADMANABHAN
DirectorP.A.INAMDAR
Company Secretary

VIDEOCON INDUSTRIES LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30TH SEPTEMBER, 2005

Particulars	Schedule	Current period ended 30th Sept., 2005 (Rupees)	Previous year ended 30th June, 2004 (Rupees)
I INCOME			
Sales/Income from Operations		69,135,151,562	50,002,737
Less : Excise Duty		2,044,222,197	—
Net Sales		67,090,929,365	50,002,737
Other Income	10	961,432,899	170,714,218
		68,052,362,264	220,716,955
II EXPENDITURE			
Cost of Goods Sold	11	42,220,368,041	9,051,874
Production & Exploration Expenses	12	9,573,657,175	—
Salaries, Wages & Employees' Benefits	13	507,462,159	14,459,950
Manufacturing and Other Expenses	14	6,578,292,661	115,671,405
Interest and Finance Charges	15	2,679,678,491	76,380,690
Depreciation		3,205,078,486	27,808,431
Less : Transfer from General Reserve		877,871,534	—
		2,327,206,952	27,808,431
		63,886,665,478	243,372,350
III Profit/(Loss) before Exceptional Items and Taxation		4,165,696,786	(22,655,395)
Exceptional Items(Refer Note B-2(a) of Schedule 16)		(1,901,788,861)	—
Adjustment on disposal of subsidiaries		39,640,623	—
Provision for Current Tax		213,843,000	—
Provision/(Credit) for Deferred Tax		(1,870,236,602)	(1,519,958)
IV Profit/(Loss) for the year		3,959,942,150	(21,135,437)
Excess provision for Income		24,006,725	—
Tax for earlier years written back		(449,675,711)	(428,540,274)
Balance brought forward		2,867,351,777	—
Addition/Adjustment on amalgamation (Refer Note No. B-8 and 9 of Schedule 16)		6,401,624,941	(449,675,711)
V Balance available for Appropriation			
VI APPROPRIATIONS			
Debenture Redemption Reserve		1,104,498,000	—
Proposed Dividend - Equity		551,921,583	—
Proposed Dividend - Preference		24,953,220	—
Corporate Tax on Proposed Dividend		80,906,691	—
Transfer to General Reserve		750,000,000	—
Balance carried to Balance Sheet		3,889,345,447	(449,675,711)
		6,401,624,941	(449,675,711)
Basic Earnings per Share (Not annualised)		23.35	(0.64)
Diluted Earnings per Share (Not annualised)		23.35	(0.64)
Refer Note no. 13 of Schedule 16B			

**Significant Accounting Policies and
Notes to Accounts**

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As per our Report of even date

For KHANDELWAL JAIN & CO.
Chartered Accountants

SHIVRATAN AGARWAL
Partner
Membership No. 104180

Place : Mumbai
Date : 13th December, 2005

For KADAM & CO.
Chartered Accountants

U.S.KADAM
Proprietor
Membership No. 31055

For and on behalf of the Board

V.N.DHOOT
Managing Director

S. PADMANABHAN
Director

P.A.INAMDAR
Company Secretary

SCHEDULES TO BALANCE SHEET

	As at 30th Sept., 2005 Rupees	As at 30th June, 2004 Rupees		As at 30th Sept., 2005 Rupees	As at 30th June, 2004 Rupees
SCHEDULE - 1 : SHARE CAPITAL					
Authorised					
300,000,000 (Previous year 35,000,000) Equity Shares of Rs. 10/- each.	<u>3,000,000,000</u>	<u>350,000,000</u>			
Issued, Subscribed and Paid up					
206,526,145 (Previous year 32,885,050) Equity Shares of Rs. 10/- each, fully paid up. Of the above:	<u>2,065,261,450</u>	<u>328,850,500</u>			
a) 82,565 Equity Shares of Rs. 10/- each have been issued on conversion of 20% Unsecured Optionally Convertible Debentures.					
b) 12,513 Equity Shares of Rs. 10/- each have been issued on conversion of 14% Unsecured Optionally Convertible Debentures.					
c) 142,195,422 Equity Shares of Rs. 10/- each were allotted pursuant to amalgamations without payments being received in cash.					
d) 45,560,145 Equity Shares of Rs. 10/- each were issued by way of Euro Equity Issues represented by Global Depository Receipts (GDR), at a price of US\$ 10.00 per share (inclusive of premium).					
	<u>2,065,261,450</u>	<u>328,850,500</u>			
SCHEDULE - 1A : SHARE CAPITAL SUSPENSE					
A) Equity Shares	142,424,880	—			
14,242,488 Equity Shares of Rs. 10/- each to be allotted to the shareholders of erstwhile Videocon International Limited pursuant to its amalgamation with the Company effective 31st December 2004. (Refer Note No. B-9(b) of Schedule 16) Less : Calls in Arrears by others	<u>1,485,140</u>	<u>—</u>			
(A)	<u>140,939,740</u>	<u>—</u>			
B) Preference Shares					
40,82,000 8% Redeemable Preference Shares of Rs.100/-each.	408,200,000	—			
76,870 8% Redeemable Preference Shares of Rs 100/- each, to be allotted as fully paid up to the shareholders of erstwhile Videocon International Ltd pursuant to its amalgamation with the Company effective 31st December 2004. (Refer Note No. B-9(b) of Schedule 16)	<u>7,687,000</u>	<u>—</u>			
(B)	<u>415,887,000</u>	<u>—</u>			
Total (A + B)	<u>556,826,740</u>	<u>—</u>			
SCHEDULE - 2 : RESERVES & SURPLUS					
Revaluation Reserve					
As per last Balance Sheet	<u>—</u>	<u>—</u>			
Addition on Amalgamation	<u>9,518,448,908</u>	<u>—</u>			
(A)	<u>9,518,448,908</u>	<u>—</u>			
Capital Subsidy					
As per last Balance Sheet	<u>—</u>	<u>—</u>			
Addition on Amalgamation	<u>5,500,000</u>	<u>—</u>			
(B)	<u>5,500,000</u>	<u>—</u>			
Capital Redemption Reserve					
As per last Balance Sheet	<u>—</u>	<u>—</u>			
Addition on Amalgamation	<u>537,500,000</u>	<u>—</u>			
(C)	<u>537,500,000</u>	<u>—</u>			
Debenture Redemption Reserve					
As per last Balance Sheet	<u>—</u>	<u>—</u>			
Addition on Amalgamation	<u>1,225,951,400</u>	<u>—</u>			
Add: Transferred from Profit & Loss Account	<u>1,104,498,000</u>	<u>—</u>			
(D)	<u>2,330,449,400</u>	<u>—</u>			
Capital Reserve					
As per last Balance Sheet	<u>25,000</u>	<u>25,000</u>			
(E)	<u>25,000</u>	<u>25,000</u>			
Securities Premium Account					
As per last Balance Sheet	<u>2,016,028</u>	<u>2,016,028</u>			
Add: Additions on Amalgamation	<u>5,165,678,713</u>	<u>—</u>			
Less : Call and / or allotment money in arrears by others on Amalgamation	<u>16,901,540</u>	<u>—</u>			
Add: Received during the period	<u>20,488,904,198</u>	<u>—</u>			
Less: Share Issue Expenses	<u>81,826,923</u>	<u>—</u>			
(F)	<u>25,557,870,476</u>	<u>2,016,028</u>			
Foreign Currency Translation Reserve					
(G)	<u>96,098,877</u>	<u>—</u>			
General Reserve					
As per Last Balance Sheet	<u>—</u>	<u>—</u>			
Addition on Amalgamation	<u>1,513,031,501</u>	<u>—</u>			
Less : Transferred to Profit & Loss Account* [Refer Note No. B-6 of Schedule 16]	<u>877,871,534</u>	<u>—</u>			
Add : Transferred from Profit & Loss Account	<u>750,000,000</u>	<u>—</u>			
(H)	<u>1,385,159,967</u>	<u>—</u>			
Profit & Loss Account					
As per Account annexed	<u>3,889,345,447</u>	<u>—</u>			
(I)	<u>3,889,345,447</u>	<u>—</u>			
(A-I)	<u>43,320,398,075</u>	<u>2,041,028</u>			
* Cumulative Amount transferred on account of additional depreciation, consequent upon revaluation of fixed assets Rs.6054.37 million Including Rs. 5176.50 million Transferred by erstwhile Videocon International Ltd.					
SCHEDULE - 3 : SECURED LOANS					
Non Convertible Debentures	5,863,972,553	—			
Term Loans					
i. Rupee Loans from Banks & Financial Institutions.	15,697,925,815	3,089,000			
ii. Foreign Currency Loans from Banks.	13,238,597,188	—			
iii. FCNR-B Loan from Banks	1,833,130,006	—			
Corporate Loan from Banks	879,941,614	—			
Vehicle Loans from Banks	35,447,498	—			
Hire Purchase Loan	1,436,403	—			
Working Capital Loans From Banks	1,669,840,027	—			
(A-I)	<u>39,220,291,104</u>	<u>3,089,000</u>			
A. Non Convertible Debentures					
Out of the Non Convertible Debentures, those to the extent of :					
i. Rs. 2,461,469,353/- (Previous year Rs.NIL) are secured by Assignment/fixed and floating charge of all moneys received/to be received by the Company in relation to and from the Ravva Joint Venture, including but not limited to all receivables of the Company subject, to the extent necessary, to the charge in favour of the Joint Ventures in terms of the Production Sharing Contract/Joint Operating Agreement in respect of Ravva Joint Venture; and					
ii. Rs.1,181,900,000/- (Previous year Rs.NIL) are secured by first mortgage and charge on immovable and movable properties, both present and future, subject to prior charge on specified movables created/to be created in favour of Company's Bankers for securing borrowings for working capital requirements, and rank pari passu with the charge created/to be created in favour of Financial Institutions/Banks in respect of their existing and future financial assistance.					
iii. Rs.450,603,200/- (Previous year Rs.NIL) are secured by way of a first charge on the entire immovable and movable properties of the Company ranking pari passu with existing charge holders except prior charge on specified movables created in favour of Company's bankers for borrowings of working capital and exclusive charge created on specific machinery financed/to be financed by the banker/s and/or financial institution/s and the personal guarantee of Shri V.N.Dhoot.					
iv. Rs.1,350,000,000/- (Previous year Rs.NIL) are secured by unconditional and irrevocable guarantee of IDBI (for principle and interest). The said guarantee assistance, provided by IDBI, is secured by a first mortgage and charge in favour of the guarantor, of all the immovable properties, both present & future, and a first charge by way of hypothecation of all the movables, present & future ranking pari-passu with existing charge holders, subject to charges created /to be created in favour of the Bankers on the specified current assets for securing borrowings for working capital loans and also guaranteed by Shri. V. N. Dhoot.					
v. Rs.420,000,000/- (Previous year Rs.NIL) are secured by charge on the properties of the Company and such charges to rank third subject and subservient to the Mortgages and charges created/to be created in favour of Financial Institutions/Debentures Trustees/Banks. The debentures will be redeemed at Rs.220/- (inclusive of face value of Rs.100/- per debenture) at the end of 10th year from the date of allotment i.e. 20th November, 1996 or on exercise of put/call option as per the terms of offer.					

