VIDEOCON INDUSTRIES LIMITED

ANNUAL REPORT 2011

VIDEOCON INDUSTRIES LIMITED

BOARD OF DIRECTORS

Venugopal N. Dhoot	Chairman & Managing Director
Pradipkumar N. Dhoot	Whole Time Director
S. Padmanabhan	
Satya Pal Talwar	
Maj. Gen. S.C.N. Jatar	
Radhey Shyam Agarwal	
Anil G. Joshi	
S. Ananthakrishnan	Nominee – IDBI Bank Limited

AUDITORS

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

KADAM & CO.
Chartered Accountants
"Vedant", 8/9, Viraj Estate,
Opp. Tarakpur Bus Stand,
Ahmednagar - 414 003

COMPANY SECRETARY

Vinod Kumar Bohra

REGISTERED OFFICE

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

MANUFACTURING FACILITIES

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

Village: Chavaj, Via Society Area,
Taluka & Dist.: Bharuch - 392 002
(Gujarat)

Vigyan Nagar, Industrial Area, Opp. RIICO Office,
Shahjahanpur, Dist.: Alwar - 301 706
(Rajasthan)

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
Vijaya Bank
State Bank of Mysore
State Bank of Patiala
The Federal Bank Ltd.
Union Bank of India
IDBI Bank Ltd.
Punjab National Bank

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NOTICE

NOTICE is hereby given that the Twenty-Third Annual General Meeting of the Members of **VIDEOCON INDUSTRIES LIMITED** (the "Company") will be held on Friday, 29th June, 2012 at the Registered Office of the Company at 14 K. M. Stone, Aurangabad – Paithan Road, Village: Chittegaon, Taluka: Paithan, Dist.: Aurangabad - 431 105 (Maharashtra) at 12.00 noon to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended 31st December, 2011 and the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.

2. To declare dividend on preference shares.

3. To declare dividend on equity shares.

4. To appoint a director in place of Mr. Pradipkumar N. Dhoot, who retires by rotation and, being eligible, offers himself for re-appointment.

5. To appoint a director in place of Maj. Gen. Sudhir Chintamani Nilkanth Jatar, who retires by rotation and, being eligible, offers himself for re-appointment.

6. To appoint Auditors and to fix their remuneration and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

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

By order of the Board of Directors of
VIDEOCON INDUSTRIES LIMITED

Place: Mumbai
Date : 26th May, 2012

Vinod Kumar Bohra
Company Secretary

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

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY/PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

2. Corporate Members intending to send their authorised representative(s) to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing such representative(s) to attend and vote on their behalf at the Meeting.

3. In terms of the provisions of Section 255, 256 of the Companies Act, 1956 and the provisions of the Articles of Association of the Company, Mr. Pradipkumar N. Dhoot and Maj. Gen. Sudhir Chintamani Nilkanth Jatar, Directors of the Company, are liable to retire by rotation at the ensuing Meeting. Being eligible, Mr. Pradipkumar N. Dhoot and Maj. Gen. Sudhir Chintamani Nilkanth Jatar, have offered themselves for re-appointment. A brief profile of the Directors seeking re-appointment; nature of their expertise in specific functional areas; names of other public limited companies in which they hold directorship and membership/chairmanship of the committees of the Board of Directors and particulars of their shareholding, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India is appended to the notice. The Board of Directors of your Company recommend re-appointment of Mr. Pradipkumar N. Dhoot and Maj. Gen. Sudhir Chintamani Nilkanth Jatar, as the Directors of the Company.

4. For convenience of the Members and for proper conduct of the Meeting, entry to the place of Meeting will be regulated by attendance slip, which is annexed to the Annual Report. Members are requested to sign at the place provided on the attendance slip and hand it over at the entrance of the venue.

5. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number on the attendance slip for attending the Meeting.

6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names shall be entitled to vote.

7. The Register of Members and Share Transfer Books shall remain closed from Saturday, 16th June, 2012 to Friday, 29th June, 2012 (both days inclusive) for the purpose of the Meeting and for determining the shareholders' entitlement for dividend.

8. The Dividend, as recommended by the Board of Directors, if declared at the Meeting, will be paid on or around Wednesday, 4th July, 2012, to those Members who hold shares in physical form and whose names appear in the Company's Register of Members on Saturday, 16th June, 2012. As regards shares held in the electronic form, the dividend will be paid to the beneficial owners of the shares as at the close of business hours on Friday, 15th June, 2012, as per the particulars of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

9. Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, the Company has transferred the unclaimed dividend for the financial year 2003-04 to the Investor Education and Protection Fund (IEPF) established by the Central Government. Members who have not encashed dividend warrant(s) for the subsequent years are requested to contact, M/s. MCS Limited, Registrar and Share Transfer Agent, for seeking issue of duplicate warrant(s). 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 date 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, under multiple folios, in identical names or joint accounts in the same order or names, are requested to send the share certificates to M/s. MCS Limited, Registrar and Share Transfer Agent of the Company, for consolidation into a single folio.

11. Members holding shares in physical form are requested to kindly notify any change in their address(es) to the Company, so as to enable the Company to address future communications to their correct address(es). Members holding shares in electronic form are requested to notify any change in their addresses to their respective Depository Participant.

12. Non-Resident Indian Members are requested to inform M/s. MCS Limited, the Registrar and Share Transfer Agent of the Company, immediately of the change in their residential status on return to India for permanent settlement together with the particulars of their Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank with Pin Code Number, if not furnished earlier.

13. The equity shares of the Company are tradable compulsorily in electronic form and your Company has established connectivity with both the Depositories i.e. NSDL and CDSL. Taking into consideration the enormous advantages offered by the Depository System, members are requested to avail the facility of dematerialization of the Company's shares on either of the Depositories, as aforesaid.

14. The documents referred to in the accompanying notice are available for inspection at the Registered Office of the Company on all working days between 12.00 noon to 3.00 p.m. upto the date of the Meeting.

15. Members desiring any information as regards to the Accounts are requested to write to the Company at an early date so as to enable the Management to reply at the Meeting.

16. Members may address their queries/communications at secretarial@videoconmail.com

17. Members are requested to kindly bring their copy of the Annual Report to the Meeting.

By order of the Board of Directors of
VIDEOCON INDUSTRIES LIMITED

Place: Mumbai
Date : 26th May, 2012

Vinod Kumar Bohra
Company Secretary

Registered Office:
14 K.M. Stone, Aurangabad - Paithan Road,
Village: Chittegaon, Taluka: Paithan,
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BRIEF PROFILE OF THE DIRECTORS SEEKING RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING (PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES IN INDIA)

Sr. No.	Particulars	Profile of the Director	
1.	Name of the Director	Mr. Pradipkumar N. Dhoot	Maj. Gen. Sudhir Chintamani Nilkanth Jatar
2.	Date of Birth	22nd March, 1960	3rd September, 1932
3.	Educational Qualification	Commerce Graduate	B.E. (Civil), FIE, MICA, Qualified from the Defence Services Staff College
4.	Date of appointment on the Board	16th February, 1991	1st June, 2005
5.	Category of the Director	Promoter – Executive (Whole-Time Director)	Non-Executive – Independent
6.	Area of Expertise/Senior Position Held/Work Experience	• Industrialist with more than two decades of experience to his credit in an array of fields such as consumer electronics and home appliances; and oil & gas. • One of the Promoters and Whole-Time Director of the Company.	He has served as: • Consultant to ICICI Bank Limited (Upstream operations, Oil & Natural Gas). • Member of Industrial Council of Arbitration. • Chairman & Managing Director, ONGC Videsh Ltd. • President, Petroleum Sports Control Board. • Chairman & Managing Director, Oil India Limited. • Served with Indian Army and has vast Army profile to his credit.
7.	Names of other Public Limited Companies in which the director also holds directorship	• Videocon Realty and Infrastructures Limited • CE India Limited • Videocon Telecommunications Limited • Infodart Technologies India Limited • Velologis - Net India Limited • Maharashtra Semiconductor & Displays Limited • Unity Appliances Limited • Datacom Telecommunications Private Limited	NIL
8.	Names of the other Committees in which Chairman	NIL	NIL
9.	Names of the other Committees in which Member	Videocon Telecommunications Ltd. (Audit)	NIL
10.	Number of Shares Held	156,808	NIL

DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the Twenty-Third Annual Report together with the Audited Accounts and Auditors' Report for the financial year ended on 31st December, 2011.

PERFORMANCE REVIEW

The performance of the Company, on standalone basis, for the financial year ended on 31st December, 2011, is summarized below:

(₹ in Million)

Particulars	**Year ended 31st Dec., 2011 (12 Months)**	Period ended 31st Dec., 2010 (15 Months)
Net Sales	**126,502.22**	144,096.91
Other Income	**1,063.12**	429.86
Total Income	**127,565.34**	144,526.77
Profit before Interest, Depreciation and Tax	**23,587.25**	26,565.60
Interest and Finance charges	**9,777.89**	8,931.56
Depreciation, Amortization and Impairment	**6,075.64**	7,129.62
Profit Before Tax	**7,733.72**	10,504.42
Provision for Taxation	**2,278.14**	3,057.48
Profit after Tax	**5,455.58**	7,446.94

The figures for the current year are for a period of 12 months as against 15 months in the previous period and hence, are not comparable.

OPERATIONS

CONSUMER ELECTRONICS & HOME APPLIANCES

During the year under review, your Company was able to post a stable performance in the consumer electronics and home appliances segment. However, the margins were under pressure in view of increase in the cost of raw materials and components and intense competition.

OIL & GAS

Your Company intensified its exploratory efforts. These efforts paid good dividends in terms of new discoveries and reserve accretion.

BRAZIL

21st September, 2011 Petrobras, the Operator of the BM-SEAL- 11 Concession in the Sergipe Basin announced that the presence of oil and gas accumulations, confirmed after completing the drilling, logging, sampling fluid in a formation testing operations at Barra well (1-SES-158) with the presence of excellent reservoirs with good porosities and permeabilities at several depths.

MOZAMBIQUE

7th February, 2011 Anadarko announced the latest in a string of major deepwater natural gas discoveries off the coast of Mozambique. The Tubarão discovery well encountered more than 110 net feet of natural gas pay.

22nd August, 2011 Anadarko announced that the Barquetine - 2 appraisal well, located in Mozambique's Offshore Area 1 of the Rovuma Basin, encountered more than 230 net feet (70 meters) of natural gas pay in high quality Oligocene-age reservoirs. Barquetine - 2 was the first appraisal well in the Windjammer, Barquentine and Lagosta complex, which is estimated to hold a minimum of 6 trillion cubic feet (Tcf) of recoverable natural gas resources.

5th October, 2011 Anadarko announced that the appraisal section of most recent exploration well at the Camarão prospect encountered approximately 240 net feet (73 meters) of natural gas pay in an excellent quality reservoir and confirmed static pressure connectivity with the partnerships' previously announced Windjammer and Lagosta discoveries. In addition, the Camarão well discovered approximately 140 net feet (43 meters) of natural gas pay in shallower Miocene and Oligocene sand packages not encountered in previous wells.

28th November, 2011 Barquetine-3 appraisal well encounters more than 662 net feet (202 meters) of natural gas pay in two high-quality Oligocene-aged fan systems, significantly expanding the estimated recoverable resource range to 15 to 30 + trillion cubic feet (Tcf) of natural gas, with an estimated 30 to 50 + Tcf of natural gas in place.

Post Balance Sheet date

17th January, 2012 Anadarko announced its seventh well in the discovery area offshore Mozambique successfully appraised previous discoveries at Lagosta and Camarão. The Lagosta-2 appraisal well, located about 4.4 miles (7 kilometers) north of the Lagosta discovery and 5.3 miles (8.5 kilometers) south of the Camarão well, encountered 777 total net feet (237 meters) of natural gas pay in multiple zones.

12th March, 2012 Anadarko announced the results of its first flow test offshore Mozambique. The Barquentine-2 well flowed at an equipment – constrained rate of 90 to 100 Million cubic feet per day (MMcf/d), with minimal pressure drawdown, providing confidence in well designs that are capable of 100 to 200 MMcf/d.

4th April, 2012 Anadarko announced the success of the Barquentine-4 appraisal well which encountered approximately 160 net meters of natural gas pay.

15th May, 2012 Anadarko announced that Golfinho exploration well discovered a new, major natural gas accumulation nearly 20 miles (32 kilometers) northwest of its Properidade complex within the Offshore Area 1 of the Rovuma Basin. The Golfinho discovery well encountered more than 193 net feet (59 net meters) of natural gas pay in two high-quality Oligocene fan systems that are age-equivalent to, but geologically distinct from, the previous discoveries in the Prosperidade complex.

TELECOM

Videocon Telecommunications Limited (VTL), a subsidiary of the Company, was granted Unified Access Services (UAS) Licenses in 21 circles and had also been allotted spectrum in 20 circles out of which it has launched its services in 16 circles.

The Hon'ble Supreme Court of India, vide its judgment dated 2nd February, 2012, in two separate writ petitions filed by Centre for Public Interest Litigations and by another, has quashed all the UAS Licenses granted on or after 10th January, 2008, pursuant to two press releases issued on 10th January, 2008 and the subsequent allocation of spectrum to the licencees. This includes 21 Licenses issued to the VTL and the spectrum allotted to it in 20 circles. The Hon'ble Supreme Court of India further directed that its Order of quashing the Telecom Licenses and the allocation of the spectrum shall be operative after four months from 2nd February, 2012. On 24th April, 2012, the Hon'ble Supreme Court of India modified its Order and postponed the operation of its Order of quashing of the Telecom Licenses and the allocation of the spectrum to 7th September, 2012. The Hon'ble Supreme Court of India had also directed, in its Judgement of 2nd February, 2012, Telecom Regulatory Authority of India (TRAI) to make fresh recommendations for grant of Licences and allocation of spectrum (TRAI has since issued its recommendations on 23rd April, 2012) and the Central Government to grant fresh Licenses and allocation of spectrum by auction thereafter. The Central Government has announced that it will complete the auction of Licenses and allocation of spectrum on or before 31st August, 2012. VTL has decided to participate in such auction.

POWER

The Company commissioned 5.75 MWp Solar Photovoltaic Power Project at Village Majra, District Warora, Maharashtra, in the month of October 2011.

Comet Power Private Limited, a step down subsidiary of the Company, commissioned 5.75 MWp Solar Photovoltaic Power Project at Village Betwasiya, Osiyan, District Jodhpur, Rajasthan, in the month of October 2011.

Unity Power Private Limited, a step down subsidiary of the Company, commissioned 5.50 MWp Solar Photovoltaic Power Project in the State of Gujarat, in the month of January, 2012.

There are two 1,200 MW coal-fired thermal electricity power projects which are under development. These projects are being undertaken by Pipavav Energy Private Limited and Chhattisgarh Power Ventures Private Limited, the subsidiaries of the Company in the state of Gujarat and Chhattisgarh respectively.

INSURANCE

Your Company has entered into a joint venture with USA headquartered Liberty Mutual Insurance Group to setup a non-life insurance business in India. As per prevailing FDI Guidelines for the Insurance sector in India, Liberty Mutual Insurance Group will for the present hold a maximum of 26.0% of the equity interest in the Joint Venture Company and our Company will hold a minimum of 74.0%. The Joint Venture Company, Liberty Videocon General Insurance Company Limited, has received the Certificate of Registration as a General Insurance Company from the Insurance Regulatory and Development Authority (IRDA), under Section 3 of the Insurance Act, 1938.

As on the Balance Sheet date, the Joint Venture Company, was a wholly owned subsidiary of the Company. However, currently, the Company is holding 79.41% equity stake in the Joint Venture Company.

ISSUES / ALLOTMENT

During the year under review, the Company has allotted 1,058,035 equity shares of ₹ 10/- each at a conversion price of ₹ 239.5265 per equity share, upon conversion of Foreign Currency Convertible Bonds. The details of conversion are set out hereunder:

Sr. No	Date of Allotment	No. of equity shares allotted	Principal Amount (US $)
1.	27th July, 2011	491,230	2.6 Million
2.	22nd August, 2011	188,935	1.0 Million
3.	31st October, 2011	377,870	2.0 Million

Material changes Post Balance Sheet date:

On 22nd May, 2012, the Company has allotted 15,750,000 equity shares of face value of ₹ 10/- each, represented by the issue of 15,750,000 Global Depository Receipts at a price of US $ 3.2395 per GDR, equivalent to ₹ 174/- per equity share, aggregating to US $ 51.02 Million to LLIC S.a.r.l., on a private placement basis.

DIVIDEND

Your Company follows a dividend policy by harmonizing the needs of the Company as well as the shareholders. Your Directors are pleased to recommend a dividend of ₹ 0.50 (Fifty paisa only) per equity share for the financial year ended on 31st December, 2011.

The dividend, if approved, by the shareholders, will entail a payout of ₹ 185.24 Million including dividend distribution tax of ₹ 25.85 Million.

Your Directors recommend 8% dividend on the preference shares for the year ended 31st December, 2011.

The dividend is tax free in the hands of the shareholders.

TRANSFER TO RESERVES

Your Directors propose to transfer ₹ 1,000 Million to the General Reserve and ₹ 150.83 Million to Capital Redemption Reserve. An amount of ₹ 34,680.55 Million is proposed to be retained in the Profit and Loss Account.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The Company has transferred a sum of ₹ 2.91 Million in respect of unpaid/ unclaimed dividend for the Financial Year 2003-04 to the Investor Education and Protection Fund.

FIXED DEPOSITS

Your Company has not accepted any Fixed Deposit within the meaning of Section 58A of the Companies Act, 1956 and as such, no amount of principal or interest was outstanding as on the Balance Sheet date.

PERSONNEL

Human Capital is an important asset for the Company and the Company has taken and shall continue to take adequate steps towards education and enrichment of the human capital.

A Statement of the Particulars of Employees required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, is annexed and forms part of this Report.

CONSERVATION OF ENERGY

Energy can neither be created nor destroyed by itself; it can only be transformed. The conservation of energy is a need of the day. Your Company believes in the conservation of energy to meet the future demands. Your Company has made different policies and rules to save the energy and make optimum utilization of natural resources.

The Company has taken following key initiatives for conservation of energy:

- Use of hi-tech energy monitoring appliances and conservation systems to monitor usage, minimize wastage and increase overall efficiency at every stage of power consumption;
- Installation of energy saving lights;
- Reduction of energy consumption via behavioural modification of facility occupants, i.e. turning off lights, personal computers and other electronic equipments, when not in use;
- Installation of astronomical digital timers, occupancy sensors for better lighting control;
- Based on the outdoor temperature raising the air handler, supply air temperature to prevent over cooling and reduce the cooling coil load;
- Timely maintenance and up-gradation of machinery & equipments;
- Auto shut-off of air conditioners and other equipments during lunch breaks and during shift change;
- Plantation of trees at all the manufacturing facilities;
- Awareness programs towards optimum utilization of natural resources at managerial as well as employee level;
- Reduction in power consumption by taking opportunities of idle production hours, tea and lunch timings etc.; and
- Use of energy saving lighting arrangement on shop floors and on roads, inside the manufacturing facilities by using Electronics Ballet and CFL lamps.

To make available the resources for future generation is the ultimate responsibility of today's generation. Hence, your Company continues to lay emphasis on conservation of energy, power and other energy resources. Such measures for conservation of energy will ultimately reduce the cost of production by reducing maintenance cost and efficient use of resources.

RESEARCH AND DEVELOPMENT (R & D) AND TECHNOLOGY ABSORPTION

The consumer electronics industry is one of the most dynamic industries in the world, undergoing seemingly continual change with changing lifestyle of the people thereby creating demand for meaningful innovations based on unique insights of the customers.

Technolgy and R & D go hand in hand. To compete with ever changing market conditions and fetch the technological advancement, your Company has set up a very dynamic and active R & D center. Your Company has built up strong R & D centers, having qualified staff working continuously for betterment of product and services. Our R & D team continuously does market research as well as customer survey to understand the needs and requirements of the consumers.

Your Company has launched variety of products in consumer electronics industry including wide range of Refrigerators, Washing Machines, Televisions, Air-Conditioners, Microwave Ovens etc. Your Company is committed towards introducing new models and improving existing products to meet the ever-increasing demands of the consumers by fully exploring technological options and advancements.

R & D centers are operated for the following activities:

- To conduct market survey and ascertain the new trend;
- To foresight the consumer needs and modify the products to suit the consumer demands;
- To bring variety of products at an affordable price level;
- To generate new technologies and make adequate use of the same;
- To improve operational efficiency;
- To reduce cost of production;
- To improve quality of product; and
- To supply value-for-money products in the market with best aesthetics and advanced features.

Benefits derived from the R & D activities:

- Maintenance of quality;
- Innovations in product designs and outlook;
- Efficient use of technological advancement;
- Cost reduction; and
- Optimum utilization of resources.

R & D activities carried out in various consumer electronics products and benefits derived from these activities:

Televisions:

Consumer electronics market is majorly influenced by technology which is changing day by day with many innovations and continuous R & D. In this dynamic world, the Company is launching LED TVs, 3D TVs, DTH LED TVs, Internet TVs etc. with attractive designs and aesthetics, using latest technologies, to delight Indian consumers with wide range of products. These products will not only be technologically advanced but also be connected with consumers in their everyday lives.

Your Company has also introduced many unique selling propositions like models with brush and metal finish, slim TVs etc. Some of the unique models introduced are as follows :

➢ Integrated Digital TV with single chip solution with a built in DTH (Direct to Home) facility having MPEG 4 DVB-S2 Digital signal. Customer can enjoy the unmatched picture & audio quality of LCD TV & LED TV. This product has the following unique features:

  - <u>MPEG-4 DVB-S2</u>: Single Chip iDTV Solution with second generation MPEG- 4 DVB-S2 technology for enhanced picture quality.
  - <u>FULL HD (1920 x 1080P)</u>: 100% Full HD Reception which improves the picture & sound quality.
  - <u>H.264 Video Decoder</u>: Excellent video quality across entire Bandwidth Spectrum as H.264 decoder is inside the single chip.

- CPU Performance: Dual core CPU with 450MHz which is controlled by Linux Operating System. It leads to high system performance with greater operational speed.
- Internal RAM: 48-Bit DDR2/3 (384MB) Local Memory interfacing with the high speed accessing capability up to 1066Mbps (533MHz clock rate) for better frame rate performance.
- MADi Technology for Motion Control: Crystal clear rendering on Full HD (1080p) displays using advanced motion control algorithms such as MADi technology inside.
- Advanced Video Post Processing: Video is optimized with 14 - Bit Colour processing which leads high depth in picture, true colour enhancement with natural skin tone.
- Digital Noise reduction with 3D Comb filter: Better noise reduction and signal conditioning using built-in 3D/TNR noise suppression, cross colour suppression, media noise suppression which includes ‘Block noise’ and ‘Mosquito noise’ reduction.
- Enriched Graphic On Screen Display (OSD): Enriched & Animated Graphical OSD with WXGA resolution, Unique OSD for both in Analog & Digital with 14 Multi-Regional Languages.
- Silicon Hybrid Tuner: As using Silicon Hybrid Tuner which is giving better picture, sound quality and high performance as compared to Dual Tuner and in the Dual Tuner insertion loss will be around 8~10dB.

➢ Unique “Android TV” - Videocon has set a platform for “Internet TV” to enjoy the live chatting, browsing, video conferencing, email access and enabling the customers to download and play lot of applications from Google Apps Market. Customer can download and store his preferred applications in TV memory. This product has various unique capability such as Android Market; Flicker Free 3D; QWERTY Remote; Web Browser; Facebook; You Tube/Picasa; Skype/Horoscope; Maps/Weather Updates; App Installer; Inbuilt Wi-Fi and Games.

➢ The new “DVBS (Digital Video Boosting Station) LED” series with Faroudja engine which brings life to every color with 120Hz refresh rate and FULL HD 1080P resolution with built in DTH service.

➢ “Persistence” (LED) TV with FULL HD 1080p resolution. It has a unique feature of MJC (Motion Judder Compensation). With this unique picture quality improvement algorithm, it reproduces e 1 Billion display colour for more natural, vivid and true to life colours.

Refrigerators:

Your Company has variety of models in double door and single door refrigerators. With the help of R & D, the Company was able to introduce various models having the following features:

- High End Frost Free (FF) and Direct Cool (DC) range of refrigerators from 50L to 610L;
- High glass designer exterior panels in both DC and FF;
- Introduction of designer models like Lily, Rose, Bird in DC and Orion and Creeper series in FF;
- First time introduction of night vision FF refrigerator with ambient light sensing LED illumination in door handle;
- Introduction of very unique USPs like digital watch, crisper separator, cosmetic box in FF refrigerator;
- Developed & launched Side By Side refrigerator to enter into super luxury refrigerator segment;
- Introduction of FM radio in refrigerators;
- Introduction of new Metallic robust Bar handle for DC & FF refrigerators;
- Introduction of toughened glass shelves for DC refrigerators, which strengthened our market position in DC range;
- LED light implementation in both DC & FF refrigerators, which ultimately shows our commitment towards energy saving and new innovation;
- Introduction of the products on health platform with Deodorizer, which gives the solution to remove the odour created by rotten vegetables and fruits; and
- Introduction of high glass pre-coated material with new designs and attractive colours across refrigerator range for luxurious look.

Washing Machines:

The following new models and technologies were introduced:

- Introduced five star rated models in top loading and four star rated models in front loading washing machines;
- Front loading machines with memory back up and “do it yourself” mechanism;
- Attractive design with 3 auxiliary programs i.e. pre-wash, eco wash and intensive wash technology;
- 15 degree tilted drum in Front loading machines for easy loading of clothes;
- Introduced dual element heater in dryer with drying efficiency greater than 97%;
- Introduced toughened glass tops, in semi automatic washing machine with floral printing and matching body graphics;
- Launched new variants with cosmetic changes including new vibrant colours, body graphics, chrome knobs, etc.; and
- Added air dry function in semi automatic washing machine to increase the drying efficiency.

Air Conditioners:

Your Company has developed and improved its product range by introducing the following new technologies:

- Introduction of Videocon Copper Plus series which are equipped with 100% copper condenser which has inner grooved copper pipes;
- New models of Air Conditioners which are equipped with auto cleaning technology for the consumers’ ease;
- Introduced PFC coil in AC Outdoor Unit. PFC technology is far better than conventional Cu-Al fin tube heat exchanger in terms of performance. Because of its high efficiency, PFC is 30% smaller in size (when compared to conventional condenser) and hence can be easily accommodated in smaller chassis. Overall size and weight of outdoor unit is reduced substantially. Being an all aluminum condenser, it gives better resistance to galvanic corrosion and is cost competitive and is able to meet revised energy star rating norms;

- Introduced new range and new indoor unit looks and upgraded all models by one step up to match new BEE (Bureau of Energy Efficiency) star rating norms to compete in revised market scenario;
- Introduced another variant of highly technological DC inverter AC, which has efficiency better than even revised 5 star rating norms. It moderates the compressor performance as per need and adjusts compressor rotation to operate with minimum power input and saves more than 40% power when compared to the conventional AC;
- Developed the AC with Vitamin C filter. This filter dispenses Vitamin C charged ions with the cool air, thereby boosts immunity, keeps skin glowing with its anti oxidant property hence keeps the user fresh and vibrant; and
- Added the Gold, Blue and Green Fin Evaporator for enhanced reliability and durability of AC. The Indoor unit cooling coil is coated with Gold anti corrosive agent which keeps the cooling coil in excellent and efficient working condition for a long time.