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The Debenture referred to in (i) to (iv) above are redeemable at par, and Debentures referred to at (v) above are redeemable at premium as stated in one or more installments on various dates with the earliest redemption being on 15th October, 2005 and last date being 1st January, 2012. The debentures redeemable as follows Rs.1813 million in financial year 2005-06, Rs.2208.56 million in financial year 2006-07, Rs.818.58 million in financial year 2007-08, Rs.582.88 million in financial year 2008-09, Rs.221.38 million in financial year 2009-10, Rs.176.38 million in financial year 2010-11 and Rs.43.19 million in financial year 2011-12.

B. Term Loans :-

The Term Loans are secured by mortgage of existing and future assets of the Company and a floating charge on all movables assets, present and future (except book debts), subject to prior charge of the Bankers on stock of raw materials, finished, semi finished goods and other movables, for securing working capital loans in the ordinary course of business, and exclusive charge created on specific items of machinery financed by the respective lenders. The above charges shall rank pari passu inter-se for all intents and purposes. The above loans are guaranteed by Shri V. N. Dhoot. In addition to the above, a part of term loans from ICICI Bank Ltd. is further secured by way of pledge of shares of Deccan Cement Ltd. and Evans Fraser & Co. (India) Ltd. and a part of term loan from State Bank of India is further secured by way of pledge of shares of Kitchen Appliances India Ltd. and Applicomp (India) Ltd. belonging to and held by the Company. A part of loans from banks are secured by the assignment/fixing and floating charges of all moneys received or to be received by Company in relation to and from the Ravva Joint Ventures including but not limited to all receivables of the Company subject, to the extent necessary, to the charge in favour of the Joint Ventures in terms of the Production Sharing Contract/Joint Operating Agreement in respect of Ravva Joint Venture; and The assignment/fixing and floating charge of all the right, title and interest into and under all project documents, including but not limited to all contracts, agreements or arrangements which the Company is a part to, and all leases, licenses, consents, approvals related to the Ravva Joint Venture, insurance policies in the name of the Company, in a form and manner satisfactory to Trustee.

C. Corporate Loan from Banks :-

Corporate Loan from Banks are partially secured by first charge, partially by second charge, ranking pari-passu, and the balance by second subservient charge, on the immovable and movable assets, both present and future, of the Company. These are further secured by unconditional and irrevocable guarantee of Shri. V. N. Dhoot.

D. Vehicle Loans from Banks :-

Vehicle Loans from Banks are secured by way of hypothecation of Vehicles acquired out of the said loan. The loans are also guaranteed by personal guarantee of Shri. V. N. Dhoot.

E. Hire Purchase Loan :-

Hire Purchase Loan is secured by way of mortgage of Buildings purchased from Gujarat Housing Board.

F. Working Capital Loans From Banks :-

Working Capital Loans from Banks are secured by hypothecation of the Company's stock of raw materials, packing materials, stock-in-process, finished goods, stores and spares, book debts of Glass Shell Division only and all other current assets and guaranteed by Shri. V. N. Dhoot.