Microwave Ovens:

Your Company has made innovations in number of products to suit the market demand. Products contain innovative technologies like:

- Auto Deodorizer which helps in removing odour vapours, leftover oil and food particles immediately by just pressing a button providing ease and convenience of cleaning and maintaining the machine;
- Anti Bacterial Coating which helps to reduce bacterial growth inside the microwave up to 99.99%;
- Lemon Clean Function which helps to remove leftover oil, odour and food particles from microwave cavity;
- Express cooking which helps to heat-up the food quickly; to prepare it faster and ultimately saves time;
- Multi-Stage Cooking which allows cooking food at different heat levels ensuring preparation of delicious dishes;
- Clock Setting Timer which allows setting the desired cooking times as per the requirement;
- Enhanced Auto Cook Recipe to customize 251 functions with categorization like sweets, beverages, snacks, meal, child favourite etc. Special focus is being given to Indian dishes covering major parts of India;
- Introduced Tandoori heater, which intelligently adjusts the cycle time of grill operation to give a flavour of grilling like in Indian tandoor;
- Developed special coating to prevent bacterial growth and is applied to cavity to retard the growth of bacteria and make food healthy to eat. Even if some food particle is left over in Microwave Oven, no microbial growth sustain due to anti bacterial cavity;
- Modified the software program & introduced one touch Indian Preset Menu which cooks the food more efficiently and retains the nutritive value;
- Developed the timers and preset timer to help the customer to cook as per their convenience even if they are away; and
- Models revamped with new floral design on glass and control panel aesthetics.

Future plan of action:

Your Company is committed to provide variety of products at an affordable prices. Your Company is looking forward to take an advantage of technological changes and compete efficiently with multinational players.

The future plan of action includes:

- Introduction of new models in LED and LCD TV. “Elena” model in LED TV is coming up with 2D to 3D conversion, Flicker Free 3D, Full HD services. “Smart TV” model in LCD TV is coming up with full fledge high speed internet, Skype, Twitter, You Tube, Picasa etc.;
- Implementation of new technology;
- Making variations in designs and making the product attractive; and
- Manufacturing of environmental friendly products keeping in mind the green initiative steps taken by the Company.

During the year under review, the Company has incurred ₹ 86.67 Million, representing 0.07% of the turnover towards recurring R & D expenses.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars of Foreign Exchange Earnings and Outgo during the financial year ended on 31st December, 2011, are set out hereunder:

(₹ in Million)

Particulars	**Year ended 31st December, 2011 (12 Months)**	Period ended 31st December, 2010 (15 Months)
Foreign Exchange Earnings	**3,840.53**	5,240.64
Foreign Exchange Outgo	**16,745.84**	23,721.69

Your Company is taking various initiatives for development of export markets for Consumer Electronics and Home Appliances to increase its foreign exchange earnings.

INFORMATION TECHNOLOGY

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

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

Your Company has designed and implemented web based Customer Relationship Management (CRM) application. The robust and stable CRM application with comprehensive support enables handling of larger call volumes resulting into speedy response and prompt resolving of customer queries. This is tightly integrated with all other systems like Enterprise Resource Planning (ERP), Business Intelligence (BI) and so on to have one consolidated system.

Your Company has established facilities for customers such as call centres, connect through SMS, websites etc., to provide speedy customer services.

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

Recently, Company has upgraded SAP from ECC 5.0 to ECC 6.0 to get benefits of technology and processes which are new in ECC 6.0. This upgradation of SAP will give immense benefits to the Company leading into more stringent business processes and practices.

Your Company has scale-up data center infrastructure to cater the business requirements. During the year under review, SAP BI Tool was upgraded from 3.5 to 7 for providing intelligent and advance reporting functionality. There is secured and point to point Vitual Private Network (VPN) connectivity in most of the branches and warehouses of the Company.

Your Company has bagged SAP ACE Award, twice in a row for “Best Consumer Sector Implementation” and “Excellence in Implementation of various SAP Modules”.

Your Company has also implemented couple of sales automation system which are mobile based application which helps sales force to enter dealer, distributor, sub dealer grievances / requirements from the dealer shop and also enables real time tracking of information.

Your Company has also implemented couple of strong system like VQINS which helps in production defect analysis and helps to increase quality of product.

Your Company has always focused all its Information Technology system to help its employees to maximize their productivity for enhancing quality and higher customer satisfaction.

HEALTH AND SAFETY

The safety and security of the workers are important things for building healthy work environment. Your Company has taken effective measures in the field of healthcare and safety. Your Company has conducted following activities for building healthy work culture:

- Regular medical checkups;
- Medical aid facility for the workers and their family members and placement of First-Aid boxes at several places;
- Ensuring safety of the workers by displaying signs, cautionary boards, emergency phone calling system;
- Vaccination facility for contagious diseases;
- Conducting training programs for all employees on the job and off the job;
- Conducting lectures and seminars to create awareness for hygiene and cleanliness;
- Implementation of night manager concept;
- Conducting regular safety audit & mock drill;
- Doing “HIRA” (Hazard Identification Risk Assessments) of the critical activity to eliminate the risk;
- Availability of occupational health centre and ambulance with all medical devices, in case of emergency;
- Fire tender modified from water monitor to multipurpose use (water and foam), to handle the situation in case of emergency;
- Training given to fire marshals and display their contact number at various locations; and
- MSDS (Material Safety Data Sheet) displayed at chemical storage places.

Your Company believes that healthy and happy working environment is the fundamental right of every employee and to provide the same is a duty of the Company. Your Company is committed towards providing a healthy working environment in every possible way.

ENVIRONMENTAL PROTECTION

With the increase in awareness of global warming, consumers are becoming more and more conscious about the energy efficiency of the products they use. Consumers in India are taking lead in prompting the manufacturers to adopt technologies to manufacture eco-friendly products. There is an increase in consumer preference towards environment friendly products.

Your Company believes that clean surrounding and healthy environment adds to the efficiency of workers. Your Company believes that it is the responsibility of the Company to maintain the ecological balance for sustainable development. Your Company aims towards maintaining the harmony and rhythm of the eco-system.

The eco friendly initiatives adopted by your Company include:

- Optimum use of natural resources;
- Implementing the 3R system – Reduce, Reuse & Recycle;
- Tree plantation campaigns;
- Upgradation of effluent treatment and sewage treatment plants from manual to automation;
- Regular internal environmental check;
- Reduction in process waste;
- Storage and disposal of hazardous waste as per statutory requirements;
- Celebration of world environment day, to increase the awareness among the employees;
- Follows National Ambient Air Quality Standards - 2010 (NAAQS – 2010 standards) for checking of stack emission and ambient air monitoring;
- Certification of ISO-14001, for environment management system; and
- Conduct sustainability audit from SGS.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is not a new concept in India. The only new is that the focus has been shifted from making profits to meeting societal challenges.

Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

Your Company is dedicated to serve the society at large. Commitment towards health, safety and environment protection are the core values of the Company. The Company is continuously making efforts to preserve the environment by undertaking various measures such as plantation of trees, encouraging paperless transactions, optimum use of natural resources etc..

Your Company shall continue to undertake more activities and initiatives to improve the quality of life and society at large.

APPOINTMENT/ RE-APPOINTMENT OF DIRECTORS

During the year, Mr. Sushil Muhnot, Nominee of IDBI Bank Limited, on the Board of Directors of the Company, resigned from the Board of the Company consequent to his appointment as Chairman & Managing Director of Small Industries Development Bank of India (SIDBI) by Government of India.

Mr. Arun L. Bongirwar resigned from the Board of Directors of the Company w.e.f. 1st November, 2011. Also, during the year, ICICI Bank Limited substituted its nominee on the Board of Directors of the Company. Mr. Girish Nayak was nominated in place of Mr. Ajay Saraf. Accordingly, Mr. Ajay Saraf ceased to be a Director and Mr. Girish Nayak was co-opted as a Nominee – ICICI Bank Limited on the Board of Directors of the Company w.e.f. 26th May, 2011.

Ms. Gunilla Nordstrom did not offer herself for re-appointment at the Annual General Meeting held on 29th June, 2011, therefore, ceased to be the Director on the Board of Directors of the Company.

The Board places its sincere appreciation for the valuable guidance received from Mr. Sushil Muhnot, Mr. Ajay Saraf, Mr. Arun L. Bongirwar and Ms. Gunilla Nordstrom, during their tenure as the Directors of the Company.

Also, Mr. Anil G. Joshi was appointed as a Director on the Board of Directors of the Company w.e.f. 29th June, 2011.

Changes after the Balance Sheet date:

Mr. K. C. Srivastava, Director of the Company resigned from the Board of the Company w.e.f. 1st February, 2012. Mr. Girish Nayak – Nominee of ICICI Bank Limited ceased to be the Director of the Company w.e.f. 14th February, 2012, consequent to withdrawal of nomination by ICICI Bank Limited.

The Board expresses its sincere gratitude towards the valued contribution received from Mr. K. C. Srivastava and Mr. Girish Nayak, during their tenure as the Directors.

IDBI Bank Limited nominated Mr. S. Ananthakrishnan as its nominee on the Board of Directors of the Company. He is an Executive Director at IDBI Bank Limited. He was co-opted as a Nominee of IDBI Bank Limited on the Board of Directors of the Company w.e.f. 29th February, 2012.

Pursuant to the provisions of Section 255, 256 of the Companies Act, 1956 and in terms of the Articles of Association of the Company, Mr. Pradipkumar N. Dhoot and Maj. Gen. S.C.N. Jatar are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

The Board recommends their re-appointment. Brief profiles of Mr. Pradipkumar N. Dhoot and Maj. Gen. S.C.N. Jatar, specifying their expertise in specific functional areas, other public companies in which they hold directorships and committee positions, is annexed to the Notice and form part thereof.

LISTING

The equity shares of your Company are listed on BSE Limited (Formerly: the Bombay Stock Exchange Limited) and The National Stock Exchange of India Limited (NSE). The Global Depository Receipts (GDRs) and Foreign Currency Convertible Bonds (FCCBs) issued by your Company are listed on the Bourse de Luxembourg and Singapore Exchange Securities Trading Limited respectively.

SUBSIDIARY COMPANIES

As on 31st December, 2011, your Company had 30 subsidiaries (including step down subsidiaries) viz., Pipavav Energy Private Limited, Videocon International Electronics Limited, Chhattisgarh Power Ventures Private Limited, Videocon Energy Limited, Prosperous Energy Private Limited, Videocon Oil Ventures Limited, Liberty Videocon General Insurance Company Limited, Videocon Telecommunications Limited, Datacom Telecommunications Private Limited, Jumbo Techno Services Private Limited, Senior Consulting Private Limited, Proficient Energy Private Limited, Applied Energy Private Limited, Comet Power Private Limited, Unity Power Private Limited, Middle East Appliances LLC, Videocon Global Limited, Videocon Electronics (Shenzhen) Limited, Eagle ECorp Limited, Videocon Energy Ventures Limited, Videocon Hydrocarbon Holdings Limited, Videocon Oman 56 Limited, Videocon JPDA 06-103 Limited, Videocon Mozambique Rovuma 1 Limited, Videocon Energy Brazil Limited, Videocon Indonesia Nunukan Inc., Videocon Australia WA-388-P Limited, Oil Services International S.A.S, Videocon Estelle Limited and Videocon Ivory Limited.

Ministry of Corporate Affairs, Government of India, vide its General Circular No(s). 2/2011 and 3/2011 dated 8th February, 2011 and 21st February, 2011, respectively, has granted general exemption from attaching the Annual Accounts and other documents of the subsidiary companies to the Balance Sheet of the holding company, subject to the fulfilment of certain conditions stipulated therein. The Board of Directors have accorded their consent for not attaching the Balance Sheet of the subsidiary companies. The consolidated financial statements of the Company and all subsidiaries duly audited by its statutory auditors are presented in the Annual Report. The consolidated financial statements have been prepared in strict compliance with applicable Accounting Standards and, where applicable, Listing Agreement as prescribed by the Securities and Exchange Board of India.

Further, the following information in aggregate for each subsidiary including subsidiaries of the subsidiaries has been annexed to the consolidated balance sheet:

(a) capital (b) reserves (c) total assets (d) total liabilities (e) investment (except in case of investment in the subsidiaries) (f) turnover (g) profit before taxation (h) provision for taxation (i) profit after taxation and (j) proposed dividend.

The Company undertakes that the Annual Accounts of the subsidiary companies and the related detailed information of the subsidiary companies shall be made available to the shareholders of the holding and subsidiary companies seeking such information at any point of time. The Annual Accounts of the subsidiary companies shall also be kept open for inspection by any shareholder at the Registered Office of the Company and that of the respective subsidiary companies. The Company shall furnish a hard copy of details of accounts of subsidiaries to any shareholder on demand.

CONSOLIDATED FINANCIAL STATEMENTS

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

CASH FLOW STATEMENT

The Cash Flow Statement for the financial year ended 31st December, 2011, in conformity with the provisions of Clause 32 of the Listing Agreement with the Stock Exchanges in India, is annexed hereto.

AUDITORS

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

The Board recommends their re-appointment.

AUDITORS' REPORT

The Statutory Auditors of the Company have submitted Auditors' Report, which have certain Qualifications/ Observations on Standalone and Consolidated Financial Statements for the year ended on 31st December, 2011.

Management's Explanation to the Auditors' Qualifications/ Observations:

a) In respect of Point No. 4(f) of the Auditors' Report on Standalone Financial Statement and Point No. 5(a) of Auditors' Report on Consolidated Financial Statement for the year ended 31st December, 2011, regarding the extent of realisability of the investments made in and the share application money and advances given to Videocon Telecommunications Limited (VTL), the subsidiary, and the financial statements of VTL being prepared on going concern basis, the explanation of management is as under:

The Company has, directly and through its subsidiaries, made investments of ₹ 15,000.00 Million, given share application money of ₹ 5,000.00 Million and advanced loans of ₹ 19,620.84 Million to Videocon Telecommunications Limited (VTL), the subsidiary. VTL was granted Unified Access Services (UAS) Licenses in 21 circles on 10th January, 2008 and had also been allotted spectrum in 20 circles out of which it has launched its services in 16 circles.

The Hon'ble Supreme Court of India, vide its judgment dated 2nd February, 2012 in two separate writ petitions filed by Centre for Public Interest Litigation and by another, has quashed all the UAS licenses granted on or after 10th January, 2008 and the subsequent allocation of spectrum to these licencees. This includes the 21 licenses issued to VTL and the spectrum allotted to it in 20 circles.

The Hon'ble Supreme Court of India had directed that its aforesaid order shall be operative after four months from 2nd February, 2012. On 24th April, 2012, the Hon'ble Supreme Court of India modified its order and postponed the operation of its order of quashing the Telecom Licenses and related allocation of spectrum to 7th September, 2012. The Hon'ble Supreme Court of India has, vide order dated 2nd February, 2012, also directed TRAI to make fresh recommendations for grant of licenses and allocation of spectrum and the Central Government to grant fresh licenses and allocation of spectrum by auction thereafter. The Central Government has announced that it will complete the auction of licenses and related spectrum on or before 31st August, 2012.

Pending the fresh auction as mentioned above, VTL is continuing its business. It proposes to participate in such fresh auction and is hopeful of continuing the business thereafter. Accordingly, in the opinion of the management, no provision is required for diminution in the value of aforesaid investments, share application money and advances.

b) In respect of Point No. 5(b) of Auditors' Report on Consolidated Financial Statement for the year ended 31st December, 2011, regarding the ability of VTL to continue as going concern due to erosion of its networth, the explanation of management is as under:

The management is confident of mobilizing the necessary resources for continuing the operations of VTL as per the business plan, as may evolve. Accordingly, the financial statements of VTL have been prepared on a going concern basis.

COST AUDITOR

Mr. Sudhir Chintaman Sant, Cost Accountant in Whole-Time Practice, Pune, has been appointed as the Cost Auditor for conducting cost audit of Refrigerators, Petroleum products i.e. Oil & Gas and Glass Shells for the financial year 2012.

AUDIT COMMITTEE

Pursuant to the provisions of Section 292A of the Companies Act, 1956 and provisions of the Listing Agreement, the Company has constituted an Audit Committee. The composition, scope and powers of the Audit Committee together with details of meetings held during the year under review, forms part of Corporate Governance Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

CORPORATE GOVERNANCE

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, Corporate Governance Report forms part of this Report. Your Company is in full compliance with the requirements and disclosures that have to be made in this regard. A certificate from the Statutory Auditors of the Company confirming compliance of the Corporate Governance is appended to the Report on Corporate Governance.

DIRECTORS' RESPONSIBILITY STATEMENT

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

a) in the preparation of the Annual Accounts for the financial year ended 31st December, 2011, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;

b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st December, 2011 and of the profit of the Company for the year ended on that date;

c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

d) the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

ACKNOWLEDGEMENT

The Board of Directors would like to thank the Customers, Vendors, Investors, Financial Institutions, Bankers, Business Partners and Government Authorities for their continued support. The Board of Directors also appreciate the contribution made by the employees at all levels for their hard work, dedication, co-operation and support for the growth of the Company.

The Board of Directors would also like to thank all stakeholders for the continued confidence and trust placed by them with the Company.

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

VENUGOPAL N. DHOOT
Chairman & Managing Director

Place : Mumbai
Date : 26th May, 2012

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, AS AMENDED AND FORMING PART OF THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2011.

Name of the Employee	Designation	Remuneration (in ₹)	Qualification	Age (Years)	Experience (Years)	Date of Joining	Name of the Last Employer	Position (Designation) in the Last Organisation
A. K. Modani	Sr. Vice President	9,626,004	B.Com., C.A., C.S.	48	28	16.11.1989	Shree Digvijay Cement Co. Limited	Finance Executive
Abhijit Kotnis	Vice President	7,329,773	B.E. (Electronics)	43	22	01.04.2009	VDC Technologies SpA., Anagni., Italy	Factory Operational Head
Anil Arora	Associate Vice President	6,687,582	B.Sc.	45	23	12.11.2009	LG Electronics India Private Limited	BGMH
Chandramani Singh	Vice President	9,222,170	M.A., PGDBM	44	15	05.12.2008	Arron Engineering	Chief Executive Officer
Jaideep Rathore	Sr. Vice President	8,597,845	B.Sc., M.B.A.	41	22	15.01.2009	Samsung India Electronics Limited	Sr. Vice President - Sales & Marketing
Jerold Chagas Pereira	Vice President	6,795,122	B.Com., M.B.A	41	14	19.08.2009	DLF Retail Developers Limited	Sr.Vice President
Rahul Sethi	Vice President	10,000,000	B.Com.	60	37	01.02.1987	Gedor Limited	Commercial Manager
Shekhar Jyoti	Vice President	8,117,003	B.Com., M.B.A	49	28	22.01.1986	Macotax Consultants Private Limited	Vice President
Sunil Kumar Jain	Sr. Vice President	9,805,091	M.Com., ICWAI, C.S.	45	20	01.04.2010	Bharat Business Channel Limited	Sr. Vice President
H. S. Bhatia *	Chief Marketing Officer	2,920,261	M.B.A.	49	24	10.08.2011	Bharti Airtel Limited	Chief Operating Officer
N. S. Satish *	Vice President	1,019,061	M.B.A.	43	19	14.11.2011	Panasonic India Private Limited	Director - Sales
Shailesh Prabhu*	Associate Vice President	6,384,607	M.B.A.	45	20	14.01.2011	Samsung India Electronics Limited	General Manager

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

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

(c) None of the Employees listed above is a relative of any of the Directors of the Company.

* Part of the year

Place : Mumbai
Date : 26th May, 2012

CORPORATE GOVERNANCE REPORT

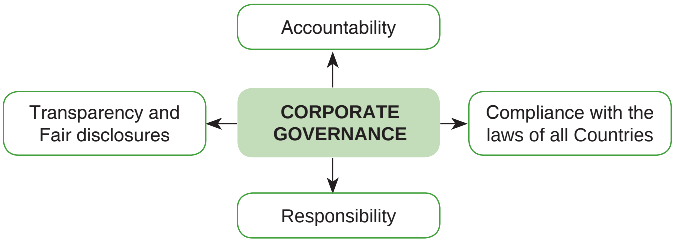
(As required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Effective Corporate Governance is the key element ensuring investors' protection; providing finest work environment leading to highest standards of management and maximization of everlasting long-term values. Your Company believes in the philosophy on practicing Code of Corporate Governance that provides a structure by which the rights and responsibility of different constituents such as the board, employees and shareholders are carved out.

Your Company's philosophy on Corporate Governance sets the goal of achieving the highest level of transparency, accountability and equity in all spheres of its business activities, operations and in all its dealing with the shareholders, employees, the government and other parties.

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



As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the Corporate Governance Report forms part of the Annual Report. Your Company is in full compliance with the requirements and disclosures as stated therein. A certificate from the Statutory Auditors of the Company confirming compliance of the Corporate Governance is appended to the Report on Corporate Governance.

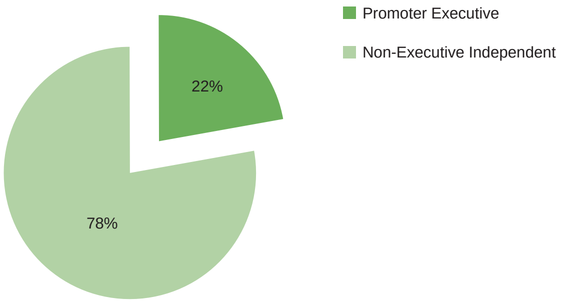
Your Company is in compliance with all the requirements of the Code of Governance, enshrined in Clause 49 of the Listing Agreement.

BOARD OF DIRECTORS

The Board consists of eminent persons with considerable professional experience and expertise in business and industry.

1. Composition of Board as on 31st December, 2011:

The Board of Directors of the Company comprises of Executive and Non-Executive; and Independent Directors. The Chairman is an Executive Director. In all, there were 9 Directors, including 7 Independent Directors as on 31st December, 2011. The Directors do not hold chairmanship on Board of other public companies. As on 31st December, 2011, the composition of the Board of Directors of the Company meets the stipulated requirements of Clause 49 of the Listing Agreement of the Stock Exchanges in following manner:



Category	Directors
Promoter, Executive	Mr. Venugopal N. Dhoot (Chairman & Managing Director) Mr. Pradipkumar N. Dhoot (Whole-Time Director)
Non-Executive, Independent	Mr. S. Padmanabhan Mr. Satya Pal Talwar Mr. Radhey Shyam Agarwal Maj. Gen. Sudhir Chintamani Nilkanth Jatar Mr. Anil G. Joshi Mr. Karun Chandra Srivastava Mr. Girish Nayak (Nominee of ICICI Bank Limited)

Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot are relatives within the meaning of Section 6(c) of the Companies Act, 1956.

2. Board Procedure:

There is a set of rules and regulations for governing the procedure to be followed while conducting the Board and Committee Meetings. The Company adheres to Secretarial Standard 1 as specified by The Institute of Company Secretaries of India, for conducting the Board Meetings.

The Company Secretary of the Company circulates the agenda of the meeting along with all the supporting documents to all the directors entitled to receive the same, to facilitate meaningful and quality discussions at the time of the meeting.

The basic information furnished to Board Members and the Procedure is set out as hereunder:

a) Minutes of the proceedings of each Board/ Committee/ General Body Meetings are recorded. Draft minutes are circulated amongst all members for their feedback/comments. The minutes of all the meetings are entered in the minutes book.

b) The Board/Committee Members have unqualified access to all information available with the Company. The information generally provided to the Members inter-alia includes:

- Annual operating plans, budgets and any updates;
- Capital budgets and any updates;
- Quarterly/Annual results of the Company;
- Minutes of the meetings of Audit Committee and other Committees of the Board;
- Notice of Disclosure of Interest;
- Material important litigations, show cause, demand and penalty notices, if any and status updates;
- Sale of material nature of investments, subsidiaries and assets, which are not in the normal course of business;
- Establishment, operations and Set up of Joint Venture, Subsidiary or Collaboration etc.,
- Investment/Divestment of Joint Ventures, Subsidiaries;
- Acquisitions/ Amalgamation/ Re-organisation of business segments etc;
- Compliance Reports;
- Minutes of the Board Meetings, Annual General Meetings of Subsidiary Companies and significant transactions if any;
- Related Party Transactions;
- Information on recruitment of Senior Officers and Company Secretary; and
- Any other materially relevant information.

c) The guidelines for the Board/Committee meetings facilitate an effective post meeting follow-up, review and reporting process for the actions taken on decisions of the Board and Committees.

3. **Code of Conduct:**

The Board has laid down a Code of Conduct for all directors and senior management of the company, which has been posted on the website of the Company i.e. www.videoconworld.com. All directors and senior management personnel have affirmed compliance with the code for the year 2011. A declaration to this effect signed by the Chairman and Managing Director is annexed to this report.

4. **Meetings:**

During the financial year, the Board met five times on 14.02.2011, 13.05.2011, 26.05.2011, 12.08.2011 and 12.11.2011 and the gap between two Board Meetings did not exceed four months.

5. **Attendance Record of Directors:**

Name of the Director	Attendance at the AGM held on 29.06.2011	Attendance at the Board Meetings held during the year	As on 31st December, 2011		
		Total Meetings Attended+	Directorship**	Committee Chairmanship#	Committee Membership#
Mr. Venugopal N. Dhoot	No	5	12	2	4
Mr. Pradipkumar N. Dhoot	Yes	3	14	0	6
Mr. Radhey Shyam Agarwal	Yes	5	7	2	4
Mr. S. Padmanabhan	No	2	13	0	7
Maj. Gen. S. C. N. Jatar	No	5	0	0	0
Mr. Satya Pal Talwar	No	5	11	3	5
Mr. Arun L. Bongirwar (upto 1.11.2011)	No	4	2	0	2
Mr. Karun Chandra Srivastava	No	4	4	0	1
Mr. Anil Joshi (from 29.06.2011)	N.A.	1	11	3	4
Mr. Girish Nayak (from 26.05.2011)	No	2	0	0	0
Mr. Sushil Muhnot (upto 13.05.2011)	N.A.	1	3	0	0
Mr. Ajay Saraf (upto 13.05.2011)	N.A.	0	2	0	1
Ms. Gunilla Nordstrom (upto 29.06.2011)	No	0	0	0	0

\+ Includes meeting(s) participated through audio conferencing.

** Directorships held by directors does not include any alternate directorships, directorships in Foreign Companies, directorships in Companies incorporated under Section 25 of the Companies Act, 1956 and Private Limited Companies.

\# As per Clause 49 of the Listing Agreement, Memberships/ Chairmanships of only Audit Committee and Shareholders'/ Investors' Grievance Committee of Public Limited Companies have been considered.

6. **Brief profile of Directors seeking appointment/re-appointment:**

The brief profile of directors seeking appointment/re-appointment are appended to the Notice convening the Twenty-Third Annual General Meeting.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors of the Company have set up Committees to carry out various functions, as entrusted and give suitable recommendations to the Board on the significant matters, from time to time.

Committees of the Board of Directors

Mandatory Committees

a) Audit Committee

b) Shareholders'/Investors' Grievance Committee

Non-Mandatory Committees

a) Remuneration Committee

b) Finance and General Affairs Committee

c) Rights Issue Committee

d) Re-Organization Committee

The composition, scope and details of all the aforesaid Committees are given as under:

1. **AUDIT COMMITTEE:**

In terms of the Section 292A of the Companies Act, 1956 and according to Clause 49 of the Listing Agreement, it is mandatory for the Company to establish an Audit Committee. The Company has established an Audit Committee.

Composition as on 31st December, 2011:

The Committee comprises of Independent Directors who are financially literate persons having vast experience in the area of finance, accounts and industry. The composition as on 31st December, 2011, was as under:

Name	Designation	Category
Mr. Satya Pal Talwar	Chairman	Independent
Maj. Gen. S.C.N. Jatar	Member	Independent
Mr. Radhey Shyam Agarwal	Member	Independent

At the beginning of the year, Mr. Satya Pal Talwar was the Chairman of the Audit Committee. During the year under review, Mr. Radhey Shyam Agarwal was appointed as the Chairman of the Audit Committee from 1st June, 2011 to 31st October, 2011. Thereafter, Mr. Satya Pal Talwar was once again appointed as a Chairman.

Meetings and Attendance:

During the financial year under review, five meetings were held on the following dates: 14.02.2011, 13.05.2011, 26.05.2011, 12.08.2011 and 12.11.2011.

Name	Meetings Attended*
Mr. Satya Pal Talwar	5
Maj. Gen. S.C.N. Jatar	5
Mr. Radhey Shyam Agarwal	5

*Including participation through Audio Conferencing

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

Terms of reference and Scope of the Committee:

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

a) Overall assessment of the Company's financial reporting process and the disclosure of its financial information and to ensure that the financial statements are correct, sufficient and credible.

b) Recommending the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and fixation of the audit fee and also approval for payment for any other services rendered by the Auditors.

c) Reviewing with management the annual financial statements before submission to the board, focusing primarily on:

- Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
- Changes, if any, in accounting policies and practices.
- Major accounting entries based on exercise of judgement by management.
- Observations, if any, in the draft audit report.
- Significant changes/amendments, if any, arising out of audit.
- The going concern assumption.
- Compliance with accounting standards.
- Qualification in the draft audit report, if any.
- Compliance with Listing Agreement and other 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.

d) Review of quarterly financial results before submission to the Board for approval.

e) Reviewing, with the management, the statement of utilization/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency and making appropriate recommendations to the Board to take up steps in this matter.

f) Reviewing, with the management, the performance of statutory auditors and internal auditors, adequacy of internal control systems.

g) 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.

h) Discussing with internal auditors any significant findings and follow up there on.

i) Reviewing the findings, if any, of any internal investigations by the internal auditors into matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

j) Discussion with statutory auditors, before the commencement of audit, on nature and scope of audit, as well as post-audit discussion to ascertain any area of concern.

k) Reviewing the Company's financial and risk management policies.

l) Assessing 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.

m) Financial Statements and Investments made by Subsidiaries.

n) To review the functioning of Whistle Blower Mechanism.

o) Approval of appointment of CFO (i.e. whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate.

p) Carrying out any other function which is mentioned in the terms of reference of the Audit Committee.

The 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.
- The appointment, removal and terms of remuneration of the Chief Internal Auditor.

The Audit Committee is also vested with the following powers :

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

2. SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE:

Composition as on 31st December, 2011:

The composition of the Shareholders'/ Investors' Grievance Committee of the Board of Directors as on 31st December, 2011, was as under:

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

After the date of Balance Sheet, there was a change in the composition of Shareholders'/ Investors' Grievance Committee. Mr. Karun Chandra Srivastava resigned from the Board of Directors w.e.f. 1st February, 2012. Consequent upon his resignation, he ceased to be a member of Shareholders'/ Investors' Grievance Committee. Mr. Radhey Shyam Agarwal was co-opted as the member of Shareholders'/ Investors' Grievance Committee in place of Mr. Karun Chandra Srivastava.

Meetings and Attendance:

During the financial year under review, seven meetings were held on the following dates: 14.02.2011, 13.05.2011, 26.05.2011, 27.07.2011, 22.08.2011, 31.10.2011 and 12.11.2011.

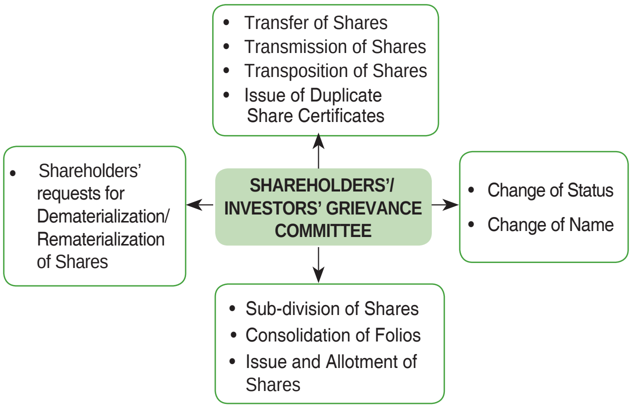
Name	Meetings Attended*
Maj. Gen. S.C.N. Jatar	7
Mr. S. Padmanabhan	5
Mr. Karun Chandra Srivastava	7

* Including participation through Audio Conferencing.

Terms of reference and Scope of the Committee:

The terms of reference and scope of the Committee are represented below:

The Board has delegated the power of Share Transfer to Registrar and Share Transfer Agent, who processes the transfers. The Committee looks after the redressal of investors' grievances and performance of the Registrar and Share Transfer Agent of the Company.



In addition to the above, the Committee closely monitors compliance of the code of conduct for prevention of insider trading.

Compliance Officer:

Mr. Vinod Kumar Bohra, Company Secretary, is the Compliance Officer for complying with the requirements of the Listing Agreement with the Stock Exchanges in India and abroad.

Share Transfer Details:

The number of Shares transferred during the year under review:

Sr. No.	Particulars	Equity
a)	Number of Transfers	979
b)	Average No. of Transfers per Month	82
c)	Number of Shares Transferred	457,872

Demat/Remat of Shares:

Sr. No.	Particulars	Equity
a)	Number of Demat Requests approved	2,977
b)	Number of Sub-committee Meetings held	50
c)	Number of Shares Dematerialized	706,494
d)	Percentage of Shares Dematerialized	0.23
e)	Number of Rematerialization Requests approved	NIL
f)	Number of Shares Rematerialized	N.A.

Details of complaints received and redressed during the year ended 31st December, 2011:

Sr. No	Particulars	Received	Redressed	Pending as on 31.12.2011
1.	Non-Receipt of Refund Order	-	-	-
2.	Non-Receipt of Dividend/Interest/ Redemption Warrants	222	222	-
3.	Non-Receipt of Share Certificates	1,535	1,535	-
4.	Others	208	208	-
	TOTAL	**1,965**	**1,965**	**-**

3. REMUNERATION COMMITTEE:

The Board of Directors has set up a Remuneration Committee to review the amount to be paid as remuneration to the Directors of the Company and Key Managerial persons.

Composition as on 31st December, 2011:

Name	Designation	Category
Maj. Gen. S.C.N. Jatar	Chairman	Independent
Mr. Satya Pal Talwar	Member	Independent
Mr. Radhey Shyam Agarwal	Member	Independent

During the year under review, Mr. Arun L. Bongirwar resigned from the Board of Directors of the Company w.e.f. 1st November, 2011. Consequent to his resignation, he ceased to be a member of Remuneration Committee. Mr. Radhey Shyam Agarwal was co-opted as a member of Remuneration Committee in place of Mr. Arun L. Bongirwar w.e.f 1st November, 2011.

The Company Secretary is the *de-facto* Secretary of the Committee.

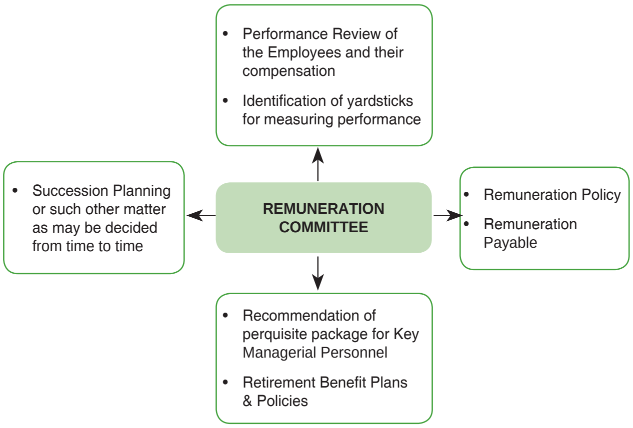
Meeting and Attendance:

During the financial year under review, one meeting of the Committee was held on 31.01.2011.

Name	Meeting Attended
Maj. Gen. S.C.N. Jatar	1
Mr. Satya Pal Talwar	1
Mr. Arun L. Bongirwar	1
Mr. Radhey Shyam Agarwal	N. A.

Terms of reference and Scope of the Committee:

The terms of reference and scope of the Committee are represented below:



Directors' Remuneration:

(a) The Promoter Directors, Executive Directors, Non-Executive Non-Independent Directors, are not paid any sitting fees. Mr. Venugopal N. Dhoot, Chairman and Managing Director and Mr. Pradipkumar N. Dhoot, Whole-Time Director of the Company are entitled for remuneration as per their terms of appointment. However, they have not drawn any remuneration during the year ended on 31st December, 2011.

(b) The Independent Directors are paid only sitting fees for attending Board/Committee Meetings. The details of payment of sitting fees during the year under review are as follows:

Sr. No.	Name	Sitting Fees (₹)
1.	Mr. S. Padmanabhan	310,000
2.	Mr. Karun Chandra Srivastava	150,000
3.	Maj. Gen. S.C. N. Jatar	310,000
4.	Mr. S. P. Talwar	210,000
5.	Mr. A. L. Bongirwar	90,000
6.	Mr. R. S. Agarwal	230,000
7.	Mr. Anil Joshi	20,000
8.	Mr. Sushil Muhnot (IDBI Bank Limited)	20,000
9.	Mr. Girish Nayak (ICICI Bank Limited)	40,000

Stock Options:

The Company has not issued any Stock Options.

4. FINANCE AND GENERAL AFFAIRS COMMITTEE:

Composition as on 31st December, 2011:

Name	Designation	Category
Mr. Venugopal N. Dhoot	Chairman	Promoter - Executive
Mr. Pradipkumar N. Dhoot	Member	Promoter - Executive
Mr. S. Padmanabhan	Member	Independent

The Company Secretary is the *de-facto* Secretary of the Committee.

Meeting and Attendance:

During the financial year, the Committee met thirty times on the following dates:

07.01.2011, 13.01.2011, 01.02.2011, 15.02.2011, 08.03.2011, 17.03.2011, 29.03.2011, 25.04.2011, 17.05.2011, 27.05.2011, 01.06.2011, 16.06.2011, 11.07.2011, 13.07.2011, 27.07.2011, 03.08.2011, 08.08.2011, 22.08.2011, 02.09.2011, 21.09.2011, 04.10.2011, 18.10.2011, 01.11.2011, 11.11.2011, 23.11.2011, 29.11.2011, 12.12.2011, 13.12.2011, 29.12.2011 and 31.12.2011

Name	Meetings Attended
Mr. Venugopal N. Dhoot	30
Mr. Pradipkumar N. Dhoot	14
Mr. S. Padmanabhan	17

Terms of reference and Scope of the Committee:

The Committee is entrusted with various powers from time to time, which shall aid in speedy implementation of various projects, activities and transactions whether routine or non-routine in nature.

5. RIGHTS ISSUE COMMITTEE:

Composition as on 31st December, 2011:

Name	Designation	Category
Mr. Venugopal N. Dhoot	Chairman	Promoter - Executive
Mr. S. Padmanabhan	Member	Independent
Maj. Gen. S.C. N. Jatar	Member	Independent
Mr. Radhey Shyam Agarwal	Member	Independent

Meetings and Attendance:

During the financial year under review, five meetings were held on the following dates: 22.01.2011, 25.03.2011, 08.06.2011, 24.09.2011 and 22.10.2011.

Name	Meetings Attended
Mr. Venugopal N. Dhoot	5
Mr. S. Padmanabhan	5
Maj. Gen. S.C. N. Jatar	3
Mr. Radhey Shyam Agarwal	3

Terms of reference and Scope of the Committee:

The Rights Issue Committee is entrusted with various powers and authorities, from time to time to aid in speedy implementation of all the formalities in relation to Rights Issue made by the Company in April 2010.

6. RE-ORGANIZATION COMMITTEE:

Composition as on 31st December, 2011:

Name	Designation	Category
Mr. Venugopal N. Dhoot	Chairman	Promoter - Executive
Mr. S. Padmanabhan	Member	Independent
Mr. S. P. Talwar	Member	Independent

Meeting and attendance:

No meeting was held during the year under review.

Terms of reference:

The said Committee was formed to re-organize and segregate various business segments of the Company with a view to ensure greater focus on the operations of each of its diverse businesses, enhanced value for shareholders and improvement in the business prospects of the Company. The said Committee have the powers to engage and appoint legal, tax, financial and other consultants to advise and assist it in the above said matter and do all such acts, deeds and things, as may be required.

MEANS OF COMMUNICATION

The Company regularly intimates its financial results, audited/limited reviewed, to the Stock Exchanges, as soon as the same are taken on record /approved. These financial results are published in the Financial Express and Loksatta, English and Marathi language newspapers. These results are not distributed/sent individually to the shareholders.

In terms of the requirements of Clause 52 of the Listing Agreement with the Stock Exchanges in India, the un-audited financial results as well as audited financial results are electronically submitted, unless there are technical difficulties and are displayed through Corporate Filing and Dissemination System viz., www.corpfiling.co.in and Shareholding Pattern and Corporate Governance Compliance is displayed on NEAPS (NSE Electronic Application Processing System) website i.e. www.connect2nse.com

All important information and official press releases are displayed on the website for the benefit of the public at large. Analysts' Reports/ Research Report, if any, are also uploaded on the website of the Company. The Company's website can be accessed at www.videoconworld.com

Management Discussion and Analysis Report forms part of the Annual Report.

GENERAL BODY MEETING

The details of the last three Annual General Meetings (AGMs) of the Company are as under:

AGM	Date	Location	Time	Special Resolution Passed
20th	30th March, 2009	14 K. M. Stone, Aurangabad-Paithan Road, Village: Chittegaon, Taluka: Paithan, District: Aurangabad - 431 105	12.00 Noon	NIL
21st	30th March, 2010	14 K. M. Stone, Aurangabad-Paithan Road, Village: Chittegaon, Taluka: Paithan, District: Aurangabad - 431 105	12.00 Noon	NIL
22nd	29th June, 2011	14 K. M. Stone, Aurangabad-Paithan Road, Village: Chittegaon, Taluka: Paithan, District: Aurangabad - 431 105	12.00 Noon	1 (One)

POSTAL BALLOT

During the financial year under review, three resolutions were passed through Postal Ballot, particulars of which are set out hereunder-

Resolution No.	Particulars of the Resolution Passed	Section of the Companies Act, 1956, under which the resolution passed	Nature of Resolution
1.	Authorised the Board of Directors to make investments, extend guarantee, provide security, make inter-corporate loans upto an amount ₹ 25,000 Crores.	Section 372A	Special
2.	Authorised the Board of Directors of the Company to borrow money/moneys upto an amount of ₹ 30,000 Crores.	Section 293(1)(d)	Ordinary
3.	Authorised the Board of Directors to sell, lease, mortgage, or otherwise dispose off the whole or substantially the whole of undertaking of the Company upto an amount of ₹ 30,000 Crores.	Section 293(1)(a)	Ordinary

The Board had appointed Mr. Sharad B. Palod, Advocate, as Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner.

Notice of the Postal Ballot, together with Explanatory Statement in terms of the provisions of Section 173 (2) of the Companies Act, 1956, Postal Ballot Form and self-addressed envelope, postage paid by the Company, were dispatched to all the shareholders of the Company and all other persons entitled to receive the same.

The procedure for postal ballot was as per Section 192A of the Companies Act, 1956 and rules made thereunder namely Companies (Passing of the Resolution by Postal Ballot) Rules, 2011.

Results were announced and resolutions were declared as passed on 15th October, 2011.

VOTING PATTERN

	1	2	3	4	5	6	7	8	9	10	11	12
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 the resolution**	**% Of shares to total no of shares in respect of which PBF received**	**Total no. of PBF against**	**Total no. of votes casted against the resolution**	**% Of shares to total no. of valid shares**	**Abstained from voting & short voting**	**No. of shares**
1	Special Resolution under Section 372A of the Companies Act, 1956, for authorizing the Board of Directors to make investments, extend guarantee, provide security, make inter-corporate loans upto an amount of ₹ 25,000 Crores.	2,267	212,311,117	70.15	1,908	208,282,066	98.10	323	4,027,675	1.90	36	1,376 (864 - Voting Right not Exercised; 512 Short Voting)
2	Ordinary Resolution under Section 293(1)(d) of Companies Act, 1956, for authorizing the Board of Directors of the Company to borrow money/moneys upto an amount of ₹ 30,000 Crores.	2,267	212,311,117	70.15	1,748	208,213,154	98.07	347	4,090,463	1.93	172	7,500 (7,006 - Voting Right not Exercised; 494 Short Voting)
3	Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956, for authorizing the Board of Directors to sell, lease, mortgage, or otherwise dispose off the whole or substantially the whole of undertaking of the Company upto an amount of ₹ 30,000 Crores.	2,267	212,311,117	70.15	1,698	208,211,459	98.07	405	4,092,316	1.93	164	7,342 (6,807 - Voting Right not Exercised; 535 Short Voting)

422 PBF representing 45,767 equity shares were rejected / invalid cases.

None of the businesses are proposed to be transacted at the ensuing Annual General Meeting which requires passing of a special resolution through postal ballot.

DISCLOSURES

a) Materially significant related party transactions i.e. the transactions of the Company of material nature with its promoters, directors/ management, subsidiaries/ 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 the Company at large. Transactions with related parties are disclosed in Note No. B-21 of Schedule 15 to the Accounts in the Annual Report.
b) Non-compliance by the Company, penalties and 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 it is hereby affirmed that 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: 1. Constituted a Remuneration Committee, details of which are captured in the section Board Committees of this Report. 2. Constituted a Standing Committee under nomenclature 'Finance and General Affairs Committee'. 3. Constituted a Committee titled as 'Rights Issue Committee'. 4. Constituted a Committee titled as 'Re-Organization Committee'. 5. Adopted a Whistle Blower Policy to promote reporting of any unethical or improper practice or violation of the Company's Code of Conduct or complaints regarding accounting, auditing, internal controls or disclosure practices of the Company. It gives platform to the whistle blower to report any unethical or improper practice (not necessarily violation of law) and to define processes for receiving and investigating complaints. No personnel have been denied access to the audit committee.

GENERAL SHAREHOLDER INFORMATION

1. ANNUAL GENERAL MEETING:

The Twenty Third Annual General Meeting of the Company will be held as per the following schedule:

Day	Friday
Date	29th June, 2012
Time	12.00 noon
Venue	At the Registered Office: 14 K. M. Stone, Aurangabad – Paithan Road, Village: Chittegaon, Taluka: Paithan Dist.: Aurangabad – 431 105 (Maharashtra).

2. FINANCIAL CALENDER FOR THE YEAR ENDED 31ST DECEMBER, 2012:

The financial calendar (tentative) shall be as under:

Financial Year	1st January, 2012 to 31st December, 2012
First Quarterly Results	On or before 15th May, 2012
Second Quarterly Results	On or before 14th August, 2012
Third Quarterly Results	On or before 14th November, 2012
Fourth Quarterly Results	On or before 28th February, 2013
Annual General Meeting for year ending 31st December, 2012	On or before 29th June, 2013

3. DATE OF BOOK CLOSURE:

The date of Book Closure for the purpose of Annual General Meeting and determining the shareholders' entitlement for dividend shall be from Saturday, 16th June, 2012 to Friday, 29th June, 2012 (both days inclusive).

4. DIVIDEND PAYMENT DATE:

Dividend on equity shares, if declared at the Annual General Meeting, is proposed to be paid on or around Wednesday, 4th July, 2012.

5. LISTING ON STOCK EXCHANGES AND STOCK CODE:

The Equity Shares of your Company are listed on BSE Limited (Formerly: Bombay Stock Exchange Limited) and The National Stock Exchange of India Limited (NSE). The names and addresses are given below:

Sr. No.	Name and Address of the Stock Exchanges	Stock Code
1	BSE Limited (Formerly: Bombay Stock Exchange Limited) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Web: www.bseindia.com	511389
2	The National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra East, Mumbai - 400 051 Web: www.nseindia.com	VIDEOIND

Global Depository Receipts of the Company are listed on:

Bourse de Luxembourg, 11 avenue, de la, Porte, NeuveL- 2227, Luxembourg
Web: www.bourse.lu

Foreign Currency Convertible Bonds of the Company are listed on:

Singapore Exchange Securities Trading Limited, 2, Shanton Way,
19-00, SGX Centre 1, Singapore - 068 804
Web: www.sgx.com

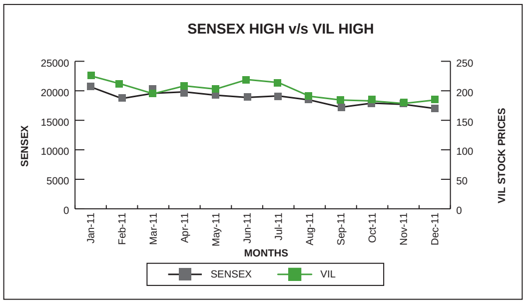
The Company has paid listing fees for the year 2012-13 to both the Stock Exchanges and the Custodial Fees for the year 2012-13 to National Securities Depository Limited and Central Depository Services (India) Limited.

6. MARKET PRICE DATA:

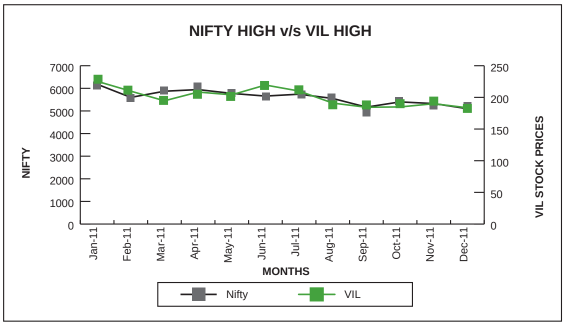
Average monthly high and low prices at BSE and NSE are given below:

Month	BSE		NSE	
	High	Low	High	Low
January, 2011	225.35	204.00	225.40	203.30
February, 2011	211.00	180.30	209.80	180.20
March, 2011	195.00	175.05	194.60	178.10
April, 2011	208.35	185.90	208.40	186.00
May, 2011	202.90	179.30	204.05	181.00
June, 2011	219.00	170.00	219.50	169.65
July, 2011	214.00	179.90	210.00	179.40
August, 2011	190.70	171.00	191.00	170.00
September, 2011	184.35	165.05	184.40	165.00
October, 2011	182.80	165.20	184.90	165.10
November, 2011	178.50	162.00	190.00	163.50
December, 2011	184.35	168.00	183.60	166.35

A comparative chart showing Videocon Industries Limited High verses BSE Limited High:



A comparative chart showing Videocon Industries Limited High verses National Stock Exchange of India Limited High:



7. DISTRIBUTION OF SHAREHOLDING:

A) Shareholding Pattern as on 31st December, 2011:

Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares	As a percentage of (A+B+C)
(A)	**Shareholding of Promoter and Promoter Group**			
(1)	Indian	45	206,778,320	68.24
(2)	Foreign	-	-	-
	Sub-Total (A)	**45**	**206,778,320**	**68.24**
(B)	**Public Shareholding**			
(1)	Institutions	167	38,299,648	12.64
(2)	Non-Institutions			
	- Bodies Corporate	2,211	29,770,257	9.82
	- Individuals	334,708	13,320,632	4.40
	- Others	1,145	240,747	0.08
	Sub-Total (B)	**338,231**	**81,631,284**	**26.94**
	TOTAL (A) + (B)	**338,276**	**288,409,604**	**95.18**
(C)	**Shares held by Custodians and against which depository Receipt have been issued**			
1	Promoter and Promoter Group	-	-	-
2	Public	2	14,612,065	4.82
	Sub-total (C)	**2**	**14,612,065**	**4.82**
	GRAND TOTAL (A) + (B) + (C)	**338,278**	***303,021,669**	**100.00**

* Total number of shares includes 21,358 partly paid-up equity shares (₹ 5/- paid) issued on Rights Basis on 22nd April, 2010.

B) Distribution of Shareholding as on 31st December, 2011:

Shareholding of Nominal Value	Number of Shareholders	% to the total number of Shareholders	No. of Shares	Amount in ₹	% to Total value of Capital
Up to 5,000	334,964	99.02	7,053,367	70,533,670	2.33
5,001 to 10,000	1,710	0.51	1,308,497	13,084,970	0.43
10,001 to 20,000	725	0.21	1,064,102	10,641,020	0.35
20,001 to 30,000	214	0.06	552,817	5,528,170	0.18
30,001 to 40,000	111	0.03	389,588	3,895,880	0.13
40,001 to 50,000	76	0.02	356,327	3,563,270	0.12
50,001 to 100,000	149	0.04	1,103,709	11,037,090	0.36
100,001 and above	329	0.11	291,193,262	2,911,932,620	96.10
Total	**338,278**	**100.00**	**303,021,669**	**3,030,216,690**	**100.00**

8. DEMATERIALIZATION OF SHARES AND LIQUIDITY:

The Company's Equity Shares are under compulsory demat trading by all categories of investors. As on 31st December, 2011, 300,225,209 Equity Shares have been dematerialized which account for 99.08% of the total equity.

9. OUTSTANDING GDRs/ ADRs/ WARRANTS OR CONVERSION INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY (31ST DECEMBER, 2011)

During the year ended on 31st December, 2011, the outstanding Foreign Currency Convertible Bonds (FCCBs) of US$ 41.82 Million (forming part of US$ 90 Million, which were due on 7th March, 2011) and FCCBs of US$ 66.651 Million (forming part of US$ 105 Million, which were due on 25th July, 2011) were repaid on due dates. The details of outstanding FCCBs and their likely impact on the equity upon conversion are tabulated as under:

Sr. No.	Particulars	FCCB of US$ 200 Million (due on 16th December, 2015)
1	Principal Value of the FCCBs issued	US$ 200,000,000
2	Principal Value of FCCBs converted into equity this year (i.e. in the financial year ended on 31st December, 2011)	US$ 5,600,000
3	Underlying equity shares issued pursuant to conversion of FCCBs as referred S. No. 2	1,058,035
4	Principal Value of FCCBs outstanding at the end of the year i.e. as on 31st December, 2011.	US$ 194,400,000
5	Underlying equity shares which may be issued upon conversion of FCCBs as referred in S. No. 4 hereinabove.	36,729,013

10. WARRANTS:

There were no warrants issued during the year under review.

11. REGISTRAR AND SHARE TRANSFER AGENT:

MCS Limited
Kashiram Jamnadas Building
Office No. 21/22, Ground Floor,
5, P D'mello Road (Ghadiyal Godi),
Masjid (East), Mumbai - 400 009
Tel: 022-23726253/55 Fax: 022-23726256
E-mail: mcspanvel@yahoo.co.in

12. SHARE TRANSFER SYSTEM:

Shares received for transfer by the Company or its Registrar and Share Transfer Agent in physical mode are processed and all valid transfers are approved. The share certificate(s) is/are duly transferred and dispatched within a period of 15 to 20 days from the date of receipt.

13. PLANT LOCATIONS:

The Company has manufacturing facilities at the following locations:

1. 14 K.M. Stone, Aurangabad-Paithan Road, Village: Chittegaon, Taluka: Paithan, District - Aurangabad, Maharashtra
2. Village: Chavaj, Via Society Area, Taluka & District: Bharuch, Gujarat
3. Vigyan Nagar, Industrial Area, Opp. RIICO Office, Shahjahanpur, District: Alwar, Rajasthan – 301 706

14. ADDRESS FOR CORRESPONDENCE:

Videocon Industries Limited

14 K.M. Stone, Aurangabad-Paithan Road,
Village: Chittegaon, Taluka: Paithan,
District - Aurangabad – 431 105, Maharashtra
Tel: 02431-663933 (Secretarial Dept.)
Tel: 02431-251501 Fax: 02431-251551
E-mail: secretarial@videoconmail.com

The Correspondence address for shareholders in respect of their queries is:

MCS Limited
Kashiram Jamnadas Building,
Office No. 21/22, Ground Floor,
5, P D'mello Road (Ghadiyal Godi),
Masjid (East), Mumbai - 400 009
Tel: 022-23726253/55
Fax: 022-23726256

15. BANK DETAILS:

Shareholders holding shares in physical form are requested to notify / send the following information to the Registrar and Share Transfer Agent of the Company:

- Any change in their address/ mandate/ bank details etc; and
- Particulars of the bank account in which they wish their dividend to be credited (in case the same has not been furnished earlier); and should include the following particulars namely, Bank Name, Branch Name, Account Type, Account Number and MICR Code (9 digits).

16. PERMANENT ACCOUNT NUMBER:

The Securities and Exchange Board of India has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to the Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar and Share Transfer Agent.

17. NOMINATION FACILITY:

Shareholders holding shares in physical form and desirous of submitting/ changing nomination in respect of their shareholding in the Company may submit Form 2B (in duplicate) as per the provisions of Section 109A of the Companies Act, 1956, to the Company's Registrar and Share Transfer Agent.