Installments of loans from banks and financial institutions falling due within one year Rs. 2,333.15 million (Previous year Rs. Nil)

SCHEDULE - 4 : UNSECURED LOANS

	As at 30th Sept., 2005 Rupees	As at 30th June, 2004 Rupees
Nil (Previous year 9,000,000) 6.25% Non Convertible Debentures of Rs. 100/- each	—	900,000,000
From Banks		
i. Rupee Loan	2,522,248,741	—
ii. Foreign Currency Loan	344,609,524	—
Loans from Others	3,964,830	685,020
Sales Tax Deferral	93,056,839	—
	<u>2,963,879,934</u>	<u>900,685,020</u>

SCHEDULE - 5 : FIXED ASSETS

(Rupees)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at 30th June, 2004	Additions on Amalgamation	Additions during period	Deductions during period	As at 30th Sept., 2005	Up to 30th June, 2004	Additions on Amalgamation	For the period	Deductions during period	Up to 30th Sept., 2005	As at 30th June, 2004
Free Hold Land	—	85,174,723	700,000	—	85,874,723	—	—	—	—	85,874,723	—
Leasehold Land	210,000	9,005,706	679,880	—	9,895,586	—	—	4,035,736	—	4,035,736	210,000
Building	1,137,290,953	4,379,766,346	26,668,613	4,920,360	5,538,805,552	60,849,683	974,180,487	111,686,544	207,189	1,146,509,525	4,392,296,028
Onshore Building	—	80,818,089	—	—	80,818,089	—	24,730,901	3,505,449	—	28,236,350	52,581,739
Leasehold Premises	1,726,700	—	—	—	1,726,700	337,824	—	86,947	—	424,771	1,301,929
Plant & Machinery	29,127,830	39,842,309,464	5,668,596,363	29,127,830	45,510,905,827	15,463,715	15,067,509,825	2,823,104,059	15,463,715	17,890,613,884	27,620,291,944
Furnace	—	1,139,242,759	—	—	1,139,242,759	—	1,004,943,313	44,793,729	—	1,049,737,042	89,505,717
Electrical Installations	—	105,755,369	1,899,086	—	107,654,455	—	53,655,926	4,319,797	—	57,975,723	49,678,732
Platform Tripod	—	45,701,388	—	—	45,701,388	—	43,250,779	918,978	—	44,169,757	1,531,631
Platform Tetrapod	—	53,708,960	—	—	53,708,960	—	50,828,967	1,079,997	—	51,908,964	1,799,996
Pipeline	—	616,725,651	—	—	616,725,651	—	526,872,767	33,694,832	—	560,567,599	56,158,052
Terminal Facilities	—	63,021,462	—	—	63,021,462	—	59,642,111	1,267,257	—	60,909,368	2,112,094
Crude Oil Storage Tank	—	153,602,288	1,822,731	—	155,425,019	—	117,696,575	13,738,390	—	131,434,965	23,990,054
Onshore Processing Facilities	—	603,599,322	386,228	—	603,985,550	—	503,876,580	37,453,793	—	541,330,373	62,655,177
Offshore Processing Facilities	—	663,054,078	2,616,914	—	665,670,992	—	562,381,895	38,230,607	—	600,612,502	65,058,490
Tanker Mooring & Loading Facility	—	156,841,961	4,079,013	—	160,920,974	—	107,625,156	19,622,884	—	127,248,040	33,672,934
Communication Equipments	—	3,254,945	336,126	349,694	3,241,377	—	1,636,018	330,513	227,794	1,738,737	1,502,640
Office Equipments	6,675,190	74,571,607	10,657,628	6,453,627	85,450,798	829,760	35,359,609	5,733,248	667,971	41,254,646	44,196,152
Computer Systems	19,388,127	279,445,068	34,600,343	21,238,290	312,195,248	4,560,432	185,712,082	31,434,484	8,484,463	213,222,534	98,972,714
Computer Software	—	—	13,750,000	—	13,750,000	—	—	1,604,167	—	1,604,167	12,145,833
Furniture & Fixtures	964,906	128,629,744	6,308,818	296,850	135,606,618	431,086	75,379,945	6,678,489	169,727	82,319,793	53,286,825
Vehicles	—	413,730,427	8,396,641	2,652,207	419,474,861	—	218,367,173	21,758,586	982,557	239,143,202	180,331,659
Technical Know How	4,722,811	—	—	4,722,811	—	1,574,113	—	—	1,574,113	—	3,148,698
Total	1,200,106,517	48,897,959,357	5,781,498,384	69,761,669	55,809,802,589	84,046,613	19,613,650,109	3,205,078,486	27,777,530	22,874,997,678	32,934,804,911
Capital Work - in - Progress	—	7,796,123,994	—	—	6,490,853,661	—	—	—	—	—	6,490,853,661
	1,200,106,517	56,694,083,350	—	—	62,300,656,250	—	—	—	—	39,425,658,572	1,116,059,904
As at 30th June, 2004	1,177,593,252	—	22,513,265	—	1,200,106,517	56,238,182	—	27,808,431	—	84,046,613	1,116,059,904

* Addition on amalgamation to the Gross Block of Plant and Machinery includes Rs.9,518,448,908/- being the amount added on revaluation on 01.08.1998 and 01.10.2002 by erstwhile Videocon International Ltd.

	As at 30th Sept., 2005 (Rupees)	As at 30th June, 2004 (Rupees)
SCHEDULE - 6 : INVESTMENTS		
LONG TERM INVESTMENTS :		
IN GOVERNMENT & TRUST SECURITIES	408,445	—
QUOTED		
IN EQUITY SHARES (Fully Paid up) - TRADE	86,851,270	58,583,860
IN EQUITY SHARES (Fully Paid up) - OTHERS	138,795,795	—
IN MUTUAL FUNDS UNITS	10,004,879	4,684
UNQUOTED		
IN EQUITY SHARES (Fully Paid up) - TRADE	354,755,000	—
IN EQUITY SHARES (Fully Paid up) - OTHERS	54,318,332	522,317,100
IN EQUITY SHARES OF SUBSIDIARY CO. (Fully Paid up)	22,583,300	22,583,300
IN DEBENTURES - TRADE	10,000,000	—
OTHERS	522,910	2,500
SHARE APPLICATION MONEY PENDING ALLOTMENT	1,000,000,000	—
CURRENT INVESTMENTS:		
UNQUOTED		
IN UNITS OF MUTUAL FUNDS	726,765,070	—
TOTAL	2,405,005,001	603,491,444
Aggregate cost of quoted Investments	236,055,510	58,588,544
Aggregate market value of quoted Investments	517,932,757	4,628,601
Aggregate cost of unquoted Investments/ Application Money	2,168,949,491	544,902,900

SCHEDULE - 7 : CURRENT ASSETS, LOANS & ADVANCES

a) Inventories (As taken, valued and certified by Management)		
Raw Materials including Consumables, Stores & Spares	4,905,251,468	3,201,784
Work in Process	624,030,220	—
Finished Goods	2,106,603,621	—
Material in Transit and in Bonded warehouse	1,059,607,238	—
Drilling and Production Materials	124,266,213	—
Crude Oil	27,569,054	—
(a)	8,847,327,814	3,201,784
b) Sundry Debtors (Unsecured, considered good)		
Outstanding for a period exceeding six months	254,272,838	180,328
Others	24,976,823,106	6,940,675
(b)	25,231,095,944	7,121,003
c) Cash & Bank Balances		
Cash on Hand	7,700,145	252,325
Cheque/Drafts on hand/in Transit	116,172,117	—
Balances with Banks	—	—
In Current Accounts (Refer Note No. 1k of Schedule 16B)	14,402,036,372	3,244,553
In Fixed Deposits	2,242,998,710	205,000
In Dividend/Interest Warrant Accounts (Per Contra) in current account	40,529,570	—
(c)	16,809,436,914	3,701,878
d) Other Current Assets		
	143,275,033	1,442,289
(d)	143,275,033	1,442,289
e) Loans & Advances (Unsecured, considered good)		
Inter Corporate Deposit/Loans	172,204,125	—
Advance for Purchase of Properties	259,626,599	—
Advances recoverable in Cash or in kind or for value to be received	17,055,330,920	144,259,538
Balance with Central Excise / Customs Department	254,658,746	—
Advance Tax and T.D.S. (net)	10,486,241	8,198,509
Other Deposits	515,141,751	7,717,205
(e)	18,267,448,382	160,175,252
Total (a to e)	69,298,584,087	175,642,206

	As at 30th Sept., 2005 (Rupees)	As at 30th June, 2004 (Rupees)
SCHEDULE - 8 : CURRENT LIABILITIES & PROVISIONS		
a) Current Liabilities		
Sundry Creditors	19,172,668,753	7,301,053
Advances from Customers	—	122,527,836
Temporary Overdraft from Banks	104,959,351	—
Income Received in Advance	6,101,196	18,608,728
Interest Accrued but not due	403,119,385	—
Finance Lease	460,466	—
Other Liabilities	1,619,300,872	1,198,590,644
Unclaimed Debenture Redemption	—	1,691,730
Unclaimed Dividend/Interest (Per Contra)	40,529,570	—
(a)	21,347,139,593	1,348,719,990
b) Provisions		
Proposed Dividend - Equity	551,921,583	—
Proposed Dividend - Preference	35,989,710	—
Provision For Corporate Tax on Proposed Dividend	82,349,022	—
Provision for Leave Encashment	26,555,778	191,276
Provision for Gratuity	—	74,629
(b)	696,816,093	265,905
Total (a + b)	22,043,955,686	1,348,985,895

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	Current period ended 30th Sept., 2005 (Rupees)	Previous year ended 30th June, 2004 (Rupees)
SCHEDULE - 9 : MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary Expenses	66,405	36,811
Pre-Operative Expenses	—	32,966
Deferred Revenue Expenditure	—	52,851
Total	66,405	122,628
SCHEDULE - 10 : OTHER INCOME		
Rent Received	102,501,228	55,882,970
[TDS Rs. 7,285,081/-, Previous year Rs. 1,601,210/-] Service Charges	108,509,800	83,642,989
[TDS Rs. 8,130,610/-, Previous year Rs. 2,517,396/-] Interest Income	242,452,294	382,625
[TDS Rs. 18,344,322/-, Previous year Rs. 18,486/-] Profit on Sale of Investments (net)	19,841,929	15,970,848
Dividend Received	9,455,143	2,544,483
Insurance Claim Received	157,950,745	—
Exchange Rate Fluctuation	184,346,034	—
Profit on Sale of Fixed Assets	1,296,059	—
Write Back against diminution in the value of Quoted Investment	13,210,940	—
Miscellaneous Income [TDS Rs. 161,162/-, Previous year Rs.56,454/-]	121,868,727	12,290,303
	961,432,899	170,714,218
SCHEDULE 11 - COST OF GOODS SOLD		
A. Material and Components Consumed		
Opening Stock	4,572,933,074	3,549,817
Add : Purchases	42,859,589,370	8,680,328
	47,432,522,444	12,230,145
Less : Closing Stock	4,908,063,243	3,201,784
	(A) 42,524,459,201	9,028,361

- c) The subsidiary companies and the Joint Venture Company, which are included in the consolidation and the percentage of ownership interest therein of the company as on 30th September, 2005 are as under

Name of the subsidiary	Country of incorporation	Percentage of Holding As at	
		30th Sept. 2005	30th June 2004
Paramount Global Ltd *	Hong Kong	100%	-
Middle East Appliances LLC *	Sultanate of Oman	100%	-
Videocon (Cayman) Ltd. *	Cayman Islands	100%	-
Trend Ltd *	Hong Kong	100%	-
Sky Billion Trading Ltd *	Hong Kong	100%	-
Mars Overseas Ltd *	Cayman Islands	100%	-
Videocon Global Ltd *	British Virgin Islands	100%	-
Powerking Corporation Ltd. (w.e.f. 15th July 2005)	Cayman Islands	100%	-
Videocon Industrial Finance Ltd *	India	100%	-
Gruhaapoygi Electronics Appliances Pvt Ltd *	India	100%	-
Gajanan Electronics and Home Appliances Pvt Ltd *	India	100%	-
Mayur Household Electronics Pvt Ltd (w.e.f. 10th October 2004) *	India	100%	-
Godavari Consumer Electronics Appliances Pvt Ltd. (w.e.f. 28th February, 2005)	India	100%	-
Popup Properties and Investment Pvt. Ltd. (upto 27th July, 2005)	India	-	100%
Videocon Securities Ltd. (upto 27th July, 2005)	India	-	100%
Name of the Joint Venture Company			
India Floor Care and Appliances Limited - (upto 27th July, 2005) ceased to be Joint Venture thereafter.	India	-	50%

*On amalgamation of Videocon International Ltd. with the Company effective 31st December 2004.

- d) Details regarding foreign subsidiaries are as under:

Particulars/ Name of Subsidiary	Rs. Million							
	Paramount Global Ltd	Middle East Appliance LLC	Videocon (Cayman) Ltd	Trend Ltd.	Sky Billion Trading Ltd	Mars Overseas Ltd	Videocon Global Ltd.	Powerking corporation Ltd
Country of Incorporation	Hong Kong	Sultanate of Oman	Cayman Islands	Hong Kong	Hong Kong	Cayman Islands	British Virgin Islands	Cayman Islands
Extent of Interest	100% Subsidiary	100% Subsidiary	100% Subsidiary	100% Subsidiary	100% Subsidiary	100% Subsidiary	100% Subsidiary	100% Subsidiary
Financial Year Ended	30th Sept., 2005	30th Sept., 2005	30th Sept., 2005	30th Sept., 2005	30th Sept., 2005	30th Sept., 2005	30th Sept., 2005	30th Sept., 2005
Capital	566.66	257.67	2.21	17.71	47.46	0.04	0.11	0.04
Share Application Money	-	-	-	-	-	44.23	-	0.08
Reserves	(220.89)	(4.06)	(70.37)	(87.09)	5.45	(19.76)	10.78	(111.33)
Total Assets	4,767.68	668.43	42.73	614.01	1,344.73	42.15	4,979.17	3,545.13
Total Liabilities	4,421.92	414.82	110.89	683.40	1,291.83	17.63	4,968.28	3,656.33
Investments other than in Subsidiaries	-	-	-	-	-	-	-	-
Total Revenue	185.49	301.72	0.00	89.81	221.42	-	502.57	-
Profit/(Loss) before Tax	(24.98)	(1.16)	(0.11)	(48.22)	11.74	(16.30)	(168.33)	(111.33)
Provision for Tax	-	-	-	-	-	-	-	-
Profit/(Loss) after Tax	(24.98)	(1.16)	(0.11)	(48.22)	11.74	(16.30)	(168.33)	(111.33)
Proposed Dividends and tax thereon	-	-	-	-	-	-	-	-

2. Method of Accounting

The accounts are prepared under the Historical Cost Convention except certain fixed assets of Parent Company, which are revalued, using the accrual method of accounting unless otherwise stated.

3. Joint Ventures for Oil and Gas Fields:

In respect of joint ventures in the nature of Production Sharing Contracts (PSC) entered into by the Company for oil and gas exploration and production activities, the Company's share in the assets and liabilities as well as income and expenditure of Joint Venture Operations are accounted for according to the Participating Interest of the Company as per the PSC and the joint operating agreements on a line by line basis in the Company's Financial Statements.

4. Fixed Assets

Fixed Assets are stated at actual cost except for certain fixed assets in Parent Company which have been stated at revalued amount. The actual cost is inclusive of freight, installation cost, duties, taxes, financing cost and other incidental expenses but net of MODVAT/CENVAT. Exchange difference, if any, in respect of liabilities incurred to acquire fixed assets is adjusted to the carrying amount of respective fixed assets.

Capital work in progress is carried at cost, comprising of direct costs, attributable interest and related incidental expenditure. The advances given for acquiring fixed assets are shown under Capital Work in Progress.