18. COMPLIANCE CERTIFICATE OF THE AUDITORS:

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

DECLARATION

The Board has laid down a code of conduct for all the 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

CHAIRMAN & MANAGING DIRECTOR

Place : Mumbai
Date : 26th May, 2012

CMD/CFO CERTIFICATION

To,
The Board of Directors,
VIDEOCON INDUSTRIES LIMITED

We, the Chairman and Managing Director appointed in terms of the Companies Act, 1956 and Chief Financial Officer of the Company, certify to the Board that:

a) We have reviewed the Financial Statement and the Cash Flow Statement, for the year ended on 31st December, 2011 and to the best of our knowledge and belief:
   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
   ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's Code of Conduct.

c) We accept the responsibility for establishing and maintaining internal controls for financial reporting, evaluate the effectiveness, disclosing the deficiencies in the design or operation of internal controls, if any, to the Auditors and Audit Committee and take such steps or propose to take steps to rectify these deficiencies.

d) We have indicated, wherever applicable, to the Auditors and the Audit Committee:
   i. Significant changes in Internal Control over financial reporting during the year;
   ii. Significant changes in Accounting Policies, the same have been disclosed in the notes to the financial statement; and
   iii. Instances of significant fraud of which we have become aware.

For VIDEOCON INDUSTRIES LIMITED

CHIEF FINANCIAL OFFICER **CHAIRMAN & MANAGING DIRECTOR**

Place : Mumbai
Date : 26th May, 2012

COMPLIANCE CERTIFICATE ON COPORATE GOVERNANCE

To,

The Members of

VIDEOCON INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by Videocon Industries Limited, for the year ended on 31st December, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

Compliance of conditions of Corporate Governance is a responsibility of the Management. Our examination was limited to the review of the procedures and implementations thereof adopted by the Company for ensuring the compliance of conditions of 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 the conditions of Corporate Governance as stipulated in Clause 49 of Listing Agreement.

We further state that such compliance is neither an assurance 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 KHANDELWAL JAIN & CO.
Chartered Accountants
(Firm Registration No. 105049W)

AKASH SHINGHAL
Partner
Membership No. 103490

For KADAM & CO.
Chartered Accountants
(Firm Registration No. 104524W)

U. S. KADAM
Partner
Membership No. 31055

Place : Mumbai
Date : 26th May, 2012

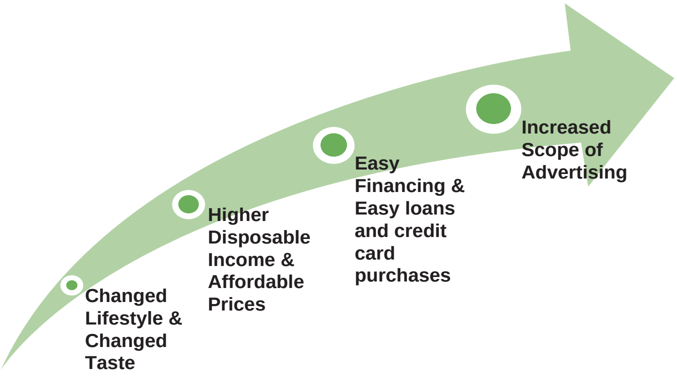
MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management of the Company has pleasure in presenting the Management Discussion and Analysis Report in compliance with the Code of Corporate Governance under Clause 49 of the Listing Agreement.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The Consumer Electronics Industry is changing at its fastest speed. There are always innovations and developments in the techniques of production. The consumer trends and preferences are also changing. Lifestyle changes are influencing demand of large capacity products. New formats such as multi-door refrigerators are finding quick acceptance. Factors such as Style, Design and Colour reflect the buyer's personalities and such factors are also considered in the purchase process. Consumers are willing to pay a premium for good design.

Some of the factors that could result in the growth of the Consumer Electronics & Home Appliances Industry are:



The demand for Consumer Electronics products is expected to increase because the standard of living of the masses has been uplifted, which motivates them to live lavish life. Emphasis has been given by manufacturers on improving efficiencies, consumer research, brand building, retail refurbishments, strengthening after sales service and focusing on high end products to maintain the bottom line.

The world is all about branding and advertising. The brand is associated with a benchmark and goodwill. It has a value and it creates an impression on the minds of the customers. Videocon's mission is to make its brand better, aspirational and increase consumer pull. With a wide and vast range of products, which are the results of constant innovation and technology upgradation, the brand provides a solution to all their needs that will keep closer to the hearts of millions of consumers.

Your Company seeks to bring variety in its range of products. The range of products include Refrigerators, Air conditioners, Televisions, Washing Machines, Microwave ovens and other small appliances. Every product of the Company is different and has its own unique characteristic. Your Company is committed to produce user friendly products. It emphasizes on production with the use of automated technology to reduce cost and time of the consumers.

Your Company proposes to increase its money spent on R & D activities, so as to come up with new products with better technology. Your Company will be focusing on branding and advertisement activities to create more awareness among the consumers.

The moto of the Company "***Yahan Life Hamesha On. Videocon***." reveal that there is always fun and satisfaction with Videocon products. Your Company aims in building relationships with the youth as they are its biggest target segment. In future, your Company promises to reach to maximum number of consumers for making their home happier and life easier.

Televisions:

Consumer electronics market is majorly influenced by technology which is changing day by day with many innovations and continuous R & D. Consumer preferences, life style, comfort are the major factors which lead to new innovations in technology and to provide new comfort to the users by developing user friendly yet technically sound products. We are also upgrading our range of products with latest technology and innovations.

In television sector, we have a range of products in the following categories -

- LED TV
- LCD TV
- Ultra Slim TV
- Flat TV
- Conventional TV
- Integrated Digital TV
- Android TV
- Internet TV

The Televisions have following eye catching features -

- Nano Pix Technology - which provides optimum brightness to the colours so that one cannot miss even the finest details while watching.
- 3D active shutter technology - which separates images for the left and right eyes and records them at FULL HD quality. Playing them alternatively at high speed, thus, creating the illusion of a three dimensional image.
- Bluetooth enabled model with 120 HZ Motion impact - which increases picture sharpness and overall image quality. The edges of object are very clearly defined and images move smoothly without any interruptions.
- USB (JEPG, MP 3) - build in with a 2.0 compatible version of USB. With this, you can watch your images and can listen to music on your LED TV.
- Energy Meter - Television has energy meter as a visual indicator to prompt user about energy consumption. Just by pressing a button a user can understand the current power consumption level and based on these details user can adjust the eco vision parameters that suits best of users choice to save energy and environment too.
- Captured Logo - With this function user can personalize his TV. He can select any picture from USB and watch the same as a screen saver in the TV.

In this changing world, your Company is launching many new technologies like LED TVs, 3D TVs, DTH LED TVs, net connected TVs with many attractive designs and aesthetics to delight Indian consumers with wide range of products. The Company has also introduced many unique selling propositions like models with brush and metal finish, slim TVs etc. Health TV is another platform which has been introduced in LCD's and LED TV models to take care of consumer's health perspective.

Refrigerators:

Refrigerators have increasingly been finding their way into Indian homes. The refrigerator has marked off as the hub of the kitchen. The advancement of technology has left customers asking for more and more. The refrigerator no longer remains a boring utility appliance standing in a corner of the modern home. It is evolving in more ways than one. The products of the Company are based upon aesthetics and design, healthy food preservation and hygiene, more energy efficiency models and above all on green technology and many more advanced features.

The key growth drivers of refrigerator business in India are likely to be:

- Growth of organized retail;
- Emergence of nuclear family and changing lifestyle trends; and
- Higher disposable income and greater aspirations bringing about a qualitative change in the preferences.

Washing Machines:

Washing Machine has become an indispensible home appliance. Now a days, with advancement of technology and awareness among the customers, there are variety of products coming in market every day. The products of the Company can be classified into following three streams -

- Front Loaded
- Top Loaded
- Semi Automatic

Some of the USPs developed by the Company for washing machines are:

- Do it yourself mechanism;
- 3 inbuilt programs – pre-wash, eco-wash and intensive wash technology; and
- Attractive designs, vibrant colours, body graphics etc.

The Company is doing research on designing machines that use lesser amount of water and detergent. Also, noise reduction is another aspect; the manufactures are taking into account.

Air Conditioners:

While human desire to control the indoor environment led to the invention of air conditioning systems, growth in population, steady economic progress, industrialization, rising standard of living, affordability of technology and increase in commercial applications have led to its rapid proliferation across the globe.

The Air Conditioner market has been expanding because of increased investments in high-end industries and introduction of more sophisticated industrial processes. New commercial users and existing users such as retail outlets, shopping malls, hotels, travel agencies, restaurants have also contributed to the growth of this market. Boom in the Indian software industry i.e. IT Parks, Call Centres, BPOs have a major contribution in this market.

Microwave Ovens:

For years, microwave ovens were considered as merely reheating machines. Changing lifestyle, varied eating habits and experiment in cooking etc., have led to tremendous innovations in the Microwave ovens. The market for the same is growing and there is always a threat of competition from multinational companies.

Lack of time, changing eating habits, growing disposable income and more and more women getting into service/work culture have resulted into growth of this segment. Microwave oven are seen as a tool for facilitating convienience.

INDIAN OIL AND GAS INDUSTRY

The oil and gas industry is one of the most important sectors for any economy and directly impacts the energy security of a country. It assumes all the more importance for a country with scarce oil and gas reserves, such as India. Any change in supply and pricing of petroleum products directly impacts cost of day-to-day economic activities.

The Government recognizes the strategic importance of Indian oil and gas sector and thus regularly invites the global oil and gas companies to bid for license for exploration and production of oil and gas blocks in India under the New Exploration Licensing Policy (NELP) Scheme.

India's oil and gas sector has attracted investors round the globe as the country enjoys rich reserves of resources. India is currently world's fifth biggest energy consumer and the need is continuously growing.

Oil and Gas Segment of Videocon:

The participating interest of your Company along with its subsidiaries/joint ventures in the oil & gas field is as hereunder:

Region	Oil & Gas Field	Name of the Operator	Participating Interest of Videocon	Status
India	Ravva Oil & Gas Field	Cairn Energy	25%	Production
Mozambique	Rovuma Area 1 Concession	Anadarko	10%	Exploration
Brazil*	BM-ES-24-Esprito Santos	Petrobras	15%	Exploration
	BM-C-30 Campos	Anadarko	12.5%	Exploration
	BM-SEAL-11-Sergipe	Petrobras	20%	Exploration
	BM-POT-16-Potiguar	Petrobras	10%	Exploration
East Timor	JPDA 06/103	Oilex	20%	Exploration
Indonesia	Nunukan PSC	Anadarko	12.5%	Exploration
Australia	WA-388P-Permit	Oilex	8.4%	Exploration

* The oil and gas blocks in Brazil are held by IBV Brazil Petroleo Limitada, which is a 50:50 joint venture between Videocon Energy Brazil Limited and Bharat Petro Resources Limited.

SEGMENT-WISE PERFORMANCE

The Consolidated Financial Statements have been prepared in terms of Accounting Standard 21 on "Consolidated Financial Statements", Accounting Standard 27 on "Financial Reporting of Interests in Joint Venture" and Accounting Standard 23 on "Accounting for Investments in Associates in Consolidated Financial Statements". Accordingly, the segment information as per Accounting Standard 17 on Segment Reporting has been presented in consolidated financial statements.

The segment-wise turnover on consolidated basis is as under:

(₹ in Million)

Segment	Year ended 31st December, 2011 (12 Months)	Period ended 31st December, 2010 (15 Months)
Consumer Electronics and Home Appliances	**115,651.15**	135,403.79
Crude Oil and Natural Gas	**14,934.64**	13,203.33
Telecommunication	**6,227.05**	1,679.75
Power	**32.23**	-
Total	**136,845.07**	150,286.87

OPPORTUNITIES AND THREATS

The global consumer electronic industry is set to witness a phenomenal growth in the near future, with the rising technological innovations. The digital technology revolution has enabled the industry to earn profits from growing interaction of digital applications. Your Company is focused on utilisation of this technological advancement at its fullest. Following are some of the opportunities and threats which the Company has to face -

Opportunities: Consumer Electronics and Home Appliances Sector

- Increased awareness and education about the consumer products and appliances contributing to rise in demand for the product.
- Exposure to western culture.
- Easy availability of information due to advertising and branding, thereby increasing "Consumerism".

- Digital technological revolution.
- Governments' incentive for exports.
- Upgradation of standard of living, higher disposable income leading to high ownership aspiration at household level.
- Technological advancement and production of user friendly devices which makes such home appliances as need of the day and not luxury.
- Easy credit available/easy financing schemes.

Opportunities: Oil and Gas Sector

- Exploration of oil and gas business through mergers and acquisitions.
- Increase in demand for energy in market in line with Indian economic and industrial development.

Threats: Consumer Electronics & Home Appliances Sector

- Intense competition among players.
- Rising rates of taxes.
- Need of branding and advertising resulting into fewer profit margins.
- Increasing input cost resulting into increase in cost of production.
- Seasonal demand.
- Increase in raw material prices.
- Rapid changes in technologies thereby making product lifecycle short.

Threats: Oil and Gas Sector

- Increased competition could adversely affect the expansion plans by limiting the number of new exploration blocks that will be available to the Company in future.
- Exposed to Government of India in respect of sales of oil and gas.
- The oil and gas industry is extremely competitive and the Company may not be successful when tendering for further exploration blocks.

OUTLOOK

Your Company is looking forward to expand its business of high end products leading to consumer satisfaction and saving consumers' time and money. The R & D centre of the Company is working towards production of Home Appliances with advanced technology, new looks and increased efficiency. Increase in number of nuclear families and increased standard of living assures bright future for the industry of Consumer Electronics and Home Appliances.

RISKS & CONCERNS

Your Company has an optimistic attitude towards risks associated with the business of Consumer Electronics and Home Appliances. The risks and mitigation measures are weaved into the Strategic Business Plans and forms part of reviews made periodically.

The Company has to manage the risk of competition from domestic as well as foreign players.

Risks associated with the Consumer Electronics and Home Appliances Business are:

- The market for consumer products is very volatile and there is always new innovation in technology and use.
- Brand creates goodwill and recognition for business. Brand loyalty among consumers adversely affects the acceptance of new technologies.
- There is a risk of non-adoption of technology.
- Increase in competition from foreign players.
- Pressure on price and margin.

Risks associated with Oil and Gas Industry are:

- The oil and gas industry is extremely competitive and the Company may not be successful when tendering for further exploration blocks.
- The pricing of oil and gas is subject to variation and depends on a number of factors which are beyond the control of the Company.
- The Company is exposed to Government of India in respect of sales of oil and gas. Hence, the Company may be adversely affected, if there is any change in the Government of India's policy on oil and gas industry.
- There may be difference in the laws, rules and regulations i.e. the regulatory environment in some countries, which may impact directly or indirectly our oil and gas business.
- The Company doesn't have any controlling interest in any of our oil and gas ventures, resulting into limited freedom in managing the projects in which we participate.

The Company, has in place a Risk Management Policy, but, there are always going to be unforeseen risks and natural calamities which will be beyond the control of the Company.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has adequate internal control systems. The Internal Auditors conduct audits of various departments covering key areas of operations, including overseas operations. The annual internal audit plan and the internal audit reports are also shared with the Statutory Auditors. The Department reviews and evaluates the adequacy and effectiveness of internal controls, ensuring adherence to operating guidelines and statutory requirements, recommending improvements for monitoring and strengthening economy and efficiency of operations and ensuring reliability of financial and operational information.

The internal control system ensures the optimal utilization of resources and accurate reporting of financial transactions and strict compliance with applicable laws and regulations. The Company has in place well documented procedures covering all financial and operating functions.

Your Company adheres to following internal control system:

- Properly conducting Board and General Meetings;
- Recording of data discussed during the meeting in proper manner;
- Well prescribed internal reporting hierarchy;
- Proper constitution of committee in compliance with the Acts, rules and regulations; and
- Timely preparation of records, reports, minutes and other financial and statutory documents.

The internal structure of the Company is a pyramid like structure where there is defined management hierarchy and reporting system.

The well defined and standard reporting structure enables the management to reach to all the classes of employees. It also ensures that no one remains unheard in the Company.

DISCUSSION ON FINANCIAL PERFORMANCE

Comparative performance of the Company on standalone basis is set out hereunder:

Fixed Assets

The gross block of Company as on 31st December, 2011, was ₹ 114,907.15 Million. The net block as on that date was ₹ 63,481.99 Million. During the year, there were additions to the gross block of fixed assets to the extent of ₹ 11,489.00 Million.

Income:

Sales

During the year under review, the Company achieved gross sales of ₹ 129,194.70 Million as against ₹ 146,759.27 Million for the 15 months ended on 31st December, 2010.

Other Income

Other income for the year amounted to ₹ 1,063.12 Million as against ₹ 429.86 Million for the 15 months ended on 31st December, 2010. Other income comprises of income from investments and securities division, profit on sale of fixed assets, insurance claim received, interest and miscellaneous income.

Expenditure

Cost of Goods Consumed/Sold

During the year under review, Cost of Goods Consumed stood at ₹ 78,924.38 Million as against ₹ 91,123.17 Million for the 15 months ended on 31st December, 2010.

Production and Exploration Expenses for Oil and Gas

During the year under review, the production and exploration expenses for oil and gas were ₹ 9,007.76 Million as against ₹ 8,298.07 Million for the 15 months ended on 31st December, 2010.

Salaries, Wages and Employees' Benefits

During the year under review, the salaries, wages and employees' benefits stood at ₹ 2,253.46 Million as against ₹ 2,280.07 Million for the 15 months ended on 31st December, 2010.

Manufacturing and Other Expenses

During the year under review, the manufacturing and other expenses were ₹ 13,792.49 Million as against ₹ 16,259.86 Million for the 15 months ended on 31st December, 2010.

Interest and Finance Charges

For the year ended 31st December, 2011, Interest and Finance charges amounted to ₹ 9,777.89 Million as against ₹ 8,931.56 Million for the 15 months ended on 31st December, 2010.

Depreciation, Amortisation and Impairment

Depreciation for the year amounted to ₹ 6,075.64 Million as against ₹ 7,129.62 Million for the 15 months ended on 31st December, 2010.

Profit Before Tax

The profit before tax and exceptional item stood at ₹ 7,733.72 Million for the year ended 31st December, 2011, as against ₹ 10,504.42 Million for the 15 months ended on 31st December, 2010.

Provision for Taxation

Provision for Taxation includes Provision for Current Tax and Deferred Tax. During the year under review, the Company has provided ₹ 1,296.54 Million for Current Tax and ₹ 981.60 Million for Deferred Tax as against ₹ 1,811.25 Million for Current Tax and ₹ 1,246.23 Million for Deferred Tax for the 15 months ended on 31st December, 2010.

Net Profit

Net Profit for the year has declined to ₹ 5,455.58 Million from ₹ 7,446.94 Million for the 15 months ended on 31st December, 2010.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

With its dedicated, competent and committed employees, the Company was successful in meeting its business challenges and its opportunities. The Management of the Company always tries to implement new procedures and policies to improve human resource quality and competency.

There are many training sessions, educational seminars in the areas of strategic skills, leadership development, managerial effectiveness, sales and service skills and other disciplines, carried within the organization to update the employees about the latest trends and technologies.

The progress of the Company is highly dependent upon satisfaction of human resources. The Company is also planning to implement various employee benefit plans to support the family of employee in case of emergency. The individual growth of an employee is also a concern of the Company along with the growth of the Company.

The total staff strength of the Company for the financial year ended 31st December, 2011, is around 4,500.

Industrial relations remained cordial during the year under review.

CAUTIONARY STATEMENT

Statements in this report describe the Company's objectives, projections, estimates, expectations and predictions, may be 'forward looking statements' within the meaning of applicable securities, laws and regulations. Actual results could differ materially from those expressed or implied. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events or otherwise.

AUDITORS' REPORT

To,

The Members of

VIDEOCON INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of **VIDEOCON INDUSTRIES LIMITED**, as at 31st December, 2011, Profit and Loss Account and also the Cash Flow Statement of the Company for the year 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 the 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 misstatement. 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 of India in terms of Section 227(4A) of the Companies Act, 1956, 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 give in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 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 purpose 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 Auditors 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 this 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 the 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) On the basis of written representations received from the directors as on 31st December, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st December, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956;

   f) *As mentioned in Note No. B-9 of Schedule No. 15 to the financial statements, the Company has, directly and through its subsidiaries, made investments of ₹ 15,000.00 Million, given share application money of ₹ 5,000.00 Million and advanced loans of ₹ 19,620.84 Million to Videocon Telecommunications Limited (VTL), the subsidiary. VTL was granted Unified Access Services (UAS) Licenses in 21 circles on 10th January, 2008 and had also been allotted spectrum in 20 circles out of which it has launched its services in 16 circles.*

      The Hon'ble Supreme Court of India, vide its judgement dated 2nd February, 2012 in two separate writ petitions filed by Centre for Public Interest Litigation and by another, has quashed all the UAS licenses granted on or after 10th January, 2008 and the subsequent allocation of spectrum to these licencees. This includes the 21 licenses issued to VTL and the spectrum allotted to it in 20 circles.

      The Hon'ble Supreme Court of India had directed that its aforesaid order shall be operative after four months from 2nd February, 2012. On 24th April, 2012, the Hon'ble Supreme Court of India modified its order and postponed the operation of its order of quashing the Telecom Licenses and related allocation of spectrum to 7th September, 2012. The Hon'ble Supreme Court of India has, vide order dated 2nd February, 2012, also directed TRAI to make fresh recommendations for grant of licenses and allocation of spectrum and the Central Government to grant fresh licenses and allocation of spectrum by auction thereafter. The Central Government has announced that it will complete the auction of licenses and related spectrum on or before 31st August, 2012.

      Pending the fresh auction as mentioned above, VTL is continuing its business. It proposes to participate in the fresh auction and is hopeful of continuing the business thereafter. Accordingly, in the opinion of the management, no provision is required for diminution in the value of aforesaid investments, share application money and advances. We are unable to comment upon the extent of realisability of the said investments, share application money and advances;

   g) In our opinion and to the best of our information and according to explanations given to us, the said financial statements *subject to paragraph (f) above, the impact of which on the financial statements of the Company, if any, is unascertainable* and read together with the Significant Accounting Policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give 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 31st December, 2011;

      (ii) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and

      (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For KHANDELWAL JAIN & CO.
Chartered Accountants
(Firm Registration No. 105049W)

AKASH SHINGHAL
Partner
Membership No. 103490

For KADAM & CO.
Chartered Accountants
(Firm Registration No. 104524W)

U. S. KADAM
Partner
Membership No. 31055

Place : Mumbai
Date : 26th May, 2012

ANNEXURE REFERRED TO IN 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 financial statements for the year ended 31st December, 2011.

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation 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 at reasonable intervals 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 the nature of its business.

(c) In our opinion, during the year the Company has not disposed off a substantial part of fixed assets.

(ii) (a) As per the information and explanations given to us, the inventories (excluding stock of crude oil lying at extraction site with the Operator) have been physically verified during the year 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 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 the 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 neither granted nor 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, sub-clauses (b), (c), (d), (f) and (g) of Clause (iii) of paragraph 4 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 and services. During the course of our audit, we have not observed any continuing failure to correct the major weakness in the internal control 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 particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that Section.

(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 Lakhs, in respect of any party during the year, 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 its size and 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 of 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, Customs 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 31st December, 2011 for a period of more than six months from the date they became payable.

(b) According to the records of the Company examined by us and information and explanations given to us, the particulars of dues of Sales tax, Income tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess which have not been deposited on account of disputes, are given below:

Nature of Statute	Nature of Dues	₹ in Million	Forum where dispute is pending
1. Customs Act, 1962	Custom Duty	131.09 1.14 0.93 200.86 17.44 89.49	CESTAT Asst. Commissioner Commissioner (Appeals) Supreme Court Deputy Commissioner Commissioner
	Custom Penalty	6.00	CESTAT
2. Central Excise Act, 1944 / Finance Act, 1994 (Service Tax Provisions)	Excise Duty	1.46 2.65 4.61 87.28 0.70 71.02 3.61 33.02	Asst. Commissioner Addl. Commissioner Joint Commissioner Commissioner Commissioner (Appeals) CESTAT Tribunal High Court
	Excise Penalty	3.16 0.01 118.11	Commissioner (Appeals) High Court CESTAT

Nature of Statute	Nature of Dues	₹ in Million	Forum where dispute is pending
	Service Tax	7.16	Asst. Commissioner
		14.95	Deputy Commissioner
		2.99	Joint Commissioner
		7.54	Addl. Commissioner
		1.21	Commissioner (Appeals)
		1.91	CESTAT
		222.23	Commissioner
	Service Tax Penalty	20.89	Commissioner
		0.28	Commissioner (Appeals)
		1.88	CESTAT
3. Central Sales Tax Act, 1956 and State Sales Tax Acts of various States	Sales Tax	13.88	Sales Tax Officer/Commercial Taxation Officer
		0.55	Asst. Commissioner (A)
		0.18	Asst. Commissioner of Commercial Tax
		0.27	Asst. Commercial Taxation Officer
		10.75	Deputy Commissioner (A)
		116.94	Joint Commissioner (A)
		18.58	Joint Commissioner - Commercial Tax
		364.08	Addl. Commissioner
		5.53	Addl. Deputy Commissioner
		27.46	Tribunal
		0.23	Addl. E&T Commissioner
		0.85	High Court
		0.46	Supreme Court
4. Income Tax Act, 1961	Income Tax	494.74	Appellate Tribunal
5. Navi Mumbai Municipal Corporation	Cess	1,012.64	High Court

(x) There are no accumulated losses as at 31st December, 2011. The Company has not incurred any cash losses during the year 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 financial institutions, banks or to debenture holders during the year.

(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 Clause (xiii) of paragraph 4 of the Order is 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 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.

(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 banks 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 loans raised during the year were applied, on an overall basis, for the purposes 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 year 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 year. The Company has created security in respect of debentures issued in earlier years.

(xx) During the year, the Company has not raised any money by way of public issue.

(xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For KHANDELWAL JAIN & CO.
Chartered Accountants
(Firm Registration No. 105049W)

AKASH SHINGHAL
Partner
Membership No. 103490

For KADAM & CO.
Chartered Accountants
(Firm Registration No. 104524W)

U. S. KADAM
Partner
Membership No. 31055

Place : Mumbai
Date : 26th May, 2012

BALANCE SHEET AS AT 31ST DECEMBER, 2011

(₹ in Million)

Particulars	Schedule No.		As at 31st Dec., 2011	As at 31st Dec., 2010
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1		**3,339.36**	3,479.57
Reserves and Surplus	2		**96,190.40**	90,859.20
Deferred Tax Liability (Net)			**7,351.21**	6,369.61
Loan Funds				
Secured Loans	3		**98,356.42**	59,376.05
Unsecured Loans	4		**88,203.78**	58,361.60
TOTAL			**293,441.17**	218,446.03
APPLICATION OF FUNDS				
Fixed Assets	5			
Gross Block		**114,907.15**		108,071.76
Less: Depreciation, Amortisation and Impairment		**51,425.16**		48,040.70
Net Block			**63,481.99**	60,031.06
Investments	6		**47,437.09**	42,679.63
Current Assets, Loans and Advances	7			
Inventories		**20,807.09**		20,401.38
Sundry Debtors		**27,504.42**		26,473.30
Cash and Bank Balances		**5,045.46**		13,164.34
Other Current Assets		**898.62**		555.24
Loans and Advances		**154,383.31**		65,441.38
		208,638.90		126,035.64
Less: Current Liabilities and Provisions	8			
Current Liabilities		**25,112.13**		9,120.46
Provisions		**1,004.68**		1,179.84
		26,116.81		10,300.30
Net Current Assets			**182,522.09**	115,735.34
TOTAL			**293,441.17**	218,446.03
Significant Accounting Policies and Notes to Accounts	15			

As per our report of even date

For KHANDELWAL JAIN & CO.
Chartered Accountants

AKASH SHINGHAL
Partner
Membership No.103490

For KADAM & CO.
Chartered Accountants

U. S. KADAM
Partner
Membership No. 31055

For and on behalf of the Board

V. N. DHOOT
Chairman and Managing Director

P. N. DHOOT
Whole Time Director

VINOD KUMAR BOHRA
Company Secretary

Place : Mumbai
Date : 26th May, 2012

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST DECEMBER, 2011

(₹ in Million)

Particulars		Schedule No.	12 Months ended on 31st Dec., 2011	15 Months ended on 31st Dec., 2010
INCOME				
Sales/Income from Operations			**129,194.70**	146,759.27
Less: Excise Duty			**2,692.48**	2,662.36
Net Sales			**126,502.22**	144,096.91
Other Income		9	**1,063.12**	429.86
	TOTAL		**127,565.34**	144,526.77
EXPENDITURE				
Cost of Goods Consumed/Sold		10	**78,924.38**	91,123.17
Production and Exploration Expenses - Oil and Gas		11	**9,007.76**	8,298.07
Salaries, Wages and Employees' Benefits		12	**2,253.46**	2,280.07
Manufacturing and Other Expenses		13	**13,792.49**	16,259.86
Interest and Finance Charges		14	**9,777.89**	8,931.56
Depreciation, Amortisation and Impairment		5	**6,075.64**	7,129.62
	TOTAL		**119,831.62**	134,022.35
PROFIT BEFORE TAXATION			**7,733.72**	10,504.42
Provision for Taxation				
Current Tax			**1,296.54**	1,811.25
Deferred Tax			**981.60**	1,246.23
PROFIT FOR THE YEAR/PERIOD			**5,455.58**	7,446.94
Less: Short Provision of Income Tax for earlier years			**56.47**	57.83
Balance brought forward			**28,680.29**	22,438.44
Transfer from Debenture/Bonds Redemption Reserve			**1,976.47**	258.60
BALANCE AVAILABLE FOR APPROPRIATIONS			**36,055.87**	30,086.15
APPROPRIATIONS				
Proposed Dividend - Equity Shares			**159.39**	301.97
Proposed Dividend - Preference Shares			**33.77**	46.08
Tax on Proposed Dividend			**31.33**	57.81
Transfer to Capital Redemption Reserve			**150.83**	-
Transfer to General Reserve			**1,000.00**	1,000.00
Balance Carried to Balance Sheet			**34,680.55**	28,680.29
	TOTAL		**36,055.87**	30,086.15
EARNINGS PER SHARE (Not Annualised)				
(Nominal value of ₹ 10/- each)				
Basic			**₹ 17.73**	₹ 27.88
Diluted			**₹ 17.73**	₹ 26.65
(Refer Note No. 'B-13' of Schedule 15)				
Significant Accounting Policies and Notes to Accounts		15		

As per our report of even date

For and on behalf of the Board

For KHANDELWAL JAIN & CO.
Chartered Accountants

AKASH SHINGHAL
Partner
Membership No.103490

For KADAM & CO.
Chartered Accountants

U. S. KADAM
Partner
Membership No. 31055

V. N. DHOOT
Chairman and Managing Director

P. N. DHOOT
Whole Time Director

VINOD KUMAR BOHRA
Company Secretary

Place : Mumbai
Date : 26th May, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST DECEMBER, 2011

(₹ in Million)

Particulars			12 Months ended on 31st Dec., 2011	15 Months ended on 31st Dec., 2010
A.	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Net Profit before Tax		**7,733.72**	10,504.42
	Adjustments for:			
	Depreciation, Amortisation and Impairment		**6,075.64**	7,129.62
	Interest and Finance Charges		**9,777.89**	8,931.56
	Provision for Leave Encashment		**(2.73)**	11.02
	Provision for Warranty and Maintenance Expenses		**(6.36)**	19.78
	Provision for Gratuity		**15.30**	25.46
	Diminution in value of Investments		**180.82**	78.36
	(Profit) on Sale of Fixed Asset		**(178.94)**	(5.17)
	Provision for Doubtful Debts		**40.74**	41.90
	Interest Received		**(487.06)**	(175.63)
	(Income) from Investments and Securities Division		**(279.70)**	(188.70)
	Operating Profit before Working Capital changes		**22,869.32**	26,372.62
	Adjustments for:			
	Inventories		**(405.71)**	(2,766.45)
	Sundry Debtors		**(1,071.86)**	(9,434.07)
	Other Current Assets		**(343.38)**	(234.81)
	Loans and Advances		**(88,960.61)**	(17,527.91)
	Current Liabilities		**15,994.17**	585.69
	Cash (used in) Operations		**(51,918.07)**	(3,004.93)
	Less: Taxes Paid/(Refund) - Net		**1,334.33**	1,847.51
	Net Cash (used in) Operating Activities	**(A)**	**(53,252.40)**	(4,852.44)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Sale of Fixed Assets		**1,282.14**	160.62
	(Purchase) of Fixed Assets including Capital Work-in-progress		**(10,035.46)**	(6,609.71)
	(Increase) in Producing Properties		**(594.31)**	(503.69)
	(Purchase)/Sale of Investments (Net)		**(3,842.65)**	4,204.04
	(Increase) in Investments in Subsidiaries (Net)		**(1,095.63)**	(16,313.04)
	Interest Received		**487.06**	175.63
	Income from Investments and Securities Division		**279.70**	188.70
	Net Cash (used in) Investing Activities	**(B)**	**(13,519.15)**	(18,697.45)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Increase in Equity Share Capital		**10.63**	725.41
	Preference Shares Redeemed		**(150.84)**	-
	Share Application/ Warrants Subscription Money Received/ (Converted)		**-**	(950.01)
	Securities Premium Received		**243.88**	14,882.86
	Increase/(Decrease) in Secured Term Loans from Banks		**33,786.49**	(8,075.19)
	Increase in Working Capital Loan from Banks		**5,258.66**	509.03
	Increase in Unsecured Loans		**30,888.80**	34,644.47
	Redemption of Secured Non-Convertible Debentures		**(64.78)**	(408.16)
	Redemption Premium paid on Foreign Currency Convertible Bonds		**(1,133.67)**	-
	Payment of Dividend		**(350.55)**	(501.69)
	Tax on Dividend		**(57.81)**	(84.86)
	Share Issue Expenses		**(0.25)**	(81.13)
	Interest and Finance Charges		**(9,777.89)**	(8,931.56)
	Net Cash from Financing Activities	**(C)**	**58,652.67**	31,729.17
	Net Change in Cash and Cash Equivalents	**(A+B+C)**	**(8,118.88)**	8,179.28
	Opening Balance of Cash and Cash Equivalents		**13,164.34**	4,985.06
	Closing Balance of Cash and Cash Equivalents		**5,045.46**	13,164.34

As per our report of even date

For KHANDELWAL JAIN & CO.
Chartered Accountants

AKASH SHINGHAL
Partner
Membership No.103490

Place : Mumbai
Date : 26th May, 2012

For KADAM & CO.
Chartered Accountants

U. S. KADAM
Partner
Membership No. 31055

For and on behalf of the Board

V. N. DHOOT
Chairman and Managing Director

P. N. DHOOT
Whole Time Director

VINOD KUMAR BOHRA
Company Secretary

SCHEDULES TO BALANCE SHEET

(₹ in Million)

	As at 31st Dec., 2011	As at 31st Dec., 2010
SCHEDULE 1: SHARE CAPITAL		
Authorised:		
500,000,000 (Previous period 500,000,000) Equity Shares of ₹ 10/- each.	**5,000.00**	5,000.00
10,000,000 (Previous period 10,000,000) Redeemable Preference Shares of ₹ 100/- each.	**1,000.00**	1,000.00
	6,000.00	6,000.00
Issued, Subscribed and Paid-up:		
Equity Shares:		
303,021,669 (Previous period 301,963,634) Equity Shares of ₹ 10/- each fully paid-up.	**3,030.22**	3,019.64
Of the above:		
i) 95,078 (Previous period 95,078) Equity Shares of ₹ 10/- each have been issued on conversion of Unsecured Optionally Convertible Debentures.		
ii) 156,394,378 (Previous period 156,394,378) Equity Shares of ₹ 10/- each were allotted pursuant to amalgamations without payments being received in cash.		
iii) 45,777,345 (Previous period 45,777,345) Equity Shares of ₹ 10/- each were issued by way of Euro issues represented by Global Depository Receipts (GDR) at a price of US$ 10.00 per share (inclusive of premium).		
iv) 9,522,550 (Previous period 8,464,515) Equity Shares of ₹ 10/- each have been issued on conversion of 86,529 Foreign Currency Convertible Bonds (FCCBs) of US$ 1,000 each and 56 FCCBs of US$ 100,000 each (inclusive of premium).		
Less: Calls in Arrears - by others	**0.11**	0.16
(A)	**3,030.11**	3,019.48
Preference Shares:		
i) 4,523,990 (Previous period 4,523,990) 8% Cumulative Redeemable Preference Shares of ₹ 66.66 each (Previous period ₹ 100/- each) fully paid-up, redeemable at par in 2 equal installments on 1st October, 2012 and 1st October, 2013.	**301.56**	452.40
ii) 76,870 (Previous period 76,870) 8% Cumulative Redeemable Preference Shares of ₹ 100/- each fully paid-up, redeemable at par in 3 equal installments on 1st February, 2012, 1st February, 2013 and 1st February, 2014.	**7.69**	7.69
(B)	**309.25**	460.09
TOTAL (A+B)	**3,339.36**	3,479.57

(₹ in Million)

	As at 31st Dec., 2011	As at 31st Dec., 2010
SCHEDULE 2: RESERVES AND SURPLUS		
Capital Redemption Reserve		
As per last Balance Sheet	**537.50**	537.50
Add: Transferred from Profit and Loss Account	**150.83**	-
(A)	**688.33**	537.50
Capital Subsidy		
As per last Balance Sheet	**5.50**	5.50
(B)	**5.50**	5.50
Securities Premium Account		
As per last Balance Sheet	**43,403.87**	28,820.84
Add: Received during the year/period	**242.85**	14,886.19
Less: Share Issue Expenses	**0.25**	81.13
Less: Premium Payable on Redemption of Convertible Bonds	**87.05**	222.03
	43,559.42	43,403.87
Less: Call in arrears - by others	**2.30**	3.33
(C)	**43,557.12**	43,400.54
Debenture/Bonds Redemption Reserve		
As per last Balance Sheet	**3,029.64**	3,288.24
Less: Transferred to Profit and Loss Account	**1,976.47**	258.60
(D)	**1,053.17**	3,029.64
Capital Reserve		
As per last Balance Sheet	**4.25**	4.25
(E)	**4.25**	4.25
General Reserve		
As per last Balance Sheet	**15,201.48**	14,201.48
Add: Transferred from Profit and Loss Account	**1,000.00**	1,000.00
(F)	**16,201.48**	15,201.48
Profit and Loss Account		
As per Account annexed	**34,680.55**	28,680.29
(G)	**34,680.55**	28,680.29
TOTAL (A to G)	**96,190.40**	90,859.20
SCHEDULE 3: SECURED LOANS		
(Refer Note No. 'B-5' of Schedule 15)		
A. Non-Convertible Debentures	**21.60**	86.38
B. Term Loans		
i) Rupee Loans from Banks and Financial Institutions	**86,054.25**	51,749.56
ii) FCNR-B Loan from Banks	**-**	219.41
C. External Commercial Borrowings	**2,706.02**	2,980.18
D. Vehicle Loans from Banks	**222.66**	247.29
E. Working Capital Loans from Banks	**9,351.89**	4,093.23
TOTAL	**98,356.42**	59,376.05
SCHEDULE 4: UNSECURED LOANS		
(Refer Note No. 'B-6' and 'B-7' of Schedule 15)		
A. Rupee Loan from Banks	**77,723.61**	43,279.62
B. Foreign Currency Convertible Bonds	**10,423.73**	13,967.57
C. Premium Payable on Redemption on Foreign Currency Convertible Bonds	**-**	1,046.62
D. Sales Tax Deferral	**56.44**	67.79
TOTAL	**88,203.78**	58,361.60

SCHEDULES TO BALANCE SHEET (Continued)

SCHEDULE 5: FIXED ASSETS

(₹ in Million)

PARTICULARS	GROSS BLOCK				DEPRECIATION / AMORTISATION / IMPAIRMENT				NET BLOCK	
	As at 31.12.2010	Additions	Deductions	As at 31.12.2011	Upto 31.12.2010	For the year	Deductions/ Adjustments	Upto 31.12.2011	As at 31.12.2011	As at 31.12.2010
Tangible Assets										
Freehold Land	148.09	5.45	-	**153.54**	-	-	-	**-**	**153.54**	148.09
Leasehold Land	48.05	-	-	**48.05**	10.19	0.78	-	**10.97**	**37.08**	37.86
Building	6,482.48	208.51	24.37	**6,666.62**	2,077.35	170.22	0.33	**2,247.24**	**4,419.38**	4,405.13
Leasehold Improvements	39.33	-	-	**39.33**	39.15	-	-	**39.15**	**0.18**	0.18
Plant and Machinery *	84,688.68	10,386.26	3,330.41	**91,744.53**	39,375.40	5,045.37	2,274.95	**42,145.82**	**49,598.71**	45,313.28
Furnace	1,995.27	-	418.88	**1,576.39**	1,898.38	38.03	397.94	**1,538.47**	**37.92**	96.89
Electrical Installation	155.95	2.80	-	**158.75**	96.18	6.62	-	**102.80**	**55.95**	59.77
Office Equipments	311.75	19.26	0.66	**330.35**	196.99	9.31	0.58	**205.72**	**124.63**	114.76
Computer Systems	235.87	7.66	0.01	**243.52**	202.89	26.87	0.01	**229.75**	**13.77**	32.98
Furniture and Fixtures	205.35	6.34	0.08	**211.61**	136.79	11.28	0.07	**148.00**	**63.61**	68.56
Vehicles	825.48	228.85	19.97	**1,034.36**	436.41	89.57	17.30	**508.68**	**525.68**	389.07
Intangible Assets										
Computer Software	229.65	29.56	-	**259.21**	168.26	36.07	-	**204.33**	**54.88**	61.39
Sub-Total	95,365.95	10,894.69	3,794.38	**102,466.26**	44,637.99	5,434.12	2,691.18	**47,380.93**	**55,085.33**	50,727.96
Producing Properties	4,215.15	594.31	-	**4,809.46**	3,402.71	641.52	-	**4,044.23**	**765.23**	812.44
Capital Work-in-Progress	8,490.66	-	-	**7,631.43**	-	-	-	**-**	**7,631.43**	8,490.66
Total as at 31st December, 2011	**108,071.76**	**11,489.00**	**3,794.38**	**114,907.15**	**48,040.70**	**6,075.64**	**2,691.18**	**51,425.16**	**63,481.99**	**60,031.06**
As at 31st December, 2010	90,049.53	7,549.11	2,232.69	**95,365.95**	39,892.91	6,822.32	2,077.24	**44,637.99**	**50,727.96**	
Producing Properties	3,711.46	503.69	-	**4,215.15**	3,095.41	307.30	-	**3,402.71**	**812.44**	
Capital Work-in-Progress	9,430.06	-	-	**8,490.66**	-	-	-	**-**	**8,490.66**	
Total as at 31st December, 2010	103,191.05	8,052.80	2,232.69	**108,071.76**	42,988.32	7,129.62	2,077.24	**48,040.70**	**60,031.06**	

*Gross Block of Plant and Machinery includes the amount added on revaluation on 1st April, 1998 and 1st October, 2002.

SCHEDULE 6: INVESTMENTS

	Face Value	As at 31st December, 2011		As at 31st December, 2010	
		Nos.	₹ in Million	Nos.	₹ in Million
LONG TERM INVESTMENTS					
QUOTED					
A. IN EQUITY SHARES (Fully Paid-up) - TRADE					
Trend Electronics Limited	₹ 10	**1,408,800**	**25.41**	1,408,800	25.41
Value Industries Limited	₹ 10	**1,811,748**	**25.18**	1,811,748	47.47
Samtel Electronics Devices Limited	₹ 10	**82,000**	**0.25**	82,000	0.96
			50.84		73.84
B. IN EQUITY SHARES (Fully Paid-up) - OTHERS					
Al Champdany Industries Limited	₹ 5	**18,000**	**0.31**	18,000	0.47
Asian Electronics Limited	₹ 5	**40,000**	**0.22**	40,000	0.84
Assam Company (India) Limited	₹ 1	**10,000**	**0.07**	10,000	0.21
Bajaj Auto Limited	₹ 10	**10,424**	**16.58**	10,424	16.07
Core Projects and Technologies Limited	₹ 2	**-**	**-**	140,000	34.12
Deccan Cements Limited	₹ 10	**221,677**	**28.60**	359,630	55.38
Dhoot Industrial Finance Limited	₹ 10	**4,800**	**0.05**	4,800	0.10
Expo Gas Containers Limited	₹ 4	**7,600**	**0.05**	7,600	0.05
GTL Infrastructure Limited	₹ 10	**501,900**	**4.51**	501,900	21.46
Gujarat Heavy Chemicals Limited	₹ 10	**-**	**-**	255,494	11.61
Gujarat Industries Power Company Limited	₹ 10	**-**	**-**	35,000	3.65
Indbank Merchant Banking Services Limited	₹ 10	**298,557**	**1.95**	315,700	4.85
Indiabulls Power Limited	₹ 10	**-**	**-**	200,000	5.82
Indiabulls Securities Limited	₹ 2	**-**	**-**	100,000	2.26
India Steel Works Limited	₹ 10	**1,300**	**0.004**	1,300	0.004
IFCI Limited	₹ 10	**41,800**	**0.91**	41,800	2.81
IOL Netcom Limited	₹ 10	**1,567,374**	**11.38**	1,567,374	18.86
Jayaswal Neco Industries Limited	₹ 10	**253,950**	**2.94**	358,950	11.36
Lumax Industries Limited	₹ 10	**7,000**	**2.16**	20,385	6.29
Maxwell Industries Limited	₹ 2	**62,953**	**1.30**	1,217,000	24.10
Mold-Tek Technologies Limited	₹ 10	**1,800**	**0.10**	1,800	0.13
National Hydro Power Company Limited	₹ 10	**-**	**-**	25,366	0.71
Prime Securities Limited	₹ 5	**1,853,158**	**21.39**	1,853,158	66.62
Shree Ram Mills Limited	₹ 10	**85,000**	**11.50**	85,000	15.02
Siemens Limited	₹ 2	**3,130**	**0.13**	3,130	0.13
Sri Lakshmi Saraswathi Textiles (Arni) Limited	₹ 10	**8,700**	**0.12**	8,700	0.12
Sujana Metal Products Limited	₹ 5	**178,500**	**0.59**	200,000	3.18
Swan Mills Limited	₹ 2	**998,607**	**61.51**	998,607	127.57
Yes Bank Limited	₹ 10	**3,775**	**0.69**	3,775	0.69
			167.06		434.48

SCHEDULE 6: INVESTMENTS (Continued)

UNQUOTED

	Face Value	As at 31st December, 2011 Nos.	As at 31st December, 2011 ₹ in Million	As at 31st December, 2010 Nos.	As at 31st December, 2010 ₹ in Million
A. IN EQUITY SHARES (Fully Paid-up) - TRADE					
Akai Consumer Electronics India Limited	₹ 10	35,000	0.35	35,000	0.35
Applicomp (India) Limited	₹ 10	17,023,500	170.24	17,023,500	170.24
Digital Display Devices S.p.A.	€ 1	36,000	1.96	36,000	1.96
Eagle Corporation Limited	US$ 1	1,000	0.05	1,000	0.05
Evans Fraser & Co. (India) Limited	₹ 100	91,250	49.13	91,250	49.13
Goa Energy Private Limited	₹ 10	2,600	0.03	2,600	0.03
Hyundai Electronics India Limited	₹ 10	9,500	0.10	9,500	0.10
Indian Refrigerator Company Limited	₹ 10	1,990,000	19.90	1,990,000	19.90
Jupitor Corporation Inc	US$ 1	190	0.01	190	0.01
Kentosh Electronics India Private Limited	₹ 10	1,720	0.02	1,720	0.02
KAIL Limited	₹ 10	1,521,000	111.26	1,521,000	111.26
Millennium Appliances India Limited	₹ 10	4,750,000	95.00	4,750,000	95.00
Next Retail India Limited *	₹ 10	21,036,000	650.36	21,036,000	650.36
PT Videocon Indonesia	US$ 50	475	0.94	475	0.94
Plugin Sales Limited	₹ 100	1,900	0.19	1,900	0.19
Powerking Corporation Limited	US$ 1	2,711	0.13	2,711	0.13
Quadrant Corporation Inc	US$ 1	190	0.01	190	0.01
Radium Energy Private Limited	₹ 10	2,600	0.03	2,600	0.03
Sahyadri Consumer Electronics (I) Private Limited	₹ 10	1,900	0.02	1,900	0.02
Sapphire Overseas Inc.	US$ 1	1,900	0.08	1,900	0.08
Techno Electronics Limited	₹ 10	20,117,647	201.18	20,117,647	201.18
TekCare India Private Limited	₹ 10	1,900	0.02	1,900	0.02
VCIL Netherlands B.V.	€ 100	34	0.13	34	0.13
Venus Corporation Limited	US$ 1	2,982	0.14	2,982	0.14
Videocon (Cayman) Limited	US$ 1	579,500	28.35	579,500	28.35
Videocon Realty and Infrastructures Limited	₹ 10	8,125	0.83	8,125	0.83
			1,330.42		1,330.42
B. IN EQUITY SHARES (Fully Paid-up) - OTHERS					
Bolton Properties Limited	₹ 10	112,500	13.66	112,500	13.66
Deve Sugars Limited	₹ 10	125,000	0.13	125,000	0.13
Ease Finance Limited	₹ 10	4,800	0.96	4,800	0.96
Geekay Exim (India) Limited	₹ 10	80,000	0.08	80,000	0.08
Gold Crest Electronics Private Limited	₹ 10	47,500	0.48	-	-
Good Value Marketing Company Limited	₹ 10	25,000	0.03	25,000	0.03
H1 Hospitality Private Limited	₹ 10	1,900	0.02	-	-
Holzmann Videocon Engineers Limited	₹ 10	990,600	-	990,600	-
Kay Kay Construction Limited	₹ 10	4,500	0.90	4,500	0.90
Kores India Limited	₹ 10	1,170,000	1.17	1,170,000	1.17
Lexus Infotech Limited	₹ 10	500,000	50.00	500,000	50.00
Mayank Securities Private Limited	₹ 10	2,220	1.11	-	-
Panorama Logistic Solutions Limited	₹ 10	5,000	0.05	-	-
Paramount Global Limited	US$ 1	256,000	11.24	256,000	11.24
Shri Sahayog Exhibitors Private Limited	₹1000	375	9.38	375	9.38
Siris Limited	₹ 10	13,200	0.01	13,200	0.01
Sky Billion Trading Limited	US$ 1	203,680	9.43	203,680	9.43
Tara Holdings Private Limited	₹ 10	30,000	15.00	-	-
The Banaras State Bank Limited	₹ 100	25,000	0.03	25,000	0.03
Trinity Infratech Private Limited	₹ 10	500,000	80.00	500,000	80.00
Videocon (Mauritius) Infrastructure Ventures Limited	US$ 1	100,700	4.29	100,700	4.29
Videocon Realty Private Limited	₹ 10	2,500	0.03	2,500	0.03
Titan Realty Private Limited	₹ 10	2,500	0.03	2,500	0.03
Veronica Properties Private Limited	₹ 10	2,500	0.03	2,500	0.03
Videocon SEZ Infrastructures Private Limited	₹ 10	2,500	0.03	2,500	0.03
Yash - V - Jewels Limited	₹ 10	500,000	50.00	500,000	50.00
Zodiac Corporation Limited	US$ 1	190	0.01	190	0.01
			248.05		231.40
C. IN EQUITY SHARES OF SUBSIDIARIES (Fully Paid-up)					
Chhattisgarh Power Ventures Private Limited	₹ 10	10,000	0.10	10,000	0.10
Eagle ECorp Limited	US$ 1	10,000	0.44	10,000	0.44
Liberty Videocon General Insurance Company Limited	₹ 10	4,960,000	49.60	-	-
Middle East Appliances LLC	RO 1	2,251,800	270.14	2,251,800	270.14
Pipavav Energy Private Limited *	₹ 10	550,000,000	5,500.00	550,000,000	5,500.00
Prosperous Energy Private Limited	₹ 10	10,000	0.10	-	-
Senator Energy Private Limited	₹ 10	-	-	10,000	0.10
Triumph Energy Private Limited	₹ 10	-	-	10,000	0.10
Videocon Electronics (Shenzhen) Limited (Chinese name - Weiyoukang Electronic (Shenzhen) Co., Ltd.)	US$ 1	135,000	6.42	135,000	6.42

SCHEDULES TO BALANCE SHEET (Continued)

	Face Value	As at 31st December, 2011 Nos.	As at 31st December, 2011 ₹ in Million	As at 31st December, 2010 Nos.	As at 31st December, 2010 ₹ in Million
SCHEDULE 6: INVESTMENTS (Continued)					
Videocon Energy Limited	₹ 10	**100,000,000**	**1,000.00**	100,000,000	1,000.00
Videocon Energy Ventures Limited	US$ 1	**1,000**	**0.04**	1,000	0.04
Videocon Global Limited	US$ 1	**2,500**	**0.12**	2,500	0.12
Videocon Hydrocarbon Holdings Limited	US$ 1	**2,030,000**	**92.75**	198,000,000	9,046.62
Videocon International Electronics Limited	₹ 10	**2,000,000,000**	**20,000.00**	2,000,000,000	20,000.00
Videocon Oil Ventures Limited *	₹ 10	**100,000,000**	**1,000.00**	-	-
Videocon Telecommunications Limited *	₹ 10	**155,552,000**	**1,555.52**	155,552,000	1,555.52
			29,475.23		37,379.60
D. IN JOINT VENTURES					
Videocon Infinity Infrastructure Private Limited	₹ 10	**5,000**	**0.05**	5,000	0.05
			0.05		0.05
E. IN PREFERENCE SHARES (Fully Paid-up)					
Plugin Sales Limited	₹ 100	**3,800**	**0.38**	3,800	0.38
			0.38		0.38
F. IN DEBENTURES					
Techno Electronics Limited	₹ 100	**-**	**-**	10,000,000	1,000.00
			-		1,000.00
G. OTHER INVESTMENTS					
i) In Shares of Co-operative Bank					
Ahmednagar District Urban Central Co-operative Bank Ltd.	₹ 50	**10**	**0.001**	10	0.001
Bharati Sahakari Bank Limited	₹ 50	**7,670**	**0.38**	7,670	0.38
Bombay Mercantile Co-operative Bank Limited	₹ 10	**4,166**	**0.04**	4,166	0.04
Janata Sahakari Bank Limited	₹ 10	**857**	**0.09**	857	0.09
The Saraswat Co-operative Bank Limited	₹ 10	**1,000**	**0.01**	1,000	0.01
(i)			**0.52**		0.52
ii) In Shares of Co-operative Society (ii)	₹ 50	**31**	**0.002**	31	0.002
(i + ii)			**0.52**		0.52
SHARE APPLICATION MONEY PENDING ALLOTMENT					
Bharat Business Channel Limited			**4,000.00**		-
Chhattisgarh Power Ventures Private Limited			**1,000.00**		1,000.00
Middle East Appliances LLC			**91.63**		91.63
Trend Electronics Limited			**1,000.00**		-
Videocon Oil Ventures Limited			**9,000.00**		-
Videocon Telecommunications Limited			**814.80**		814.80
			15,906.43		1,906.43
CURRENT INVESTMENTS					
UNQUOTED					
A. IN BONDS					
Central Bank of India	₹ 100,000	**500**	**50.00**	500	50.00
			50.00		50.00
B. IN UNITS OF MUTUAL FUNDS/PORTFOLIOS					
Baroda Pioneer PSU Equity Fund	₹ 10	**250,000**	**1.61**	250,000	2.34
Bharti AXA Focused Infrastructure Fund	₹ 10	**-**	**-**	3,000,000	30.00
Canara Robeco Multicap-Growth	₹ 10	**250,000**	**2.50**	250,000	2.50
HDFC PMS Real Estate Fund	₹ 10	**400,000**	**4.00**	400,000	4.00
IDBI Nifty Index Fund	₹ 10	**-**	**-**	2,000,000	20.00
JM Core 11 Fund	₹ 10	**-**	**-**	5,000,000	21.77
Peninsula Realty Fund - Indigo	₹ 100,000	**2,000**	**200.00**	1,500	141.90
Sundaram Select Thematic Funds PSU Opportunities-Growth	₹ 10	**-**	**-**	5,000,000	50.00
			208.11		272.51
TOTAL INVESTMENTS			**47,437.09**		42,679.63
Aggregate Book Value of Quoted Investments			**217.90**		508.32
Aggregate Market Value of Quoted Investments			**242.63**		625.92
Aggregate Book Value of Unquoted Investments/Application Money			**47,219.19**		42,171.31

* Out of total investments, 10,036,000 equity shares of Next Retail India Limited, 27,500,000 equity shares of Pipavav Energy Private Limited, 76,000,000 equity shares of Videocon Oil Ventures Limited and 83,430,770 equity shares of Videocon Telecommunications Limited are pledged with banks and financial institutions as security for availment of certain loans.