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5. Depreciation

- i. The Parent Company and Indian Subsidiary Companies provide depreciation on fixed assets held in India on written down value method at the rates specified in Schedule XIV to the Companies Act, 1956 except
- on fixed assets of Consumer Electronics Division of the Company and
 - on office buildings acquired after 1st April, 2000.
- on which depreciation has been provided on straight line method at the rates prescribed in the said Schedule. The depreciation on revised carrying amount of fixed assets arising on account of translation of foreign Currency Loans availed in respect of the Fixed Assets and on Revaluation of asset is provided as aforesaid over the residual useful life of the respective assets. Depreciation on fixed asset held outside India is calculated on straight line method from the date of acquisition applying the rates varying from 10% to 20%.
- ii. In case of the foreign subsidiary, Middle East Appliances LLC, depreciation is charged to the income statement on a straight line basis over the estimated useful life of plant, furniture and vehicle as follows
- | | |
|------------------------|---------|
| Plant & machinery | 7 years |
| Furniture & equipments | 3 years |
| Motor Vehicle | 3 years |
- Capitalised leased assets are depreciated in accordance with depreciation policy noted above, with the depreciation period being the estimated useful economic life of the asset. Capital work-in-progress is not depreciated.

6. Investment

Quoted investment are valued at cost or market value whichever is lower. Unquoted investments are stated at costs and the cost is inclusive of brokerage, fees and duties. The decline in the value of unquoted investments, other than temporary, is provided for.

7. Retirement Benefits

- i. In case of Parent Company and the Indian Subsidiaries:
- Contribution to Provident Fund and Family Pension Scheme are accounted for on accrual basis and charged to the Profit and Loss Account.
 - The Company's employees are covered under the Employees Group Gratuity Cum Life Assurance Scheme of Life Insurance Corporation of India. The Company accounts for gratuity liability equivalent to the premium amount payable to Life Insurance Corporation of India every year, which is based on actuarial valuation.
 - Liability on account of leave encashment is provided for in respect of employee's of the Glass Shell unit at village chhavaj, Dist.Bharuch on actuarial valuation basis and in respect of other employee's to the extent encashable as at the end of the financial year as per rules of the Company.
- ii. In case of Foreign Subsidiaries the retirement benefits to the employee's are accounted according to the local laws of that country.

8. Taxation

- In case of Parent Company and the Indian Subsidiaries, provision for current income tax is made after considering exemptions and deductions available under the Income Tax Act, 1961. In case of foreign Subsidiaries provision for current income tax is made as per local laws of that country.
- Deferred Tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallise.

9. Preliminary Expenses

In case of Subsidiary Company Videocon Global Limited, the preliminary expenses are written off over a period of 5 years.

10. Contingent Liabilities

Contingent Liabilities are disclosed by way of Notes of Accounts. Disputed demands in respect of Central Excise, Customs, Income Tax and Sales Tax are disclosed as contingent liabilities. Payment in respect of such demands, if any, is shown as advance, till the final outcome of the matter.

11. Other Significant accounting policies

These are set out under " Significant Accounting Policies" as given in the financial statements of Videocon Industries Ltd. and its subsidiaries.

B] NOTES TO ACCOUNTS :-

	30.09.2005 (Rs. Million)	30.06.2004 (Rs. Million)
1. Contingent Liabilities not provided for:		
a. Letters of Guarantees Includes Bank Guarantees given to Sales Tax Department Rs.10.53 million (Previous year Rs.NIL) Against demand stated in 'g' below	12,584.48	NIL
b. Letters of Credit opened	1,077.81	NIL
c. Customs Penalty - Stayed by High Court	11.85	NIL
d. Customs Duty demands under dispute [Amount paid under protest Rs. 0.4 million (Previous year Rs.NIL)]	18.82	NIL
e. Income Tax demands under dispute [Amount paid under protest Rs.9.21 million (Previous Year Rs.NIL)]	9.21	NIL

- | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-----|
| f. Excise Duty demand under dispute
[Amount paid under protest Rs.5.31 million
(Previous Year Rs.NIL)] | 237.59 | NIL |
| g. Sales Tax demands under dispute
[Amount paid under protest Rs.47.28 million
(Previous Year Rs. NIL)] | 186.77 | NIL |
| h. Claims against the Company not acknowledged as debts: Claim by Delhi Development Authority in respect of unearned income, ground rent and interest in respect of property acquired on amalgamation of Banganga Investments Private Limited with the Company - Rs. 293.93 million (Previous year Rs. 293.93 million). | | |
| i. ONGC has claimed a sum of US\$ 7.74 million equivalent to Rs. 339.26 million as Production Bonus from the Company and the same has been disputed by the Company. However, the Company has made a provision of US\$ 5.81 million equivalent to Rs. 253.91 million pursuant to the interim agreement reached by the contractor parties and the same has been paid. Negotiations are in progress for arriving at 'negotiated rate' based on quantum of production. Hence, no provision is made for the balance amount. | | |
| j. Disputed Income Tax demand amounting to US\$ 0.51 million equivalent to Rs. 22.29 million in respect of certain payment made by Ravva Oil & Gas Field Joint Venture is currently pending before the Income Tax Appellate Tribunal. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the accounts as the same is subject to agreement by the members of the Joint Venture. Should it ultimately become payable, the Company's share as per the participating interest would be US\$ 0.13 million equivalent to Rs. 5.57 million. | | |
| k. The balance in the account of the Company of US\$ 232.50 million (equivalent to Rs.10,232.33 million) included in the Balances with Scheduled Banks in Current Accounts in Schedule 7, has been charged and assigned against the term loan facility of US\$ 290.00 million outstanding balance as on 30th September, 2005 of US\$ 232.50 million (equivalent to Rs.10,232.33 million), availed by Egale Corporation (the Borrower). | | |

- 2 (a) There is a dispute between the Government of India (GoI) and the Company regarding the computation of Post Tax Rate of Return (PTRR) and Cost Petroleum for calculation of its share in Profit Petroleum under the Ravva PSC and interest thereon.

The said disputes with the GoI have been referred to an International Arbitration in accordance with the provisions of the Ravva PSC. Vide the interim award dated 31st March 2005, the Tribunal has partly upheld the Company's claim. The Company has accordingly worked out and submitted a computation on 31st May 2005 to GoI indicating the amount payable at US\$ 27.02 million equivalent to Rs. 1,176.04 million. However, GoI has now claimed US\$ 43.72 million equivalent to Rs. 1,901.79 million and interest thereon. The Company has filed a supplemental application on 7th July 2005 with the Arbitration Tribunal with a prayer to determine the correct amount payable to GoI as well as to determine the interest if any payable on the same. However, pending the final decision of the Hon'ble Arbitral Tribunal the Company has accounted for and paid the sum of US\$ 43.72 million equivalent to Rs. 1,901.79 million on ad hoc basis and the same has been shown as exceptional item in the Profit and Loss Account.

Any further sum required to be paid or returnable in accordance with the determination of the amount by Hon'ble Arbitral Tribunal in this behalf shall be accounted for on the receipt of the final decision in this regard.

- (b) There is a dispute between the Company and GoI with regard to the computation of interest on delayed payment of profit petroleum to the extent of US\$ 67,636 equivalent to Rs. 2.98 million. The Company has referred the dispute to the Arbitral Tribunal for a final award, pending which no provision has been made by the Company.
- The audited financial statements of Videocon (Mauritius) Infrastructures Ventures Limited, being wholly owned foreign subsidiary incorporated in Mauritius, have not been included in preparation of Consolidated Financial Statements as the control is temporary in nature.
 - Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances) Rs.957.47 million (Previous year Rs. NIL).
 - As per the accounting policy followed by the Company, the quoted investments are valued at cost or market value whichever is lower i.e. they have been marked to market. Accordingly, during the year, there is a write back of Rs.13.21 million (Previous year Rs.NIL) against the diminution in the value of quoted investments recognised in earlier year.
 - In case of Parent Company, the gross block of the Fixed Assets includes Rs. 9,518.45 million (Previous year Rs.NIL) on account of revaluation of Plant and Machinery as made by erstwhile Videocon International Ltd. as at 01.04.1998 & 01.10.2002 which have been added on amalgamation of that company with effect from 31st December 2004. The additional depreciation of Rs. 877.87 million for the period 31.12.2004 to 30.09.2005 (Previous year Rs.NIL) consequent to the said revaluation has been charged to the Profit and Loss Account and an equivalent amount has been withdrawn from General Reserve and credited to the Profit and Loss Account.
 - Under the terms of Profit Sharing Contract between the Parent Company and the Government of India the Contract Area in Block KG-QS/6 located at the Krishna-Godavari basin, off the southeast coast of India has been relinquished and the Contract has ended with effect from 12th May 2004. In the opinion of the management no significant adjustment is required in the accounts in this regard.
 - Petrocon India Limited, (PIL - the amalgamating Company) has been amalgamated with the Parent Company with effect from 31st March, 2004 (the appointed date) in terms of the Scheme of Amalgamation (the Scheme) sanctioned by the Hon'ble High Court at Bombay vide its order dated 7th June, 2005. For giving effect to the Scheme, the following accounting treatment has been given in the accounts.