Details of Investments acquired and sold/redeemed during the year:

Particulars	Nos.	₹ in Million
Core Projects and Technologies Limited	75,000	20.50
Gujarat Industries Power Company Limited	238	0.02
D B Realty Limited	5,000	0.40
Flair Energy Private Limited	10,000	0.10
SBI Premier Liquid Fund - Super Institutional - Growth	162,179	2.50

SCHEDULES TO BALANCE SHEET (Continued)

(₹ in Million)

		As at 31st Dec., 2011	As at 31st Dec., 2010
SCHEDULE 7: CURRENT ASSETS, LOANS AND ADVANCES			
A.	**Inventories**		
	(As taken, valued and certified by the Management)		
	Raw Materials including Consumables, Stores and Spares	**13,583.66**	12,717.32
	Work-in-Process	**830.39**	776.49
	Finished Goods	**3,800.08**	3,702.38
	Material in Transit and in Bonded Warehouse	**2,295.62**	2,943.05
	Drilling and Production Materials	**236.83**	190.44
	Crude Oil	**60.51**	71.70
	(A)	**20,807.09**	20,401.38
B.	**Sundry Debtors (Unsecured)**		
	Outstanding for a period exceeding six months		
	Considered Good	**223.04**	190.13
	Considered Doubtful	**284.41**	306.69
		507.45	496.82
	Less: Provision for Doubtful Debts	**284.41**	306.69
		223.04	190.13
	Others - Considered Good	**27,281.38**	26,283.17
	(B)	**27,504.42**	26,473.30
C.	**Cash and Bank Balances**		
	Cash on hand	**10.63**	10.82
	Cheques/Drafts on hand/in Transit	**0.47**	1.59
	Balances with Scheduled Bank		
	In Current Accounts	**1,139.71**	3,967.43
	In Fixed Deposits	**3,866.11**	9,151.97
	In Dividend Warrant Accounts (Per Contra)	**28.53**	31.03
	Balances with Non-Scheduled Bank in Current Accounts		
	China Merchants Bank	**0.01**	1.50
	(Maximum Balance Outstanding during the year ₹ 5.72 Million, Previous period ₹ 12.89 Million)		
	(C)	**5,045.46**	13,164.34
D.	**Other Current Assets**		
	Interest Accrued	**372.83**	123.05
	Insurance Claim Receivable	**10.71**	7.32
	Other Receivable	**515.08**	424.87
	(D)	**898.62**	555.24

(₹ in Million)

		As at 31st Dec., 2011	As at 31st Dec., 2010
SCHEDULE 7: CURRENT ASSETS, LOANS AND ADVANCES (Continued)			
E.	**Loans and Advances (Unsecured, considered good)**		
	Advances to Subsidiary Companies	**49,401.76**	27,289.04
	Advances recoverable in cash or in kind or for value to be received	**103,612.02**	37,217.47
	Balance with Central Excise/Customs Department	**794.14**	561.64
	Advance Income Tax (Net of Provision)	**4.58**	23.20
	Advance Fringe Benefit Tax (Net of Provision)	**-**	0.06
	Other Deposits	**570.81**	349.97
	(E)	**154,383.31**	65,441.38
	TOTAL (A to E)	**208,638.90**	126,035.64
SCHEDULE 8: CURRENT LIABILITIES AND PROVISIONS			
A.	**Current Liabilities**		
	Creditors for Capital Goods	**8,278.61**	-
	Sundry Creditors *		
	Due to Micro, Small and Medium Enterprises	**4.61**	7.73
	Due to Others	**11,721.94**	6,466.40
	Due to Subsidiary Companies	**81.69**	-
	Bank Overdraft as per Books	**81.43**	11.34
	Interest Accrued but not due	**372.43**	129.12
	Other Liabilities	**4,542.89**	2,474.84
	Unclaimed Dividend (Per Contra)	**28.53**	31.03
	* Including Acceptance of ₹ 5,622.51 Million (Previous period ₹ 4,275.45 Million) **(A)**	**25,112.13**	9,120.46
B.	**Provisions**		
	Proposed Dividend - Equity Shares	**159.39**	301.97
	Proposed Dividend - Preference Shares	**33.77**	46.08
	Provision for Tax on Proposed Dividend	**31.33**	57.81
	Provision for Warranty and Maintenance Expenses	**632.15**	638.51
	Provision for Leave Encashment	**44.29**	47.02
	Provision for Gratuity	**103.75**	88.45
	(B)	**1,004.68**	1,179.84
	TOTAL (A + B)	**26,116.81**	10,300.30

SCHEDULES TO PROFIT AND LOSS ACCOUNT

(₹ in Million)

	12 Months ended on 31st Dec., 2011	15 Months ended on 31st Dec., 2010
SCHEDULE 9: OTHER INCOME		
Interest Income	**487.06**	175.63
(TDS ₹ 25.45 Million, Previous period ₹ 18.68 Million)		
Income from Investments and Securities Division	**98.88**	110.34
(TDS ₹ 340.11 Million, Previous period ₹ 121.74 Million)		
(Refer Note B-12 of Schedule No. 15)		
Profit on Sale of Fixed Assets	**178.94**	5.17
Insurance Claim Received	**160.04**	30.57
Miscellaneous Income	**138.20**	108.15
(TDS ₹ 1.43 Million, Previous period ₹ 0.29 Million)		
TOTAL	**1,063.12**	429.86
SCHEDULE 10: COST OF GOODS CONSUMED/SOLD		
A. Material and Components Consumed		
Opening Stock	**12,717.32**	10,953.00
Add: Purchases	**79,931.13**	93,040.86
	92,648.45	103,993.86
Less: Closing Stock	**13,583.66**	12,717.32
(A)	**79,064.79**	91,276.54
B. (Increase)/Decrease in Stock		
Closing Stock		
Finished Goods	**3,860.59**	3,774.08
Work-in-Process	**830.39**	776.49
	4,690.98	4,550.57
Opening Stock		
Finished Goods	**3,774.08**	3,602.80
Work-in-Process	**776.49**	794.40
	4,550.57	4,397.20
(B)	**(140.41)**	(153.37)
TOTAL (A + B)	**78,924.38**	91,123.17
SCHEDULE 11: PRODUCTION AND EXPLORATION EXPENSES - OIL AND GAS		
Production and Exploration Expenses	**783.99**	703.08
Royalty	**245.42**	312.35
Cess	**310.38**	413.68
Production Bonus	**54.44**	79.78
Government Share in Profit Petroleum	**7,587.37**	6,765.84
Insurance Expenses	**26.16**	23.34
TOTAL	**9,007.76**	8,298.07

(₹ in Million)

	12 Months ended on 31st Dec., 2011	15 Months ended on 31st Dec., 2010
SCHEDULE 12: SALARY, WAGES AND EMPLOYEES' BENEFITS		
Salary, Wages and Other Benefits	**2,038.14**	2,041.13
Contribution to Provident and other Funds	**121.77**	127.07
Staff Welfare	**93.55**	111.87
TOTAL	**2,253.46**	2,280.07
SCHEDULE 13: MANUFACTURING AND OTHER EXPENSES		
Power, Fuel and Water	**845.10**	913.20
Freight and Forwarding	**1,442.54**	1,740.90
Rent	**201.35**	206.93
Rates and Taxes	**95.14**	96.84
Repairs to Building	**8.97**	15.72
Repairs to Plant and Machinery	**63.95**	71.47
Repairs and Maintenance - Others	**80.22**	109.41
Insurance Expenses	**61.64**	80.03
Advertisement and Publicity	**1,239.53**	1,381.92
Sales Promotion Expenses	**125.45**	270.98
Discount and Incentive Schemes	**4,996.66**	5,521.83
Bank Charges	**673.49**	573.85
Auditors' Remuneration	**14.20**	14.19
Donation [(Includes amount paid to Bihar Pradesh Janata Dal (United) ₹ 5.00 Million (Previous period Bharatiya Janata Party ₹ 30.00 Million, Bihar Pradesh Janata Dal (United) ₹ 5.00 Million and Gujarat Pradesh Congress Committee ₹ 2.50 Million)]	**50.54**	188.70
Directors' Sitting Fees	**1.38**	2.14
Legal and Professional Charges	**295.99**	970.26
Royalty	**180.76**	29.14
Printing and Stationery	**31.31**	36.92
Warranty and Maintenance Expenses	**819.81**	1,052.48
Provision for Doubtful Debts	**40.74**	41.90
Exchange Rate Fluctuation	**1,641.38**	1,812.41
Miscellaneous Expenses	**882.34**	1,128.64
TOTAL	**13,792.49**	16,259.86
SCHEDULE 14: INTEREST AND FINANCE CHARGES		
On Fixed Period Borrowings	**8,572.85**	8,213.41
On Others	**1,205.04**	718.15
TOTAL	**9,777.89**	8,931.56

SCHEDULE 15 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A] SIGNIFICANT ACCOUNTING POLICIES :

1. Basis of Accounting:

a) The financial statements are prepared under historical cost convention, except for certain Fixed Assets which are revalued, using the accrual system of accounting in accordance with the accounting principles generally accepted in India (Indian GAAP) and the requirements of the Companies Act, 1956, including the mandatory Accounting Standards as prescribed by the Companies (Accounting Standards) Rules, 2006.

b) Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Example of such estimates include provisions for doubtful debts, employee retirement benefits plans, provision for income tax and the useful lives of fixed assets. The difference between the actual results and estimates are recognized in the period in which results are known or materialized.

2. Fixed Assets/Capital Work-in-Progress:

a) Fixed Assets are stated at cost, except for certain fixed assets which have been stated at revalued amounts, less accumulated depreciation/ amortisation and impairment loss, if any. The cost is inclusive of freight, installation cost, duties, taxes, financing cost and other incidental expenses related to the acquisition and installation of the respective assets but does not include tax/duty credits availed.

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 unincorporated 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. In respect of joint ventures in the form of incorporated jointly controlled entities, the investment in such joint venture is treated as long term investment and carried at cost. The decline in value, other than temporary, is provided for.

4. Exploration, Development Costs and Producing Properties:

The Company follows the "Full Cost" method of accounting for its oil and natural gas exploration and production activities. Accordingly, all acquisition, exploration and development costs are treated as capital work-in-progress and are accumulated in a cost centre. The cost centre is not, normally, smaller than a country except where warranted by major difference in economic, fiscal or other factors in the country. When any well in a cost centre is ready to commence commercial production, these costs are capitalised from capital work-in-progress to producing properties in the gross block of assets regardless of whether or not the results of specific costs are successful.

5. Abandonment Costs:

The full eventual estimated liability towards costs relating to dismantling, abandoning and restoring well sites and allied facilities is recognised as liability for abandonment cost based on evaluation by experts at current costs and is capitalised as producing property. The same is reviewed periodically.

6. Depreciation, Amortisation and Depletion:

The Company provides depreciation on fixed assets held in India on written down value method in the manner and at the rates specified in the Schedule XIV to the Companies Act, 1956, except, a) on Fixed Assets of Consumer Electronics Divisions other than Glass Shell Division and; b) on office buildings acquired after 1st April, 2000, on which depreciation is provided on straight line method at the rates specified in the said Schedule or based on useful life of assets whichever is higher. Depreciation on fixed assets held outside India is provided on straight line method at the rates prescribed in the aforesaid Schedule or based on useful life of assets whichever is higher. Producing Properties are depleted using the "Unit of Production Method". The rate of depletion is computed in proportion of oil and gas production achieved vis-a-vis proved reserves. Leasehold Land is amortised over the period of lease.

Intangibles: Intangible assets are amortised over a period of five years.

7. Impairment of Assets:

The Fixed Assets or a group of assets (cash generating unit) and Producing Properties are reviewed for impairment at each Balance Sheet date. In case of any such indication, the recoverable amount of these assets or group of assets is determined, and if such recoverable amount of the asset or cash generating unit to which the asset belongs is less than it's carrying amount, the impairment loss is recognised by writing down such assets and Producing Properties 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:

a) Current Investments: Current Investments are carried at lower of cost or quoted/fair value.

b) Long Term Investments: Quoted Investment are valued at cost or market value whichever is lower. Unquoted Investments are stated at cost. The decline in the value of the unquoted investment, other than temporary, is provided for.

c) Cost is inclusive of brokerage, fees and duties but excludes Securities Transaction Tax.

9. Inventories:

Inventories including crude oil stocks are valued at cost or net realisable value whichever is lower. Cost of inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Weighted Average Basis.

10. Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition, construction or production of an qualifying asset are capitalised as part of the cost of that asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

11. Excise and Customs Duty:

Excise Duty in respect of finished goods lying in the factory premises and Customs Duty on goods lying in customs bonded warehouse are provided for and included in the valuation of inventory.

12. CENVAT/Value Added Tax:

CENVAT/Value Added Tax Benefit is accounted for by reducing the cost of the materials/ fixed assets/ services.

13. Revenue Recognition:

a) Revenue is recognised on transfer of significant risk and reward in respect of ownership.

b) Sale of Crude Oil and Natural Gas are exclusive of Sales Tax. Other Sales/turnover includes sales value of goods, services, 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.

c) Revenue from supply of electricity is recognised on accrual basis.

d) Insurance, Duty Drawback and other claims are accounted for as and when admitted by the appropriate authorities.

e) Dividend on investments is recognised when the right to receive is established.

14. Foreign Currency Transactions:

a) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transactions. Foreign Currency Monetary Assets and 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 Monetary Items at the end of the year is recognised, as the case may be, as income or expense for the year.

b) Forward contracts other than those entered into to hedge foreign currency risk on unexecuted firm commitments or of highly probable forecast transactions are treated as foreign currency transaction and accounted accordingly. Exchange differences arising on such contracts are recognised in the period in which they arise and the premium paid/ received is recognised as expenses/income over the period of the contract. Cash flows arising on account of roll over/cancellation of forward contracts are recognised as income/expenses of the period in line with the movement in the underlying exposure.

c) All other derivative contracts including forward contract entered into for hedging foreign currency risks on unexecuted firm commitments and highly probable forecast transactions which are not covered by the existing Accounting Standard (AS) 11, are recognised in the financial statements at fair value as on the Balance Sheet date, in pursuance of the announcement of the Institute of Chartered Accountants of India (ICAI) dated 29th March, 2008, on accounting of derivatives. The resultant gains and losses on fair valuation of such contracts are recognised in the Profit and Loss Account.

15. Translation of the financial statements of foreign branch:

a) Revenue items are translated at average rates.

b) Opening and closing inventories are translated at the rate prevalent at the commencement and close, respectively, of the accounting year.

c) 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.

d) Other current assets and current liabilities are translated at the closing rate.

16. Employee Benefits:

a) Short Term Employees Benefits

Short Term Employees Benefits are recognized as an expense at the undiscounted amount in the Profit and Loss Account of the year/period in which the related services are rendered.

b) Post Employment Benefits

i) Provident Fund - Defined Contribution Plan

The Company contributes monthly at a determined rate. These contributions are remitted to the Employees' Provident Fund Organisation, India for this purpose and is charged to Profit and Loss Account on accrual basis.

ii) Gratuity - Defined Benefit Plan

The Company provides for gratuity to all the eligible employees. The benefit is in the form of lump sum payments to vested employees on retirement, on death while in employment, or termination of employment for an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs on completion of five years of service. Liability in respect of gratuity is determined using the projected unit credit method with actuarial valuations as on the Balance Sheet date and gains/ losses are recognized immediately in the Profit and Loss Account.

iii) Leave Encashment

Liability in respect of leave encashment is determined using the projected unit credit method with actuarial valuations as on the Balance Sheet date and gains/losses are recognized immediately in the Profit and Loss Account.

17. Taxation:

Income tax comprises of current tax and deferred tax. Provision for current income tax is made on the assessable income/benefits at the rate applicable to relevant assessment year. 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 and recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

18. Share Issue Expenses:

Share issue expenses are written off to Securities Premium Account.

19. Premium on Redemption of Bonds/Debentures:

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

20. 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.

21. Accounting for Leases:

Where the company is lessee:

a) Operating Leases: Rentals in respect of all operating leases are charged to Profit and Loss Account.

b) Finance Leases:

i) Rentals in respect of all finance leases entered before 1st April, 2001 are charged to Profit and Loss Account.

ii) Assets acquired on or after 1st April, 2001, under finance lease or similar arrangements which effectively transfer to the Company, substantially all the risks and benefits incidental to ownership of the leased items, are capitalised at the lower of their fair value and present value of the minimum lease payments and are disclosed as leased assets.

22. Warranty:

Provision for the estimated liability in respect of warranty on sale of consumer electronics and home appliances products is made in the year in which the revenues are recognised, based on technical evaluation and past experience.

23. 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.

24. Provision, Contingent Liabilities and Contingent Assets:

Provisions are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources in respect of which reliable estimate can be made.

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

Contingent assets are not recognised in the financial statements.

25. Other Accounting Policies:

These are consistent with the generally accepted accounting principles.

B] NOTES TO ACCOUNTS:

(₹ in Million)

			As at 31st Dec., 2011	As at 31st Dec., 2010
1.	**Contingent Liabilities not provided for:**			
	a)	Letters of Guarantees	**76,432.95**	47,465.62
	b)	Letters of Credit opened including standby letters of credit	**29,921.44**	17,806.63
	c)	Customs Penalty	**6.00**	11.00
	d)	Customs Duty demands under dispute [Amount paid under protest ₹ 0.07 Million (Previous period ₹ 0.07 Million)]	**441.02**	400.74
	e)	Income Tax demands under dispute	**494.74**	351.13
	f)	Excise Duty and Service Tax demand under dispute [Amount paid under protest ₹ 4.21 Million (Previous period ₹ 4.21 Million)]	**610.88**	324.55
	g)	Sales Tax demands under dispute [Amount paid under protest ₹ 360.08 Million (Previous period ₹ 30.92 Million)]	**919.84**	108.04
	h)	Others [Amount paid under protest ₹ 50.00 Million (Previous period ₹ 50.00 Million)]	**1,062.64**	422.30

i) Show Cause Notices (SCNs) have been served on the Operator of the Ravva Oil & Gas Field Joint Venture (Ravva JV) for non payment of Service Tax and Educational Cess on various services for the period July 2003 to 31st March, 2011. The amount involved relating to Ravva Block is ₹ 412.56 Million (Previous period ₹ 420.55 Million).

The Operator is contesting the SCNs/demands before Commissioner of Service Tax and has filed writ petition before Hon'ble High Court of Madras challenging service tax demands on some of the services and believes that its position is likely to be upheld. The ultimate outcome of the matter cannot be presently 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 upto ₹ 103.14 Million (Previous period ₹ 105.14 Million).

j) Disputed Income Tax demand amounting to ₹ 22.29 Million (Previous period ₹ 22.29 Million) in respect of certain payments made by Ravva Oil & Gas Field Joint Venture is currently pending before the Hon'ble High Court of Madras. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made 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 upto ₹ 5.57 Million (Previous period ₹ 5.57 Million).

2. a) There is a dispute regarding the deductibility of certain cost in the computation of post tax rate of return. A Partial/Interim Award was issued by an International Arbitration Tribunal under the UNCITRAL Rules on 31st March, 2005 in favour of the Company in respect of a dispute between the Company and Government of India ("GOI") inter-alia regarding deductibility of Oil and Natural Gas Corporation Limited Carry costs ("ONGC Carry") while computing the Post Tax Rate of Return ("PTRR") under the Ravva Production Sharing Contract ("PSC"). However, the Company and the GOI were not able to agree upon the amounts due to /payable by the Company in terms of the Partial/Interim Award, and therefore the Company on 7th July, 2005 filed Interim Applications before the Arbitral Tribunal seeking a determination of the amounts due to/payable by the Company on the basis of the calculations made by the Company in these Applications and interest payable/receivable on such final determined amounts. The said Partial/ Interim Award was challenged by GOI on 10th May, 2005 before the High Court in Malaysia with a prayer for setting aside the Partial Award dated 31st March, 2005. The Company challenged the jurisdiction of the High Court in Malaysia and therefore the maintainability of such a proceeding before that Court. The High Court in Malaysia, by a pronouncement dated 5th August, 2009, upheld the contentions of the Company and dismissed the challenge filed by the GOI to the Award dated 31st March, 2005 on the ONGC Carry issue. The GOI filed a Notice of Appeal in December, 2010 before the Appellate Court at Malaysia. The Company has also moved an application on 13th October, 2009 before the High Court of Justice, Queen's Bench Division, Commercial Court at London seeking a declaration that the Seat of the arbitration in respect of the said Arbitration matter between the Company and the GOI is London, England.

b) GOI has filed OMP 255 of 2006 dated 30th May, 2006 before the Hon'ble Delhi High Court under section 9 of the Arbitration and Conciliation Act, 1996, seeking a declaration that the seat of the arbitration as regards the disputes between the Company and the GOI is Kuala Lumpur and not London. The Hon'ble Arbitral Tribunal vide its' letter dated 11th April, 2007 has indicated that it shall continue with the arbitration proceedings, in respect of the disputes referred above, after receiving the judgement of the Hon'ble Delhi Court in OMP 255 of 2006. The Hon'ble Delhi High Court has held, vide judgement dated 30th April, 2008, that it has the jurisdiction to hear the matters arising out of arbitration process and that the matter be heard on merits as against the Company's contention that the said petition itself was not maintainable. The Company has, in this respect, filed Special Leave Petition (SLP) (Civil) No. 16371 of 2008 before the Hon'ble Supreme Court of India to decide the issue of maintainability of OMP 255 of 2006. The Hon'ble Supreme Court, after hearing the Parties, has on 11th May, 2011, passed judgement in the matter allowing the Company's SLP while setting aside the judgement dated 30th April, 2008 of the Hon'ble Delhi High Court and dismissing OMP No. 255 of 2006.

c) GOI has filed Suit being C.S. (OS) No. 3314/2011 dated 22nd December, 2011 before the High Court of Delhi seeking, inter alia, an injunction against the Company from proceeding with the English Court Proceedings filed by the Company, inter alia, on the ground that the judgment of the Hon'ble Supreme Court of India dated

11th May, 2011 observing that seat of arbitration remains at Kuala Lumpur cannot be the subject matter of any further adjudication in any court whatsoever including the High Court of Justice, Queens Bench Division, Commercial Court, London. On 23rd December, 2011, after hearing parties, the Delhi High Court passed an ad-interim order to the effect, inter alia, that the parties shall not take any further steps in the English Court Proceedings. The Delhi High Court by judgment dated 5th March, 2012 passed in I.A. No.21069 of 2011 in C.S. (OS) No. 3314 of 2011, passed an interim injunction restraining the Company from proceeding with the English Court Proceedings. The Company has filed an Appeal against the judgment dated 5th March, 2012 being F.A.O. (OS) No. 132 of 2012 before Divisional Bench, Delhi High Court, which has been admitted and is listed for hearing on 27th August, 2012.

d) In the Appeal filed by the GOI before the Court of Appeal, Malaysia, the GOI has filed a notice of motion to amend the grounds of appeal. The amendment is sought on the GOI's submission that the judgement dated 11th May, 2011 of the Supreme Court of India is res-judicata between the parties on the issue of seat of arbitration. The Court of Appeal has granted permission to the Company to file reply and the Company has filed its reply to the Applications and Affidavits. The matter is next listed for hearing before the Court of Appeal on 18th June, 2012.

e) There is a dispute with regards to conversion of US$ into Indian Rupees for payment of invoice for sale of crude. A dispute regarding the rate of conversion from US$ into Indian rupees applicable to the Nominees of the GOI for the purpose of payment of amount of the invoices for sale of the Crude Oil by the Company under the Ravva PSC was referred to an International Arbitral Tribunal under the UNCITRAL Rules in accordance with the provisions of the Ravva PSC. The Tribunal by its Partial / Interim Award dated 31st March, 2005 held that the payment to the Company should be made after converting the US$ amount into Indian Rupees at the average of the State Bank of India TT Buying and TT Selling Rate (the "Middle Rate"). While accepting the said Award, the Company has worked out and submitted a computation on 30th June, 2005 to GOI indicating the amount receivable at ₹ 121.43 Million being the amount short paid by GOI nominees up to 19th June, 2005 and interest thereon also calculated up to 19th June, 2005. The Company further sent various communications updating its claim receivable from GOI Nominees. The last updated claim was made vide its' letter dated 31st January, 2012 wherein total amount receivable from GOI Nominees is computed at ₹ 839.70 Million, being the amount short paid by GOI Nominees up to 31st December 2011 including interest thereon of ₹ 120.10 Million also calculated up to 31st December, 2011. The payments to be made by the GOI's nominees in terms of the Award dated 31st March, 2005 is also pending before the Arbitral Tribunal in terms of the Interim Applications filed. The GOI has filed an Original Miscellaneous Petition (OMP) 329 of 2006 dated 20th July, 2006 before Hon'ble Delhi High Court challenging the award in respect of this issue. Another OMP 223 of 2006 dated 9th May, 2006 has been filed by GOI's nominees HPCL and BRPL in the Hon'ble Delhi High Court challenging the Partial Award dated 31st March, 2005 in respect of Conversion/ Exchange Rate Matter. The Hon'ble Delhi High Court has on 31st October, 2011 reserved its judgement in respect of both OMP 223 of 2006 and OMP 329 of 2006. The Ministry of Petroleum and Natural Gas (MoPNG) vide its letter dated 11th October, 2011, advised the GOI nominees to make payment against the amounts claimed by the Company on ad-hoc basis after obtaining appropriate indemnity from the Company. Accordingly, during the year such short payment of ₹ 719.60 Million calculated till 31st December, 2011, has been accounted for as Sales/Income from Operations and amount of ₹ 120.10 Million has been recognised as Interest. However, the GOI nominees have not released such amounts as yet and continue to make payments at the exchange rate without considering the directives of the Hon'ble Arbitral Tribunal and the MoPNG in this regard.

f) In respect of disputes with regards to additional profit petroleum, the GOI had vide its' letter dated 3rd November, 2006 raised a collective demand of ₹ 334.13 Million on account of additional profit petroleum payable and interest on delayed payments of profit petroleum calculated up to 30th September, 2006 pursuant to the Partial Arbitral Award dated 31st March, 2005 in the Dispute stated above and Interim Award dated 12th February, 2004 and Partial Award dated 23rd December, 2004. The Company has disputed such demand and is instead seeking refund of US$ 16.70 Million equivalent to ₹ 668.67 Million already excess paid by the Company to the GOI with interest thereon. Subsequently, GOI has in June 2008 through its Nominees deducted a further sum of ₹ 372.21 Million being its' claim of additional profit petroleum and interest on delayed payment of profit petroleum computed up to 30th April, 2008. Such deduction, also being in contravention of the above referred Arbitral Awards, is disputed by the Company.

g) Dispute with regards to quantum allowed as the Base Development Costs (the "BDC") and consequent effect of the same to additional profit petroleum payable on account of disputed BDC was referred to international arbitration. The GOI had contended that the Contractors had claimed BDC to the extent of US$ 499 Million which is in excess of the admissible BDC of US$ 261.57 Million thus impacting the profit petroleum figures for the period upto FY 2008-09. The GOI had contended that it was eligible for sharing profit petroleum, to be calculated each year upto FY 2008-09 in respect of excessive BDC claimed by the Contractors. The Hon'ble Arbitration Tribunal has passed the Arbitral Award on 18th January, 2011 substantially in favour of the Company. However, the Arbitration Tribunal held that the GOI is entitled to be credited by the Contractors with US$ 22.31 Million (out of which the Company's share is US$ 5.58 Million being 25% of US$ 22.31 Million) in the final settlement of cost recovery accounts in relation to Development Costs incurred during contract year 1994-95 to 1999-2000 in excess of US$ 198.43 Million. Accordingly the Operator on behalf of the Company has revised the cost recovery accounts statement and calculation of the Companies' PTRR, in the DGH format, for the years 1997-98 till 2009-10, based on the findings of the Arbitration Award, and such revised statements are submitted on 29th April, 2011. The GOI has not yet responded to such communication of the Operator. Instead, the GOI has preferred an appeal against the said Arbitral Order before the Hon'ble Malaysian Federal Court at Kuala Lumpur in April 2011 and also before the Hon'ble High Court of Delhi in April 2011 seeking quashing of the Arbitral Award. The Hon'ble High Court of Delhi has vide its judgement dated 25th April, 2012 dismissed such petition. Also, the Contractors (including the Company) had filed an Anti-Suit application before the Hon'ble Malaysian Federal Court at Kuala Lumpur in June 2011 which has since been dismissed. The Contractors (including the Company) has filed an appeal against such order and the same is listed for case management on 1st June, 2012.