- a) Amalgamation has been accounted for under the "Pooling of Interest Method" as prescribed by Accounting Standard – 14 "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India. Accordingly, the assets and liabilities and reserves of PIL have been recorded at their book values in the accounts of the Company.
- b) PIL was mainly engaged in the business of the extraction of Crude Oil and Natural Gas. It was also engaged in the trading of electronic appliances, electrical goods and shares & securities on opportunistic basis. In accordance with the Scheme, the entire business and undertaking of PIL stands transferred and vested in the Company with effect from the appointed date i.e. 31st March, 2004. In consideration of the said transfer, 125,755,450 equity shares of Rs.10/- each fully paid up have been issued and allotted at par to the shareholders of erstwhile PIL in the ratio of five equity shares of Rs.10/- each fully paid up of the Company for every two equity shares of Rs.10/- each fully paid up of PIL. The difference between the paid up value of the shares allotted and the paid up value of the Share Capital of the PIL amounting to Rs. 754.53 million and the net balance in Profit and Loss Account as on 30th June 2004 of Rs. 70.64 million have been adjusted against the Reserves.
- c) As the effective date falls after 30th June, 2004, the previous year's figures do not include the figures in respect of operations of PIL for the period from 31st March 2004 (the appointed date) to 30th June 2004. The Profits amounting to Rs. 72.92 million of PIL for the period from 31st March 2004 to 30th June 2004 have been adjusted in the Reserves, as the accounts for the period upto 30th June 2004 and 31st March 2004 of the Company and PIL, respectively, have been closed and approved.
- d) The summarized Profit and Loss Account of PIL for the period from 31st March 2004 to 30th June 2004 are given below:

	Rs. Million
Income	
Sales/Income from operations	4,227.24
Other Income	93.70
(a)	4,320.94
Expenditure	
Cost of goods Sold/Traded	1,996.21
Production & Exploration Expenses	1,495.58
Administrative & General Expenses	400.39
Interest and Finance Charges	314.50
Depreciation	41.34
(b)	4,248.02
(a-b)	72.92
Profit for the Period	72.92
Less: Balance brought forward	2.28
Net adjusted in Profit and Loss Account	70.64

9. Videocon International Limited, (VIL - the amalgamating Company) has been amalgamated with the Company with effect from 31st December, 2004 (the appointed date) in terms of the Scheme of Amalgamation (the Scheme) sanctioned by the Hon'ble High Court at Bombay vide its order dated 25th November, 2005. The Scheme has become effective on 7th December, 2005. For giving effect to the Scheme, the following accounting treatment has been given in the accounts.

- a) Amalgamation has been accounted for under the "Pooling of Interest Method" as prescribed by Accounting Standard – 14 "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India. Accordingly, the assets and liabilities and reserves of VIL have been recorded at their book values in the accounts of the Company.
- b) VIL was mainly engaged in the business of the manufacturing, marketing and distribution of consumer electronic products and household appliances and glass shells for colour picture tubes. In accordance with the Scheme, the entire business and undertaking of VIL stands transferred and vested in the Company with effect from the appointed date i.e. 31st December, 2004. In consideration of the said transfer, 14,242,488 equity shares of Rs.10/- each fully paid up have to be issued and allotted at par to the shareholders of erstwhile VIL in the ratio of one equity shares of Rs.10/- each fully paid up of the Company for every five equity shares of Rs.10/- each fully paid up of VIL. The shareholder holding preference shares of Rs.100/- each have to be issued one preference share of Rs.100/- each of the company on the same terms and conditions as those in VIL. Pending the allotment of the said equity shares and preference shares pursuant to the scheme the amount has been shown as "Share Capital Suspense" as on 30.09.2005. The difference between the paid up value of the equity shares to be allotted and the paid up value of the Equity Share Capital of the VIL amounting to Rs. 569.7 million have been adjusted against the reserves.
- c) Consequent to the merger, accounting policy of VIL relating to depreciation on certain fixed assets has been changed to achieve uniformity with the accounting policy of the Company. The resultant additional charge of Rs.72.92 million pertaining to the year is charged to Profit and Loss Account and Rs.132.10 million relating to the period prior to appointed date is accounted in the adjustment on amalgamation.

- 10 The major components of deferred tax liabilities/assets are as under:

	2004-05 (Rs. Million)	2003-04 (Rs. Million)
A. Deferred Tax Liabilities		
i. Related to Depreciation on Fixed Assets & amortisation.	1,569.69	95.82
ii. Others	15.44	NIL
	1,585.13	95.82

B. Deferred Tax Assets

i. Expenses charged in the financial statements but allowable as deduction in future years under the Income Tax Act, 1961.	26.50	NIL
ii. Diminution in value of investments charged in Profit & Loss Account	36.59	NIL
iii. Unabsorbed Losses/Depreciation	—	344.45
	63.09	344.45
Net Deferred Tax Liability / (Assets)	1,522.04	(248.63)

11. Joint Venture Disclosure :

A. Unincorporated Joint Ventures for Oil & Gas field:

a) Ravva Oil & Gas Field:

The Production Sharing Contract (PSC) in respect of Ravva Oil and Gas Field was entered into on 28th October 1994 (Effective Date) between the President of India on behalf of the Government of India Oil and Natural Gas Corporation Ltd, erstwhile Petrocon India Limited (now amalgamated with the Company) and the contractor parties viz. Cairn Energy India Pty Limited and Ravva Oil (Singapore) Pte. Ltd. The contractor parties have pursuant to PSC entered into a Joint Operating Agreement on the Effective Date. Cairn Energy India Pty Ltd. is the operator. The participating interest of the Company in the said PSC is 25%. The Financial Statements reflect the share of the Company in the assets and the liabilities as well as the income and the expenditure of Joint Venture Operations on a line by line basis. The Company incorporates its share in the operations of the Joint Venture based on statements of account received from the Operator.

b) Block KG-OS/6:

The Production Sharing Contract (PSC) in respect of Block KG-OS/6 was entered into on 30th June 1998 between the President of India on behalf of the Government of India, Oil & Natural Gas Corporation Ltd, erstwhile Petrocon India Limited (now amalgamated with the Company) and Cairn Energy India Pty Limited. The participating interest of the Company in the said PSC was 50%. The Financial Statements reflect the share of the Company in the assets and the liabilities as well as the income and the expenditure of the Joint Venture Operations on a line by line basis. The Company incorporates its share in the operations of the Joint Venture based on statements of account received from the Operator. Also refer note 7 above.

B. Jointly Controlled Entity

- a. Name of the Entity Participating Interest
India Floor Care and Appliances Limited 50% upto 27th July 2005.
- b. Interest in the Assets, Liabilities, Income and Expenses with respect to above entity.

	30th September 2005 (Rs. Million)	30th June 2004 (Rs. Million)
i) Assets :		
Net Fixed Assets	—	16.82
Investments	—	0.02
Current Assets	—	5.75
Miscellaneous Expenditure	—	0.06
Profit and Loss Account	—	26.71
ii) Liabilities :		
Preference Share Capital	—	10.00
Loans - Secured and unsecured	—	3.09
Current Liabilities and Provisions	—	18.75
iii) Total Income	9.35	12.94
iv) Total Expenses	13.47	16.72
v) Contingent Liabilities	—	—
vi) Capital Commitment	—	—

12. The Company has invested an amount of Rs.726.77 million in units of mutual funds out of which the Company has earmarked against provision for abandonment cost to the extent the sum of Rs.491.30 million included under the head other liabilities in Schedule 8.

	30th Sept., 2005	30th June, 2004
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13 Earnings Per Share:

a) Net Profit/(Loss) available for equity shareholders (Rs. Million)	3,983.95	(21.14)
b) Weighted Average no. equity shares for Basic	170,626,962	32,885,050
c) Weighted Average no. equity shares for Diluted	170,627,437	32,885,050
d) Basic Earnings per Share (Rs.)	23.35	(0.64)
e) Diluted Earnings per Share (Rs.)	23.35	(0.64)

14. The Parent Company has discontinued the business of sale and distribution of lotteries with effect from 28th February 2005. The assets related to this business have been sold and the resultant gain of Rs. 0.10 million has been included in Miscellaneous Income under the head "Other Income" in Schedule 10.

VIDEOCON INDUSTRIES LIMITED

15. Related Party Disclosures

As required under Accounting Standard 18 on "Related Party Disclosure". The disclosure of transaction with related parties as defined in the Accounting Standard are given below.

a) List of Related Parties

- i) Associates and unincorporated Joint Venture
 - Ravva Oil & Gas Field (unincorporated) Joint Venture - Participating Interest 25%
 - Block KG -OS/6 (unincorporated) Joint Venture - Participating Interest 50%
 - Videocon India - Enterprise in which Director is a partner.
- ii) Key Management Personnel
 - Shri Venugopal N. Dhoot - Chairman & Managing Director
 - Shri Pradeepkumar N. Dhoot - Director.

b) Transactions/outstanding Balances with Related Parties :

The company has entered into transactions with certain related parties as listed below. The Board considers such transactions to be in normal course of business.

Nature of Transaction	Associates/ Joint Venture	Key Management Personnel
Transaction with unincorporated Joint Venture		
- Contribution towards share of expenditure	464.27	
Outstanding as at 30.09.2005		
Outstanding with unincorporated Joint Venture	3.34	

(Rs. Million)

16. The Company and its subsidiaries have identified two reportable segments viz. Crude Oil & Natural Gas and Consumer Electronics. Segments have been identified and reported taking into account nature of products and services, the differing risks and returns and the internal business reporting system. The accounting policies adopted for segment reporting are in line with the accounting policy of the company with following additional policies for segment reporting.

- a) Segment revenue and expenses include the respective amounts identifiable to each of the segments on the basis of relationship to operating activities of the segment as also amounts allocated on a reasonable basis. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".
- b) Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other corporate assets and liabilities that cannot be allocated between the segment are disclosed as "Unallocable".
- c) Segment Information :

i) Information about primary business segment :

(Rs. Million)

Particulars	Crude Oil & Natural Gas		Consumer Electronics		Others		Total	
	30.09.2005	30.06.2004	30.09.2005	30.06.2004	30.09.2005	30.06.2004	30.09.2005	30.06.2004
1. Segment Revenue								
- External Turnover	14,316.52	—	53,599.18	12.95	1,219.45	37.05	69,135.15	50.00
- Inter Segment Turnover	—	—	—	—	—	—	—	—
Total Segment Turnover	14,316.52	—	53,599.18	12.95	1,219.45	37.05	69,135.15	50.00
2. Segment Result before Interest	4,339.89	—	2,866.51	(3.06)	(1,322.46)	(113.93)	5,883.94	(116.99)
Less : Interest Expenses	—	—	—	—	—	—	2,679.68	76.38
Add : Other Income	—	—	—	—	—	—	961.43	170.71
Profit before Exceptional items & Taxation	—	—	—	—	—	—	4,165.69	(22.66)
Exception items	—	—	—	—	—	—	(1,901.79)	—
Adjustment on Disposal of Subsidiaries	—	—	—	—	—	—	39.64	—
Current Tax	—	—	—	—	—	—	213.84	—
Deferred Tax (Credit)	—	—	—	—	—	—	(1,870.24)	(1.52)
Net Profit after Tax	—	—	—	—	—	—	3,959.94	(21.14)
3. Other Information								
Segment Assets	2,585.10	—	97,135.54	—	12,067.60	2,143.98	111,788.24	2,143.98
Segment Liabilities	2,473.64	—	57,706.23	—	5,665.90	2,262.76	65,845.77	2,262.76
Capital Expenditure	24.58	—	5,738.72	—	18.20	22.51	5,781.50	22.51
Depreciation	189.27	—	2,082.90	—	55.04	27.81	2,327.21	27.81
Non Cash Expenses other than depreciation	118.75	—	—	—	0.10	0.24	118.85	0.24

ii) Geographical Segment :

There are no reportable geographical segments as exports and operations of foreign subsidiaries are insignificant.

17. The results for the current period ended 30th September, 2005 are not comparable with those of the previous year as :

- a) the current period's figures are for a period of 15 months as against 12 months in the previous year.
- b) the current period's figures include operations of erstwhile Petrocon India Ltd. for the full period of 15 months consequent to its amalgamation with the Company effective 31st March 2004 and operations of erstwhile Videocon International Ltd. for the 9 month's period consequent to its amalgamation with the Company effective 31st December 2004.
- c) the figures of the current period includes operations of business of sale and distribution of lotteries for the period of 8 months, as against 3 months operations included in the previous year.