Any further sum required to be paid or returnable in respect of dispute referred above at (a) to (g) in accordance with the determination of the amount by the Hon'ble Arbitral Tribunal/relevant courts in this behalf shall be accounted for on the final outcome in those matters.

3. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 772.79 Million (Previous period ₹ 274.67 Million).

4. Capital Work-in-Progress includes advances for capital assets of ₹ 466.35 Million (Previous period ₹ 2,120.97 Million) and interest and other finance charges capitalised during the year ₹ 827.97 Million (Previous period ₹ 1,082.45 Million).

5. Secured Loans

a) The Non-Convertible Debentures are secured by first 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 ranking *pari-passu* with the charge created/ to be created in favour of Financial Institutions/Banks in respect of their existing and future financial assistance. Also guaranteed by Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.

The Debentures are redeemable at par on 1st January, 2012.

b) The Term Loans are secured by mortgage of immovable assets, existing and future, of the Company and a floating charge on all movable 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 rank *pari-passu inter-se* for all intents and purposes. The above loans are guaranteed by Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.

A part of loans from banks are secured by first *pari-passu* charge on book debts of consumer electronics and home appliances division which are not charged to bankers for securing working capital loans.

A part of loans from banks are secured by the assignment of fixed and floating charge on all moneys received/to be received by the Company in relation to and from the Ravva Joint Venture, including all receivables of the Ravva Oil and Gas field, 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/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 the Trustee.

A part of loan is secured by Equitable Mortgage on *pari-passu* basis on immovable property situated at Videocon Tower, New Delhi and Equitable Mortgage on *pari-passu* basis on immovable property including land, building and machinery situated at Village Manjra, Warora, Dist. Chandrapur.

A part of loan is secured by mortgage of immovable assets and first charge on movable assets, cash flows and intangible assets pertaining to the 5.75 MW Multi Crystelline Silicon Photovoltaic Technology Project at Warora.

Some of the loans are also secured by pledge of certain investments of the Company.

c) External Commercial Borrowings are secured by a first ranking *pari-passu* charge over all the present and future movable and immovable fixed assets. The loan is further secured by personal guarantees of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.

d) Vehicle Loans from Banks are secured by way of hypothecation of Vehicles acquired out of the said loan. The loans are also secured by personal guarantee of Mr. Venugopal N. Dhoot.

e) 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 personal guarantees of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.

6. Unsecured Loans

a) Unsecured Rupee Loans from Banks are guaranteed by Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot, the directors of the Company.

b) The Company has availed interest free Sales Tax Deferral under Special Incentive to Prestigious Unit (Modified) Scheme. Out of total outstanding, ₹ 31.02 Million is repayable in two equal annual installments commencing from 30th May, 2012, ₹ 8.78 Million is repayable in seven monthly installments commencing from 20th October, 2013, ₹ 12.48 Million is repayable in seven monthly installments commencing from 20th October, 2014 and ₹ 4.16 Million is repayable on 31st March, 2016.

7. The Company had, during the year 2010, issued 2,000 Foreign Currency Convertible Bonds of US$ 100,000 each (Bonds) due on 16th December, 2015, out of which 1,944 (Previous period 2,000) Bonds are outstanding.

i) The Bonds are convertible at the option of the bondholders at any time on or after 25th January, 2011 to 7 days before maturity date i.e. 16th December, 2015, at a fixed exchange rate of ₹ 45.255 per 1 US$ and at initial conversion price of ₹ 239.5265 per share being at premium of 3% over reference share price. The conversion price will be subject to adjustment for, among other things, subdivision or consolidation of shares, rights issues, capital distributions, stock dividends and other dilutive events.

ii) The Bonds are redeemable in whole but not in part at the option of the Company on or after 15th December, 2013, if the closing price of shares for each of the 30 consecutive trading days prior to the date on which notice of such redemption is given was at least 130% of the conversion price.

iii) The Bonds are redeemable at maturity date i.e. on 16th December, 2015 at its principal amount, if not redeemed or converted earlier.

8. The Company has made a provision of ₹ 1,295.40 Million (Previous period ₹ 1,810.00 Million) towards Current Income Tax, after taking into consideration the benefits admissible under the provisions of the Income Tax Act, 1961. The Company has also made a provision of ₹ 1.14 Million (Previous period ₹ 1.25 Million) towards Wealth Tax. The same are, in the opinion of the Management, adequate.

9. The Company has, directly and through its subsidiaries, made investments of ₹ 15,000.00 Million, given share application money of ₹ 5,000.00 Million and advanced loans of ₹ 19,620.84 Million to Videocon Telecommunications Limited (VTL), the subsidiary. VTL was granted Unified Access Services (UAS) Licenses in 21 circles on 10th January, 2008 and had also been allotted spectrum in 20 circles out of which it has launched its services in 16 circles.

The Hon'ble Supreme Court of India, vide its judgment dated 2nd February, 2012 in two separate writ petitions filed by Centre for Public Interest Litigation and by another, has quashed all the UAS licenses granted on or after 10th January, 2008 and the subsequent allocation of spectrum to these licencees. This includes the 21 licenses issued to VTL and the spectrum allotted to it in 20 circles.

The Hon'ble Supreme Court of India had directed that its aforesaid order shall be operative after four months from 2nd February, 2012. On 24th April, 2012, the Hon'ble Supreme Court of India modified its order and postponed the operation of its order of quashing the Telecom Licenses and related allocation of spectrum to 7th September, 2012. The Hon'ble Supreme Court of India has, vide order dated 2nd February, 2012, also directed TRAI to make fresh recommendations for grant of licenses and allocation of spectrum and the Central Government to grant fresh licenses and allocation of spectrum by auction thereafter. The Central Government has announced that it will complete the auction of licenses and related spectrum on or before 31st August, 2012.

Pending the fresh auction as mentioned above, VTL is continuing its business. It proposes to participate in the fresh auction and is hopeful of continuing the business thereafter. Accordingly, in the opinion of the management, no provision is required for diminution in the value of aforesaid investments, share application money and advances.

(₹ in Million)

10. The major components of deferred tax liabilities/assets are as under:	As at 31st Dec., 2011	As at 31st Dec., 2010
a) Deferred Tax Liabilities		
Related to Depreciation on Fixed Assets and Amortisation	**7,875.11**	6,766.62
	7,875.11	6,766.62
b) Deferred Tax Assets		
i) Expenses charged in the financial statements but allowable as deduction in future years under the Income Tax Act, 1961	**64.02**	312.41
ii) Others	**459.88**	84.60
	523.90	397.01
Net Deferred Tax Liability (a-b)	**7,351.21**	6,369.61

11. a) Unincorporated Joint Ventures:

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. The Company has, in terms of Accounting Policy No. A-5 above, recognised abandonment costs based on the technical assessment of current costs as cost of producing properties and has provided depletion thereon under 'Unit of Production' method as part of Producing Properties in line with Guidance Note on Accounting of Oil and Gas Producing Activities issued by the Institute of Chartered Accountants of India.

i) The Company has participating interest of 25% in Ravva Oil and Gas Field Joint Venture (JV) through a Production Sharing Contract (PSC). Other members of the JV are Oil and Natural Gas Corporation Limited, Cairn Energy India Pty Limited and Ravva Oil (Singapore) Pte. Limited. The parties have pursuant to the PSC, entered into a Joint Operating Agreement. Cairn Energy India Pty Limited is the Operator.

ii) The Company has participating interest of 8.4% in Block WA-388-P in exploration permit for a term of 6 years from 28th August, 2006. The Joint Venture (JV) comprises of the Company, Oilex Limited, Gujarat State Petroleum Corporation Limited, Hindustan Petroleum Corporation Limited, Bharat Petroleum Corporation Limited, Sasol Petroleum Australia Ltd and Apache Northwest Pty Limited ("Apache"). Apache is the Operator with 40% interest in JV. The Capital Commitments based on estimated minimum work programme in relation to it's participating interest is ₹ 1.96 Million (Previous period ₹ 7.69 Million).

b) Incorporated Jointly Controlled Entities:

i) Videocon Infinity Infrastructures Private Limited is a 50 : 50 Joint Venture Company incorporated in India, with Infinity Infotech Parks Limited to carry on the business of infrastructure development like construction of IT/ITes Parks, Biotech Parks etc. The Joint Venture Company has not commenced its commercial operations. The capital commitment of Videocon Infinity Infrastructures Private Limited is ₹ 93.75 Million (Previous period ₹ Nil).

ii) The financial interest of the Company in the jointly controlled incorporated entity based on audited financial statement is as under:

(₹ in Million)

Company's share in	31st Dec., 2011	31st Dec., 2010
Assets	**4.20**	0.52
Liabilities	**4.15**	0.48
Income	**-**	-
Expenses	**-**	-
Tax	**-**	-

12. The Company has kept the investment activities separate and distinct from the normal business. Consequently, all the income and expenditure pertaining to investment activities have been allocated to the Investments and Securities Division and the income/(loss) after netting of the related expenditure has been shown as "Income/(Loss) from Investments and Securities Division" under "Other Income" which includes in respect of the long term investments, dividend of ₹ 6.63 Million (Previous period ₹ 8.50 Million), loss on sale/ disposal of investments of ₹ 46.29 Million (Previous period ₹ 2.98 Million), interest on debentures/bonds of ₹ 4.23 Million (Previous period ₹ 86.27 Million) and in respect of current investments, dividend of ₹ Nil (Previous period ₹ 1.26 Million).

(₹ in Million)

13. Earnings Per Share:	Year ended 31st Dec., 2011	Period ended 31st Dec., 2010
a) Net Profit attributable to Equity Shareholders		
Net Profit as per Profit and Loss Account	**5,455.58**	7,446.94
Less: Short Provision of Income Tax for earlier years	**56.47**	57.83
	5,399.11	7,389.11
Less: Dividend on Preference Shares including Tax on the same	**39.25**	53.73
Net Profit attributable to Equity Shareholders	**5,359.86**	7,335.38
Add: Changes (net) related to FCCBs	**-**	328.47
Adjusted Net Profit for Diluted EPS	**5,359.86**	7,663.85
b) Weighted Average Number of Equity Shares considered for calculation of Basic EPS	**302,308,789**	263,129,174
Weighted Average Number of Equity Shares considered for calculation of Diluted EPS	**302,308,789**	287,605,936
c) Basic Earnings per Share	**₹ 17.73**	₹ 27.88
Diluted Earnings per Share	**₹ 17.73**	₹ 26.65
d) Reconciliation of Weighted Average Number of Equity Shares considered for calculation of:		
For Basic EPS	**302,308,789**	263,129,174
Add: Adjustment for Diluted EPS	**-**	24,476,762
For Diluted EPS	**302,308,789**	287,605,936

14. Auditors' Remuneration:
(Excluding Service Tax)

(₹ in Million)

		Year ended 31st Dec., 2011	Period ended 31st Dec., 2010
a)	Audit Fees	**7.00**	7.00
b)	Tax Audit Fees	**1.40**	1.40
c)	Out of Pocket Expenses	**0.23**	0.22
d)	Other Services	**5.57**	5.57
		14.20	14.19

15. There are no amounts due to be credited to the Investor Education and Protection Fund.

16. In the opinion of the Board, the value on realisation of Current Assets, Loans and Advances in the ordinary course of the business would not be less than the 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.

17. The Balances of some of the Debtors, Creditors, Deposits, Advances and Other Current Assets are subject to confirmation.

18. 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.

19. Employee Benefits:

Disclosure pursuant to Accounting Standard (AS) 15 (Revised)

I) Defined Contribution Plans:

Amount of ₹ 121.77 Million (Previous period ₹ 127.07 Million) is recognised as an expense and shown under the head "Salary, Wages and Employees' Benefits" (Schedule 12) in the Profit and Loss Account.

(₹ in Million)

II) Defined Benefit Plans:

	Gratuity		Leave Encashment	
	31st Dec., 2011	31st Dec., 2010	**31st Dec., 2011**	31st Dec., 2010
a) The amounts recognised in the Balance Sheet as at the end of the year/period				
i) Present Value of Defined Benefit Obligation	**158.49**	138.50	**44.29**	47.02
ii) Fair value of Plan Assets	**54.74**	50.05	**-**	-
iii) Funded Status – Surplus/(Deficit)	**(103.75)**	(88.45)	**(44.29)**	(47.02)
iv) Net Assets/(Liability)	**(103.75)**	(88.45)	**(44.29)**	(47.02)
b) The amounts recognised in Profit and Loss Account for the year/period				
i) Current Service Cost	**20.64**	23.39	**7.34**	15.14
ii) Interest Cost	**10.93**	10.93	**3.57**	4.17
iii) Actuarial (Gains)/Losses	**2.15**	18.89	**7.52**	16.01
iv) Actual Return on Plan Assets	**4.31**	6.36	**-**	-
v) Total Expenses	**29.41**	46.85	**18.43**	35.32
c) The changes in Obligations during the year/period				
i) Present value of Defined Benefit Obligation at the beginning of the year	**138.50**	106.59	**47.02**	36.00
ii) Current Service Cost	**20.64**	23.39	**7.34**	15.14
iii) Interest Cost	**10.93**	10.93	**3.57**	4.17
iv) Actuarial (Gains)/Losses	**2.15**	18.89	**7.52**	16.01
v) Benefit Payments	**13.73**	21.30	**21.16**	24.30
vi) Present value of Defined Benefit Obligation at the end of the year/period	**158.49**	138.50	**44.29**	47.02
d) The changes in Plan Assets during the year/period				
i) Plan Assets at the beginning of the year	**50.05**	43.60	**-**	-
ii) Contribution by Employer	**8.57**	9.67	**-**	-
iii) Actual Benefit paid	**8.19**	9.58	**-**	-
iv) Plan Assets at the end of the year/period	**54.74**	50.05	**-**	-
v) Actual return on Plan Assets	**4.31**	6.36	**-**	-

e) Actuarial Assumptions

i) Discount Rate	8% per annum
ii) Mortality	L.I.C. (1994-96) Ultimate
iii) Turnover Rate	5% at younger ages reducing to 1% at older ages
iv) Future Salary Increase	5% per annum

(₹ in Million)

20. Disclosures under Micro, Small and Medium Enterprises Development Act, 2006:	As at 31st Dec., 2011	As at 31st Dec., 2010
a) Principal amount remaining unpaid to any suppliers as at the end of each accounting year	**4.61**	7.73
b) Interest due thereon remaining unpaid to any supplier as at the end of each accounting year	**0.21**	-
c) The amount of interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	**-**	0.00
d) The amount of interest due and payable for the period of delay in making the payment	**0.21**	-
e) The amount of interest accrued and remaining unpaid at the end of each accounting year	**0.21**	-
f) The amount of further interest remaining due and payable even in the succeeding years, untill such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	**-**	-

Note: The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent of such vendors/parties identified from the available information.

21. Related Party Disclosures:

As required under Accounting Standard 18 on “Related Party Disclosures”, the disclosure of transaction with related parties as defined in the Accounting Standards are given below:

A) List of Related Parties where control exists and related parties with whom transactions have taken place and relationship:

i) Subsidiaries:

a) Chhattisgarh Power Ventures Private Limited

b) Eagle ECorp Limited

c) Flair Energy Private Limited (w.e.f. 2nd March, 2011 to 20th October, 2011)

d) Liberty Videocon General Insurance Company Limited (w.e.f. 19th December, 2011)

e) Middle East Appliances LLC

f) Pipavav Energy Private Limited

g) Prosperous Energy Private Limited (w.e.f. 1st March, 2011)

h) Senator Energy Private Limited (upto 20th October, 2011)

i) Triumph Energy Private Limited (upto 20th October, 2011)

j) Videocon Electronics (Shenzhen) Limited (Chinese Name - Weiyoukang Electronic (Shenzhen) Co., Ltd.)

k) Videocon Global Limited

l) Videocon Oil Ventures Limited and its subsidiaries *
- Videocon Estelle Limited (w.e.f. 14th January, 2011)
- Videocon Ivory Limited (w.e.f. 14th January, 2011)
- Videocon Hydrocarbon Holdings Limited and its subsidiaries **
  - Videocon JPDA 06-103 Limited
  - Videocon Mozambique Rovuma 1 Limited
  - Videocon Indonesia Nunukan Inc.
  - Videocon Energy Brazil Limited
  - Videocon Australia WA-388-P Limited
  - Oil Services International S.A.S.

m) Videocon Energy Ventures Limited and its subsidiary
- Videocon Oman 56 Limited

n) Videocon International Electronics Limited and its subsidiaries
- Jumbo Techno Services Private Limited
- Senior Consulting Private Limited
- Videocon Telecommunications Limited and its subsidiary
  - Datacom Telecommunications Private Limited

o) Videocon Energy Limited and its subsidiaries
- Videocon Power Ventures Limited and its subsidiaries (upto 20th October, 2011)
  - Aim Energy Private Limited (upto 20th October, 2011)
  - Marvel Energy Private Limited (upto 20th October, 2011)
  - Viable Energy Private Limited (upto 20th October, 2011)
  - Vital Power Private Limited (upto 20th October, 2011)
- Proficient Energy Private Limited and its subsidiaries ***
  - Instant Energy Private Limited (upto 20th October, 2011)
  - Orchid Energy Private Limited (upto 20th October, 2011)
  - Applied Energy Private Limited and its subsidiaries
    - Comet Power Private Limited
    - Galaxy Power Private Limited (upto 20th October, 2011)
    - Percept Energy Private Limited (upto 20th October, 2011)
    - Unity Power Private Limited

* Videocon Oil Ventures Limited was a subsidiary of Videocon Energy Limited up to 1st July, 2011. It became a wholly owned subsidiary of Videocon Industries Limited w.e.f. 2nd July, 2011.

** Videocon Industries Limited w.e.f. 21st December, 2010 acquired 97.54% of the share capital of Videocon Hydrocarbon Holdings Limited (VHHL). w.e.f. 12th July, 2011 VHHL became step down subsidiary of Videocon Industries Limited since Videocon Industries Limited transferred 96.54% of shareholding in VHHL to Videocon Oil Ventures Limited.

*** Proficient Energy Private Limited was a subsidiary of Marvel Energy Private Limited up to 19th October, 2011. It became a subsidiary of Videocon Energy Limited w.e.f. 20th October, 2011.

ii) Associates and Joint Ventures:
- Goa Energy Private Limited - Associate - 26%
- Radium Energy Private Limited - Associate - 26%
- Videocon Infinity Infrastructure Private Limited - Joint Venture - 50%
- IBV Brasil Petroleo Limitada - (50% Joint Venture of Videocon Energy Brazil Limited)
- Northwest Energy Private Limited - (Associate of Proficient Energy Private Limited - 47%, w.e.f. 15th September, 2011)

iii) Key Management Personnel:
- Mr. Venugopal N. Dhoot - Chairman & Managing Director
- Mr. Pradipkumar N. Dhoot - Whole Time Director
- Mr. S. K. Jain - Senior Vice President
- Mr. Shekhar Jyoti - Vice President
- Mr. C. M. Singh - Vice President (w.e.f. 1st January, 2011)
- Mr. J. R. Rathore - Senior Vice President (w.e.f. 1st January, 2011)
- Mr. Abhijit Kotnis - Vice President

B) Transactions/outstanding balances with Related Parties:

The Company has entered into transactions with certain related parties during the year as listed below. The Board considers such transactions to be in normal course of business:

(₹ in Million)

Particulars	Subsidiary Companies	Associates/ Joint Venture	Key Management Personnel
Nature of Transactions			
Sale of Goods/Services	**424.75** (6,485.48)		
Purchase of Goods/Services	**89.75** (77.82)		
Interest Recovered	**2,560.92** (459.75)	**90.42** (44.63)	
Investments	**1,095.23** (16,313.04)	**-** (-24.29)	
Advances/Loans given	**24,769.22** (19,369.08)	**8.40** (0.00)	
Advances/Loans received back	**2,563.50** (1,030.67)	**-** (48.00)	
Advances/Loans received	**81.69** (-)		
Remuneration			**43.07** (60.86)
Outstanding as at 31st December, 2011			
Trade Receivables	**68.34** (419.85)		
Trade Payables	**20.53** (-)		
Advances/Loans given	**49,401.76** (27,289.04)	**371.33** (362.93)	
Investments/Share Application Money	**40,381.66** (39,286.03)	**0.10** (0.10)	
Advances/Loans received	**81.69** (-)		

C) Material transactions with Related Parties during the year are: Sales to Videocon Telecommunications Limited (on high seas basis) ₹ 335.80 Million (Previous period ₹ 6,338.33 Million), Instant Energy Private Limited ₹ 88.95 Million (Previous period ₹ Nil); Purchases from Middle East Appliances LLC ₹ 89.75 Million (Previous period ₹ 67.04 Million); Subscription to Shares/Share Application Money (Investments) of Videocon Oil Ventures Limited ₹ 10,000.00 Million (Previous period ₹ Nil), Sale of Shares of Videocon Hydrocarbon Holdings Limited to Videocon Oil Ventures Limited ₹ 8,908.82 Million (Previous period ₹ Nil); Interest recovered from Videocon Telecommunications Limited ₹ 2,435.16 Million (Previous period ₹ 459.75 Million) and Goa Energy Private Limited ₹ 90.42 Million (Previous period ₹ 44.63 Million); Advances/Loans given to Videocon Telecommunications Limited ₹ 10,870.05 Million (Previous period ₹ 681.32 Million), Videocon Oil Ventures Limited ₹ 5,296.22 Million (Previous period ₹ 0.43 Million), Videocon Global Limited ₹ 2,840.30 Million (Previous period ₹ 707.82 Million); Advances/Loans received back from Videocon Energy Limited ₹ 1,939.08 Million (Previous period ₹ Nil), Chhattisgarh Power Ventures Private Limited ₹ 556.64 Million (Previous period ₹ Nil); Advances/ Loans received from Proficient Energy Private Limited ₹ 67.70 Million (Previous period ₹ Nil), Videocon Electronics (Shenzhen) Limited ₹ 13.99 Million (Previous period ₹ Nil).

22. 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.

23. Loans and Advances in the nature of Loans given to Subsidiaries and Associates, etc.

a) Loans and Advances in the nature of Loans:

(₹ in Million)

Name of the Company		As at 31st Dec., 2011	As at 31st Dec., 2010	Maximum Balance during the year
Aim Energy Private Limited (upto 20th October, 2011)	Subsidiary	**-**	0.08	0.08
Applied Energy Private Limited	Subsidiary	**7.93**	0.02	162.23
Chhattisgarh Power Ventures Private Limited	Subsidiary	**972.61**	1,529.25	1,717.21
Comet Power Private Limited	Subsidiary	**0.31**	12.36	31.66
Datacom Telecommunications Private Limited	Subsidiary	**0.0004**	-	0.0004
Flair Energy Private Limited (w.e.f. 2nd March, 2011 to 20th October, 2011)	Subsidiary	**-**	-	0.0006
Galaxy Power Private Limited (upto 20th October, 2011)	Subsidiary	**-**	17.39	17.92
Instant Energy Private Limited (upto 20th October, 2011)	Subsidiary	**-**	14.69	27.69
Jumbo Techno Services Private Limited	Subsidiary	**0.01**	-	0.005
Liberty Videocon General Insurance Company Limited (w.e.f. 19th December, 2011)	Subsidiary	**14.61**	-	14.61
Marvel Energy Private Limited (upto 20th October, 2011)	Subsidiary	**-**	0.01	0.01
Orchid Energy Private Limited (upto 20th October, 2011)	Subsidiary	**-**	66.01	66.01
Percept Energy Private Limited (upto 20th October, 2011)	Subsidiary	**-**	1.02	1.02
Pipavav Energy Private Limited	Subsidiary	**1,550.99**	5.47	3,985.98
Proficient Energy Private Limited	Subsidiary	**-**	30.01	104.23
Prosperous Energy Private Limited (w.e.f. 1st March, 2011)	Subsidiary	**409.42**	-	409.42
Senator Energy Private Limited (upto 20th October, 2011)	Subsidiary	**-**	0.01	0.01
Senior Consulting Private Limited	Subsidiary	**0.01**	-	0.01
Unity Power Private Limited	Subsidiary	**0.002**	7.26	8.72
Viable Energy Private Limited (upto 20th October, 2011)	Subsidiary	**-**	0.08	0.08
Videocon Electronics (Shenzhen) Limited	Subsidiary	**-**	3.76	13.29
Videocon Energy Limited	Subsidiary	**-**	1,939.08	1,939.08
Videocon Energy Ventures Limited	Subsidiary	**1,340.50**	-	1,340.50
Videocon Global Limited	Subsidiary	**9,993.31**	7,153.00	9,993.31
Videocon International Electronics Limited	Subsidiary	**12,616.70**	10,172.06	14,016.66
Videocon Oil Ventures Limited	Subsidiary	**5,296.65**	0.43	6,407.85
Videocon Power Ventures Limited (upto 20th October, 2011)	Subsidiary	**-**	8.31	8.31
Videocon Telecommunications Limited	Subsidiary	**17,198.71**	6,328.66	17,541.25
Vital Power Private Limited (upto 20th October, 2011)	Subsidiary	**-**	0.08	0.08
Goa Energy Private Limited	Associate	**368.07**	362.68	378.88
Radium Energy Private Limited	Associate	**0.51**	-	0.51
Videocon Infinity Infrastructure Private Limited	Joint Venture	**2.75**	0.25	2.75

Loans and Advances shown above, to subsidiaries fall under the category of 'Loans and Advances' in nature of Loans where there is no repayment schedule and are repayable on demand.

b) Investment by the loanee in the shares of the Company:

None of the loanees have made investments in the shares of the Company.

24. Reserves:

Share of the Company in remaining reserves on proved and probable basis (as per Operator's estimates) in Ravva Oil & Gas field (Unincorporated) Joint Venture.

Particulars	Unit of measurement	As at 31st Dec., 2011	As at 31st Dec., 2010
Crude Oil	Million Metric Tonnes	**1.53**	1.85
Natural Gas	Million Cubic Meters	**240.29**	359.13

25. As required by Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets" issued by The Institute of Chartered Accountants of India, the disclosure with respect to provisions are as follows:

(₹ in Million)

Warranty and Maintenance Expenses		Year ended 31st Dec., 2011	Period ended 31st Dec., 2010
a)	Amount at the beginning of the year	**638.51**	618.73
b)	Additional provision made during the year/period	**596.46**	617.91
c)	Amount used	**602.82**	598.13
d)	Amount at the end of the year/period	**632.15**	638.51

26. Additional Information pursuant to the provisions of paragraphs 3, 4C, 4D of Part II of Schedule VI to the Companies Act, 1956.