18. Previous years figures have been regrouped/reclassified and recasted wherever necessary.

CONSOLIDATED CASH FLOW STATEMENT

	2004-2005 Rupees	2003-2004 Rupees		2004-2005 Rupees	2003-2004 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES			Less:		
Net Profit before Tax	4,165,696,786	(22,655,395)	Increase in Fixed Assets including Capital Work-in-progress	41,556,661,292	22,513,265
Add:			(including net additions on amalgamation)		
a) Depreciation	2,327,206,952	27,808,431	Increase in Producing Properties	697,782,192	—
b) Interest and Finance Charges	2,679,678,491	76,380,690	Purchase of Investments (Net)	1,788,302,617	—
c) Producing Properties written off	118,750,149	—	Increase in Miscellaneous Expenditure	88,540	63,718
d) Miscellaneous Expenditure Written off	144,763	239,142			
e) Provision for Leave Encashment	26,364,502	150,255			
	<u>9,317,841,642</u>	<u>81,923,123</u>	Net Cash generated from Investing Activities	<u>(43,689,460,513)</u>	<u>2,163,611</u>
Less:			C. CASH FLOW FROM FINANCING ACTIVITIES		
a) Income from Investments	19,841,929	15,970,848	- Increase in Share Capital including amalgamation	1,736,410,950	—
b) Dividend Received	9,455,143	2,544,483	- Increase In Share Capital Suspense on amalgamation	556,826,740	—
c) Interest Received	242,452,294	382,625	- Increase in Reserves on amalgamation	20,816,560,759	—
d) Exceptional Items	1,901,788,861	—	- Goodwill on Consolidation	(79,871,642)	(25,887)
e) Write back of diminution in value of Investment	13,210,940	—	- Transfer of Deferred Tax Liabilities on amalgamation	3,640,911,193	—
	<u>2,186,749,167</u>	<u>18,897,956</u>	- Foreign Currency Translation Reserve on Consolidation	96,098,877	—
Cash generated from Operating Activities before Working Capital changes	7,131,092,475	63,025,167	- Increase in Secured Non Convertible Debentures	5,863,972,553	—
Adjustments (including on amalgamation) :			- Increase in Secured Term Loans from Banks	31,683,389,524	—
a) Inventories	(8,844,126,030)	371,546	- Increase in Unsecured Loans	2,063,194,914	—
b) Sundry Debtors	(25,223,974,941)	(1,490,748)	- Increase in Working capital	1,669,840,027	—
c) Other Current Assets	(141,832,744)	394,723	- Securities Premium Received (net of share issue expenses) and addition on amalgamation	20,407,077,275	—
d) Loans & Advances	(18,104,985,398)	(18,722,926)	- Share Application Money Received	95,589,720	—
e) Current Liabilities	20,010,823,795	148,880,030	- Preference Share Capital of JV entity	(10,000,000)	—
			- Inter Corporate Deposits	—	1,000,000
Cash generated from Operating Activities	<u>(25,173,002,843)</u>	<u>192,457,792</u>		<u>88,540,000,890</u>	<u>974,113</u>
Add: Income Tax Adjustment (Net)	(192,124,007)	3,260,904	Less:		
Net Cash generated from Operating Activities	<u>(25,365,126,850)</u>	<u>195,718,696</u>	Repayment of Secured Loan	—	4,454,035
B. CASH FLOW FROM INVESTING ACTIVITIES			Redemption of Optionally Convertible Debentures	—	206,100
Sale of Fixed Assets (Net)	41,984,139	—	Repayment of Short Term Loans from Others	—	96,722,090
Sale of Investments (Net)	—	5,842,638	Repayment of Unsecured Loan from others	—	19,031,352
Profit on Sale of Investments (Net)	19,841,929	15,970,848	Payment of Unclaimed Dividend	—	168,233
Dividend Received	9,455,143	2,544,483	Interest and Finance Charges Paid	2,679,678,491	76,380,690
Interest Received	242,452,294	382,625		<u>2,679,678,491</u>	<u>196,962,500</u>
Adjustment on disposal of subsidiary	39,640,623	—	Net Cash generated from Financing Activities	<u>85,860,322,400</u>	<u>(195,988,387)</u>
	<u>353,374,128</u>	<u>24,740,594</u>	Net Change in Cash and Cash Equivalents	16,805,735,036	1,893,921
			Opening Balance of Cash and Cash Equivalents	3,701,878	1,807,957
			Closing Balance of Cash and Cash Equivalents	16,809,436,914	3,701,878

Note: Previous year's figures have been regrouped / rearranged to confirm to the current period's presentation, wherever necessary

As per our Report of even date

For KHANDELWAL JAIN & CO.
Chartered Accountants

For KADAM & CO.
Chartered Accountants

For and on behalf of the Board

SHIVRATAN AGARWAL
Partner
Membership No. 104180

U.S.KADAM
Proprietor
Membership No. 31055

V.N.DHOOT
Managing Director

S. PADMANABHAN
Director

Place : Mumbai
Date : 13th December, 2005

P.A.INAMDAR
Company Secretary

STATEMENT OF SUBSIDIARIES*

Particulars/ Name of Subsidiary	RS. MILLION													
	Videocon Industrial Finance Limited	Gruhaupyogi Electronics Appliances Pvt. Ltd.	Gajanan Electronics & Home Appliances Pvt Ltd.	Mayur Household Electronics Pvt. Ltd.	Godavari Consumer Electronics Appliances Pvt. Ltd.	Paramount Global Ltd	Middle East Appliance LLC	Videocon (Cayman) Ltd	Trend Ltd.	Sky Billion Trading Ltd	Mars Overseas Ltd	Videocon Global Ltd.	Powerking corporation Ltd	Videocon (Mauritius) Infrastructure Ventures Ltd
Capital	60.00	0.10	0.10	0.10	0.10	566.66	257.67	2.21	17.71	47.46	0.04	0.11	0.04	23.46
Share Application Money	-	-	-	-	1.55	-	-	-	-	-	44.23	-	0.08	-
Reserves	9.85	1.10	0.83	3.72	1.61	(220.89)	(4.06)	(70.37)	(87.09)	5.45	(19.76)	10.78	(111.33)	(1.24)
Total Assets	1,175.69	1,267.09	1,172.70	6,427.87	4,794.96	4,767.68	668.43	42.73	614.01	1,344.73	42.15	4,979.17	3,545.13	96.36
Total Liabilities	1,105.84	1,285.89	1,171.77	6,424.06	4,791.70	4,421.92	414.82	110.89	683.40	1,291.83	17.63	4,968.28	3,656.33	74.14
Investments other than in Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	2,391.59	2,274.38	2,293.25	20,958.51	10,008.37	213.62	319.00	0.00	142.89	321.69	-	761.80	-	0.00
Profit/(Loss) before Tax	0.77	0.67	0.77	5.92	2.87	(30.17)	(1.70)	(16.27)	(65.10)	3.09	(19.62)	10.67	(111.33)	(0.47)
Provision for Tax	0.25	0.25	0.27	2.17	1.00	-	-	-	-	-	-	-	-	-
Profit/(Loss) after Tax	0.52	0.41	0.50	3.74	1.87	(30.17)	(1.70)	(16.27)	(65.10)	3.09	(19.62)	10.67	(111.33)	(0.47)
Proposed Dividends and tax thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-

* Pursuant to letter no. 47/37/2006 - CL - III dated 16.01.2006 of Government of India, Ministry of Company affairs according its approval under Section 212 (8) of the Companies Act, 1956 for the Financial year ended on 30.09.2005.

PROXY FORM

VIDEOCON INDUSTRIES LIMITED

Regd. Office : Auto Cars Compound, Adalat Road, Aurangabad – 431 005

Regd. Folio No./Client ID No.

I/We of

..... in the district of

..... being a member / members of the above

named Company hereby appoint of

..... in the district of or failing him

..... of in the

district of as my/our proxy to vote for me/our behalf at the 17th ANNUAL GENERAL MEETING of the Company to be held on Friday, March 31, 2006 at 9.30 A.M. at Registered Office of the Company at Auto Cars Compound, Adalat Road, Aurangabad – 431 005 and at any adjournment thereof.

Signed this day of 2006.

NOTE : This form duly completed and signed should be deposited at the Registered Office of the Company not later than 48 hours before the time of the Meeting.

TEAR HERE

ATTENDANCE SLIP

VIDEOCON INDUSTRIES LIMITED

Regd. Office : Auto Cars Compound, Adalat Road, Aurangabad – 431 005

17th ANNUAL GENERAL MEETING

Regd. Folio No./Client ID No.: No. of Shares held

I certify that I am a registered Shareholder/Proxy for the registered Shareholder of the Company.

I hereby record my presence at the 17th ANNUAL GENERAL MEETING of the Company to be held on Friday, March 31, 2006 at 9.30 A.M. at Registered Office of the Company at Auto Cars Compound, Adalat Road, Aurangabad – 431 005.

Member's / Proxy's Name in Block Letters

Member's / Proxy Signature

NOTE : Please fill in this attendance slip hand it over at the ENTRANCE OF THE HALL. Please read errata for typesetting matter.

BOOK-POST

If undelivered, please return to :

MCS LIMITED
Unit : VIDEOCON INDUSTRIES LIMITED
Shri Venkatesh Bhavan,
Plot No.27, Road No. 11,
MIDC Area, Andheri (East),
Mumbai - 400 093