	Unit	Year ended 31st December, 2011 Quantity	Year ended 31st December, 2011 ₹ in Million	Period ended 31st December, 2010 Quantity	Period ended 31st December, 2010 ₹ in Million
QUANTITATIVE INFORMATION:					
I. Production/Purchase/Generation: (Including Goods Manufactured through third parties and excluding goods manufactured for others on job basis)					
a) Crude Oil	**MT**	**330,674**		453,134	
b) Natural Gas	**Cu. Mtr**	**154,827,200**		180,934,525	
c) TV Sets including Assemblies and Sub-Assemblies thereof and Glass Shells	**Nos.**	**34,555,563**		47,169,373	
d) Audio, Video and other Electrical and Electronic Appliances, including Assemblies and Sub-Assemblies thereof	**Nos.**	**10,239,102**		10,352,934	
e) Air Conditioners	**Nos.**	**642,767**		692,636	
f) Electricity	**KWH**	**1,081,600**		-	
II. Stocks of Finished Goods at Close:					
a) Crude Oil	**MT**	**9,185**	**60.51**	13,369	71.70
b) Natural Gas	**Cu. Mtr**	**-**	**-**	-	-
c) TV Sets including Assemblies and Sub-Assemblies thereof and Glass Shells	**Nos.**	**1,642,061**	**2,012.28**	1,655,410	1,974.14
d) Audio, Video and other Electrical and Electronic Appliances, including Assemblies and Sub-Assemblies thereof	**Nos.**	**381,275**	**1,517.37**	354,611	1,481.18
e) Air Conditioners	**Nos.**	**22,832**	**270.43**	21,907	247.06
f) Electricity	**KWH**	**-**	**-**	-	-
TOTAL			**3,860.59**		3,774.08
III. Stocks of Finished Goods at Beginning:					
a) Crude Oil	**MT**	**13,369**	**71.70**	6,526	24.61
b) Natural Gas	**Cu. Mtr.**	**-**	**-**	-	-
c) TV Sets including Assemblies and Sub-Assemblies thereof and Glass Shells	**Nos.**	**1,655,410**	**1,974.14**	1,635,554	1,874.56
d) Audio, Video and other Electrical and Electronic Appliances, including Assemblies and Sub-Assemblies thereof	**Nos.**	**354,611**	**1,481.18**	341,099	1,410.28
e) Air Conditioners	**Nos.**	**21,907**	**247.06**	26,173	293.35
f) Electricity	**KWH**	**-**	**-**	-	-
TOTAL			**3,774.08**		3,602.80
IV. Sales/Services Rendered (Including Duty Drawback and Cash Compensatory support):					
a) Crude Oil	**MT**	**334,858**	**14,038.52**	446,291	12,198.21
b) Natural Gas	**Cu.Mtr.**	**140,506,728**	**896.12**	163,089,630	1,005.12
c) TV Sets including Assemblies and Sub-Assemblies thereof and Glass Shells	**Nos.**	**34,568,912**	**68,958.78**	47,149,517	84,459.25
d) Audio, Video and other Electrical and Electronic Appliances, including Assemblies and Sub-Assemblies thereof	**Nos.**	**10,212,438**	**34,930.84**	10,339,422	37,744.58
e) Air Conditioners	**Nos.**	**641,842**	**9,872.32**	696,902	10,662.20
f) Electricity	**KWH**	**1,075,200**	**19.26**	-	-
g) Other Sales & Service Income		**-**	**478.86**	-	689.91
TOTAL			**129,194.70**		146,759.27

	Unit	Year ended 31st December, 2011 Quantity	Year ended 31st December, 2011 ₹ in Million	Period ended 31st December, 2010 Quantity	Period ended 31st December, 2010 ₹ in Million
V. Flared/Consumed/Normal Loss:					
a) Natural Gas	**Cu. Mtr.**	**14,320,472**	**-**	17,844,895	-
b) Electricity	**KWH**	**6,400**	**-**	-	-
VI. Raw Material Components and Spares Consumption including for products manufactured through third parties:					
a) Printed Circuit Board (All types)	**Nos.**	**12,132,478**	**8,879.47**	13,447,789	9,868.61
b) Active & Passive Components */**		**-**	**24,072.39**	-	28,460.03
c) Plastic and Wooden Parts	**Nos.**	**14,368,763**	**31,381.80**	16,679,693	37,636.19
d) Other Raw Materials **		**-**	**14,731.13**	-	15,311.71
TOTAL			**79,064.79**		91,276.54

* 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 size and number.

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

	Year ended 31st December, 2011 Percentage	Year ended 31st December, 2011 ₹ in Million	Period ended 31st December, 2010 Percentage	Period ended 31st December, 2010 ₹ in Million
VII. Value of Imported and Indigenous Raw Materials, Components and Spares Consumed:				
a) Imported	**18.14**	**14,339.46**	19.88	18,142.96
b) Indigenous	**81.86**	**64,725.33**	80.12	73,133.58
TOTAL		**79,064.79**		91,276.54

	Year ended 31st December, 2011 ₹ in Million	Period ended 31st December, 2010 ₹ in Million
VIII. C.I.F. Value of Imports, Expenditure and Earnings in Foreign Currency:		
a) C.I.F. Value of Imports:		
Raw Materials	**14,026.74**	20,492.78
Capital Goods (including advances)	**709.66**	1,953.03
b) Expenditure incurred in Foreign Currency: (on payment basis)		
Cash Call paid to the Operator for the project	**813.21**	677.12
Interest and Bank Charges	**984.13**	355.83
Royalty	**47.10**	52.42
Travelling	**16.33**	31.72
Others	**148.67**	158.79
c) Other Earnings/Receipts in Foreign Currency:		
F.O.B. Value of Exports (on receipt basis)	**3,838.47**	4,750.33
Others	**2.06**	490.31

IX. The Company has paid dividend in respect of shares held by Non-Residents on repatriation basis where the amount is also credited to Non-Resident External Account (NRE A/c). The exact amount of dividend remitted in foreign currency can not be ascertained. The total amount remittable in this respect is given below:

	Year ended 31st December, 2011	Period ended 31st December, 2010
a) Number of Non-Resident Shareholders	**1,372**	1,516
b) Number of Equity Shares held by them	**24,556,038**	28,330,203
c) Gross Amount of Dividend (₹ in Million)	**24.56**	56.66
d) Year to which dividend relates	**2009-10**	2008-09

27. The figures for the current year are for a period of 12 months as against 15 months in previous period and hence, are not comparable. Figures in respect of previous period have been regrouped, reclassified and recasted wherever necessary to make them comparable with those of current year.

28. Balance Sheet Abstract and Company's General Business Profile:

I.	**Registration Details**	
	Registration No.	L99999MH1986PLC103624
	Balance Sheet Date	31st December, 2011
	State Code	11
II.	**Capital Raised During the year (Amounts ₹ in Million)**	
	Public Issue	-
	Rights Issue	-
	Bonus Issue	-
	Private Placement - Conversion of FCCBs	10.58
III.	**Position of Mobilisation & Deployment of Funds (Amounts ₹ in Million)**	
	Total Liabilities	293,441.17
	Total Assets	293,441.17
	Sources of Funds	
	Paid-up Capital	3,339.36
	Reserves and Surplus	96,190.40
	Deferred Tax Liability (Net)	7,351.21
	Secured Loans	98,356.42
	Unsecured Loans	88,203.78
	Application of Funds	
	Net Fixed Assets	63,481.99
	Investments	47,437.09
	Net Current Assets	182,522.09
IV.	**Performance of Company (Amounts ₹ in Million)**	
	Turnover (including other income)	127,565.34
	Total Expenditure	119,831.62
	Profit Before Tax	7,733.72
	Profit After Tax	5,455.58
	Earnings Per Share in ₹	17.73
	Dividend Rate %	5.00
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)	8528.72
	Product Description	Colour Television
	c) Item Code No. (ITC Code)	7011.20
	Product Description	Glass Shell Panels & Funnels for C.P.T.

As per our report of even date

For KHANDELWAL JAIN & CO.
Chartered Accountants

AKASH SHINGHAL
Partner
Membership No.103490

For KADAM & CO.
Chartered Accountants

U. S. KADAM
Partner
Membership No. 31055

For and on behalf of the Board

V. N. DHOOT
Chairman and Managing Director

P. N. DHOOT
Whole Time Director

VINOD KUMAR BOHRA
Company Secretary

Place : Mumbai
Date : 26th May, 2012

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To,
The Board of Directors
VIDEOCON INDUSTRIES LIMITED

1. We have audited the attached Consolidated Balance Sheet of Videocon Industries Limited (the Company) and its subsidiaries as at 31st December, 2011, Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year 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.

2. We conducted our audit in accordance with Auditing Standards generally accepted 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 misstatement. 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.

3. We did not jointly audit the financial statements of certain Subsidiaries and Joint Ventures, whose financial statements reflect total assets of ₹ 185,561.01 Million as at 31st December, 2011, total revenues of ₹ 2,343.07 Million and cash flows amounting ₹ 2,732.25 Million for the year ended on that date and financial statements of associates, in which the share of loss is ₹ 0.19 Million. 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.

4. 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", Accounting Standard (AS) 23 on "Accounting for Investments in Associates " and Accounting Standard (AS) 27 "Financial Reporting of Interest in Joint Ventures" issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company, and its subsidiaries included in Consolidated Financial Statements.

5. *(a)* *As mentioned in Note No. 'C-3(a)' of Schedule 16, the Hon'ble Supreme Court of India, vide its judgement dated 2nd February, 2012 in two separate writ petitions filed by Centre for Public Interest Litigations and by another, has quashed all the UASL licenses granted on or after 10th January, 2008 pursuant to two press releases issued on 10th January, 2008 and the subsequent allocation of spectrum to the licencees. This includes 21 licenses issued to the Videocon Telecommunications Limited (VTL) and the spectrum allotted to it in 20 circles. The Hon'ble Supreme Court further directed that its Order of quashing the Telecom Licenses and the allocation of the spectrum shall be operative after four months from 2nd February, 2012. On 24th April, 2012 the Hon'ble Supreme Court of India modified its Order and postponed the operation of its Order of quashing of the Telecom Licenses and the allocation of the spectrum to 7th September, 2012. The Hon'ble Supreme Court of India had also directed in its Judgement of 2nd February, 2012 TRAI to make fresh recommendations for grant of licences and allocation of spectrum (TRAI has since issued its recommendations on 23rd April, 2012) and the Central Government to grant fresh licenses and allocation of spectrum by auction thereafter. The Central Government has announced that it will complete the auction of licenses and allocation of spectrum on or before 31st August, 2012. VTL has decided to participate in such auction. Assuming successful participation by VTL in such auction of the licenses and the spectrum, it is continuing its business as a going concern.*

   (b) *As mentioned in Note No. 'C-3(b)' of Schedule 16, VTL has incurred a net loss of ₹ 17,471.79 Million during the year and has accumulated losses of ₹ 28,308.79 Million as at 31st December, 2011, resulting into erosion of its net worth. The ability of VTL to continue as a going concern is substantially dependent on its ability to fund its operating and capital funding requirements. The management is confident of mobilizing the necessary resources for continuing the operations of VTL as per the business plan, as may evolve.*

   Accordingly, the financial statements of VTL have been prepared on a going concern basis. The accompanying financial statements do not include any adjustments relating to the recoverability and classification of assets carrying amounts or the amount and classification of liabilities that might result should VTL be unable to continue as a going concern.

6. On the basis of the information and explanations given to us and on the consideration of the separate audit report on individual audited financial statements of the Company, its Joint Ventures and its subsidiaries, we are of the opinion that the attached Consolidated Financial Statements *subject to paragraph 5 above, the consequent impact of which on the financial statements, if any, is unascertainable* and read with the 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 31st December, 2011;

   b) in the case of the Consolidated Profit and Loss Account, of the consolidated loss of the Company and its subsidiaries for the year ended on that date; and

   c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiaries for the year ended on that date.

For KHANDELWAL JAIN & CO.
Chartered Accountants
(Firm Registration No. 105049W)

AKASH SHINGHAL
Partner
Membership No. 103490

For KADAM & CO.
Chartered Accountants
(Firm Registration No. 104524W)

U. S. KADAM
Partner
Membership No. 31055

Place : Mumbai
Date : 26th May, 2012

CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER, 2011

(₹ in Million)

Particulars	Schedule No.		As at 31st Dec., 2011	As at 31st Dec., 2010
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1		3,339.36	3,479.57
Reserves and Surplus	2		69,450.43	80,678.33
Minority Interest			104.10	3.19
Share Application Money Pending Allotment			5,448.74	5,000.00
Deferred Tax Liability (Net)			7,351.19	6,741.23
Loan Funds				
Secured Loans	3		157,583.65	83,349.90
Unsecured Loans	4		115,249.85	60,389.30
TOTAL			358,527.32	239,641.52
APPLICATION OF FUNDS				
Fixed Assets	5			
Gross Block		219,449.26		180,055.11
Less: Depreciation, Amortisation and Impairment		56,298.23		50,025.92
Net Block			163,151.03	130,029.19
Pre-Operative Expenditure Pending Allocation			2,197.68	832.51
Investments	6		11,083.18	3,488.02
Goodwill on Consolidation			77.91	38.32
Current Assets, Loans and Advances	7			
Inventories		20,897.41		20,599.55
Sundry Debtors		28,153.11		26,666.98
Cash and Bank Balances		12,255.92		16,064.91
Other Current Assets		943.50		570.70
Loans and Advances		153,957.34		64,968.89
		216,207.28		128,871.03
Less: Current Liabilities and Provisions	8			
Current Liabilities		33,126.97		22,400.42
Provisions		1,062.88		1,217.22
		34,189.85		23,617.64
Net Current Assets			182,017.43	105,253.39
Miscellaneous Expenditure			0.09	0.09
(To the extent not written off or adjusted)				
TOTAL			358,527.32	239,641.52
Significant Accounting Policies and Notes to Accounts	16			

As per our report of even date

For KHANDELWAL JAIN & CO.
Chartered Accountants

AKASH SHINGHAL
Partner
Membership No.103490

For KADAM & CO.
Chartered Accountants

U. S. KADAM
Partner
Membership No. 31055

Place : Mumbai
Date : 26th May, 2012

For and on behalf of the Board

V. N. DHOOT
Chairman and Managing Director

P. N. DHOOT
Whole Time Director

VINOD KUMAR BOHRA
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST DECEMBER, 2011

(₹ in Million)

Particulars	Schedule No.	12 Months ended on 31st Dec., 2011	15 Months ended on 31st Dec., 2010
INCOME			
Sales/Income from Operations		**136,845.07**	150,286.87
Less: Excise Duty		**2,692.48**	2,662.36
Net Sales		**134,152.59**	147,624.51
Other Income	9	**1,375.74**	1,569.09
TOTAL		**135,528.33**	149,193.60
EXPENDITURE			
Cost of Goods Consumed/Sold	10	**80,334.70**	92,344.33
Production and Exploration Expenses - Oil and Gas	11	**9,007.76**	8,798.83
Access Charges, License Fees and Network Expenses	12	**11,381.39**	4,689.31
Salaries, Wages and Employees' Benefits	13	**3,875.25**	3,406.01
Manufacturing and Other Expenses	14	**17,932.71**	19,698.99
Interest and Finance Charges	15	**15,563.88**	10,892.08
Depreciation, Amortisation and Impairment	5	**9,160.75**	8,912.00
TOTAL		**147,256.44**	148,741.55
PROFIT/(LOSS) BEFORE TAXATION		**(11,728.11)**	452.05
Add: Share in Profit/(Loss) of Associates		**(0.19)**	-
Add: Profit/ (Loss) on Disposal/Dilution of holding in Subsidiaries/ Associates		**49.74**	(173.41)
Provision for Taxation			
Current Tax		**1,304.87**	1,812.40
Deferred Tax		**602.00**	1,438.36
PROFIT/(LOSS) BEFORE MINORITY INTEREST		**(13,585.43)**	(2,972.12)
Add: Minority Interest		**5.21**	1.93
PROFIT/(LOSS) FOR THE YEAR/ PERIOD		**(13,580.22)**	(2,970.19)
Less: Short Provision of Income Tax for earlier years		**57.44**	57.83
Less: Transfer from Pre-Operative Expenditure Pending Allocation		**-**	408.85
Balance brought forward		**18,414.22**	22,998.35
Transfer from Debenture/Bonds Redemption Reserve		**1,976.47**	258.60
BALANCE AVAILABLE FOR APPROPRIATIONS		**6,753.03**	19,820.08
APPROPRIATIONS			
Proposed Dividend - Equity Shares		**159.39**	301.97
Proposed Dividend - Preference Shares		**33.77**	46.08
Tax on Proposed Dividend		**31.33**	57.81
Transfer to Capital Redemption Reserve		**150.83**	-
Transfer to General Reserve		**1,000.00**	1,000.00
Balance Carried to Balance Sheet		**5,377.71**	18,414.22
TOTAL		**6,753.03**	19,820.08
EARNINGS PER SHARE (Not Annualised)			
(Nominal value of ₹ 10/- each)			
Basic		**₹ (45.24)**	₹ (13.27)
Diluted		**₹ (45.24)**	₹ (10.99)
(Refer Note No. 'C-13' of Schedule 16)			
Significant Accounting Policies and Notes to Accounts	**16**		

As per our report of even date

For KHANDELWAL JAIN & CO.
Chartered Accountants

AKASH SHINGHAL
Partner
Membership No.103490

For KADAM & CO.
Chartered Accountants

U. S. KADAM
Partner
Membership No. 31055

Place : Mumbai
Date : 26th May, 2012

For and on behalf of the Board

V. N. DHOOT
Chairman and Managing Director

P. N. DHOOT
Whole Time Director

VINOD KUMAR BOHRA
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST DECEMBER, 2011

(₹ in Million)

	Particulars		12 Months ended on 31st Dec., 2011	15 Months ended on 31st Dec., 2010
A.	CASH FLOW FROM OPERATING ACTIVITIES			
	Net Profit/(Loss) before Tax		**(11,728.11)**	452.05
	Adjustments for:			
	Depreciation, Amortisation and Impairment		**9,160.75**	8,912.00
	Interest and Finance Charges		**15,563.88**	10,892.08
	Provision for Leave Encashment		**2.85**	15.25
	Provision for Retirement Benefits		**30.54**	40.95
	Provision for Warranty and Maintenance Expenses		**(6.36)**	19.78
	Diminution in value of Investments		**180.82**	78.36
	(Profit) on Sale of Fixed Asset		**(180.38)**	(51.29)
	Provision for Doubtful Debts		**94.73**	41.90
	Minority Interest for the year/period		**5.21**	1.93
	Interest Received		**(743.09)**	(456.44)
	(Income) from Investments and Securities Division		**(279.59)**	(195.26)
	Transfer from Pre-Operative Expenditure Pending Allocation		**-**	(408.85)
	Operating Profit before Working Capital changes		**12,101.25**	19,342.46
	Adjustments for:			
	Inventories		**(297.86)**	(2,597.68)
	Sundry Debtors		**(1,580.86)**	(8,521.75)
	Other Current Assets		**(372.80)**	(165.10)
	Loans and Advances		**(88,940.54)**	(11,334.11)
	Current Liabilities		**10,729.05**	8,302.21
	Cash (used in)/generated from Operations		**(68,361.76)**	5,026.03
	Less: Taxes Paid/(Refund) - Net		**1,410.22**	1,868.71
	Net Cash (used in)/from Operating Activities	**(A)**	**(69,771.98)**	3,157.32
B.	CASH FLOW FROM INVESTING ACTIVITIES			
	Sale of Fixed Assets/Adjustment on account of disposal/cessation of subsidiaries (Net)		**1,456.93**	255.31
	(Increase) in Fixed Assets including Capital Work-in-progress		**(42,964.83)**	(37,442.95)
	(Increase) in Producing Properties		**(594.31)**	(503.69)
	(Increase)/Decrease in Pre-Operative Expenditure pending Allocation		**(1,365.17)**	5,601.35
	Share in Profit/(Loss) of Associates		**(0.19)**	-
	Adjustment on Disposal/Dilution of Subsidiaries/Associates		**49.74**	(173.41)
	(Purchase)/Sale of Investments (Net)		**(7,775.98)**	4,310.54
	(Increase)/Decrease in Goodwill		**(39.59)**	92.21
	Interest Received		**743.09**	456.44
	Income from Investments and Securities Division		**279.59**	195.26
	Net Cash (used in) Investing Activities	**(B)**	**(50,210.72)**	(27,208.94)
C.	CASH FLOW FROM FINANCING ACTIVITIES			
	Increase in Equity Share Capital		**10.63**	725.41
	Preference Shares Redeemed		**(150.84)**	-
	Increase/(Decrease) in Share Application Money (Net of Conversion)		**448.74**	4,049.99
	Securities Premium Received		**260.69**	14,882.86
	Increase/(Decrease) in Foreign Currency Translation Reserve on Consolidation		**2,460.86**	(195.80)
	Increase in Minority Interest		**100.91**	2.73
	Adjustment in Deferred Tax Liabilities		**7.96**	10.73
	Increase/(Decrease) in Secured Term Loans		**69,039.87**	(13,848.77)
	Increase in Working Capital Loan from Banks		**5,258.66**	509.03
	Increase in Unsecured Loans		**55,907.17**	36,589.44
	Redemption of Secured Non-Convertible Debentures		**(64.78)**	(408.16)
	Redemption Premium paid on Foreign Currency Convertible Bonds		**(1,133.67)**	-
	Payment of Dividend		**(350.55)**	(501.69)
	Corporate Tax on Dividend		**(57.81)**	(84.86)
	Share Issue Expenses		**(0.25)**	(81.13)
	Interest and Finance Charges		**(15,563.88)**	(10,892.08)
	Net Cash from Financing Activities	**(C)**	**116,173.71**	30,757.70
	Net Change in Cash and Cash Equivalents	**(A + B + C)**	**(3,808.99)**	6,706.08
	Opening Balance of Cash and Cash Equivalents		**16,064.91**	9,358.83
	Closing Balance of Cash and Cash Equivalents		**12,255.92**	16,064.91

As per our report of even date

For and on behalf of the Board

For KHANDELWAL JAIN & CO.
Chartered Accountants

AKASH SHINGHAL
Partner
Membership No.103490

For KADAM & CO.
Chartered Accountants

U. S. KADAM
Partner
Membership No. 31055

V. N. DHOOT
Chairman and Managing Director

P. N. DHOOT
Whole Time Director

VINOD KUMAR BOHRA
Company Secretary

Place : Mumbai
Date : 26th May, 2012

SCHEDULES TO CONSOLIDATED BALANCE SHEET

(₹ in Million)

	As at 31st Dec., 2011	As at 31st Dec., 2010
SCHEDULE 1 : SHARE CAPITAL		
Authorised:		
500,000,000 (Previous period 500,000,000) Equity Shares of ₹ 10/- each	**5,000.00**	5,000.00
10,000,000 (Previous period 10,000,000) Redeemable Preference Shares of ₹ 100/- each	**1,000.00**	1,000.00
	6,000.00	6,000.00
Issued, Subscribed and Paid-up:		
Equity Shares:		
303,021,669 (Previous period 301,963,634) Equity Shares of ₹ 10/- each fully paid up.	**3,030.22**	3,019.64
Of the above:		
i) 95,078 (Previous year 95,078) Equity Shares of ₹ 10/- each have been issued on conversion of Unsecured Optionally Convertible Debentures.		
ii) 156,394,378 (Previous period 156,394,378) Equity Shares of ₹ 10/- each were allotted pursuant to amalgamations without payments being received in cash.		
iii) 45,777,345 (Previous period 45,777,345) Equity Shares of ₹ 10/- each were issued by way of Euro issues represented by Global Depository Receipts (GDR) at a price of US$ 10.00 per share (inclusive of premium).		
iv) 9,522,550 (Previous period 8,464,515) Equity Shares of ₹ 10/- each have been issued on conversion of 86,529 Foreign Currency Convertible Bonds (FCCBs) of US$ 1,000 each and 56 FCCBs of US$ 100,000 each (inclusive of premium).		
Less : Calls in Arrears - by others	**0.11**	0.16
(A)	**3,030.11**	3,019.48
Preference Shares:		
i) 4,523,990 (Previous period 4,523,990) 8% Cumulative Redeemable Preference Shares of ₹.66.66 each (Previous period ₹ 100/- each) fully paid-up, redeemable at par in 2 equal installments on 1st October, 2012 and 1st October, 2013.	**301.56**	452.40
ii) 76,870 (Previous period 76,870) 8% Cumulative Redeemable Preference Shares of ₹ 100/- each fully paid-up, redeemable at par in 3 equal installments on 1st February, 2012, 1st February, 2013 and 1st February, 2014.	**7.69**	7.69
(B)	**309.25**	460.09
TOTAL (A+B)	**3,339.36**	3,479.57
SCHEDULE 2: RESERVES AND SURPLUS		
Capital Redemption Reserve		
As per last Balance Sheet	**537.50**	537.50
Add : Transferred from Profit and Loss Account	**150.83**	-
(A)	**688.33**	537.50
Capital Subsidy		
As per last Balance Sheet	**5.50**	5.50
(B)	**5.50**	5.50

(₹ in Million)

	As at 31st Dec., 2011	As at 31st Dec., 2010
SCHEDULE 2: RESERVES AND SURPLUS (Continued)		
Securities Premium Account		
As per last Balance Sheet	**43,403.87**	28,820.84
Add : Received during the year/period	**259.66**	14,886.19
Less : Share issue Expenses	**0.25**	81.13
Less : Premium payable on Redemption of Convertible Bonds	**87.05**	222.03
	43,576.23	43,403.87
Less : Call in arrears - by others	**2.30**	3.33
(C)	**43,573.93**	43,400.54
Debenture/Bonds Redemption Reserve		
As per last Balance Sheet	**3,029.64**	3,288.24
Less : Transferred to Profit and Loss Account	**1,976.47**	258.60
(D)	**1,053.17**	3,029.64
Legal Reserve		
As per last Balance Sheet	**0.01**	0.01
Add: Adjustment on Account of Foreign Currency Translation	**-**	(0.00)
(E)	**0.01**	0.01
Capital Reserve		
As per last Balance Sheet	**4.24**	4.24
(F)	**4.24**	4.24
Foreign Currency Translation Reserve		
As per last Balance Sheet	**85.20**	281.00
Add/(Less): During the year/period	**2,460.86**	(195.80)
(G)	**2,546.06**	85.20
General Reserve		
As per last Balance Sheet	**15,201.48**	14,201.48
Add: Transferred from Profit and Loss Account	**1,000.00**	1,000.00
(H)	**16,201.48**	15,201.48
Profit and Loss Account		
As per Account annexed	**5,377.71**	18,414.22
(I)	**5,377.71**	18,414.22
TOTAL (A to I)	**69,450.43**	80,678.33
SCHEDULE 3 : SECURED LOANS		
(Refer Note No. 'C-7' of Schedule 16)		
A. Non-Convertible Debentures	**21.60**	86.38
B. Term Loans from Banks and Financial Institutions	**145,204.15**	69,623.32
C. External Commercial Borrowings	**2,706.02**	2,980.18
D. Vehicle Loans from Banks	**224.74**	249.90
E. Short Term Loans from Banks	**-**	6,316.89
F. Loans from others	**75.25**	-
G. Working Capital Loans from Banks	**9,351.89**	4,093.23
TOTAL	**157,583.65**	83,349.90
SCHEDULE 4 : UNSECURED LOANS		
(Refer Note No. 'C-8' and 'C-9' of Schedule 16)		
A. From Banks	**77,723.61**	45,281.32
B. Foreign Currency Convertible Bonds	**10,423.73**	13,967.57
C. Premium Payable on Redemption on Foreign Currency Convertible Bonds	**-**	1,046.62
D. From Others	**27,046.07**	26.00
E. Sales Tax Deferral	**56.44**	67.79
TOTAL	**115,249.85**	60,389.30

SCHEDULES TO CONSOLIDATED BALANCE SHEET (Continued)

SCHEDULE 5: FIXED ASSETS

(₹ in Million)

Particulars	GROSS BLOCK						DEPRECIATION / AMORTISATION / IMPAIRMENT						NET BLOCK	
	As at 31.12.2010	Addition on Acquisition	Additions	Deductions/ Adjustments	Currency Translation Adjustments	As at 31.12.2011	Upto 31.12.2010	Addition on Acquisition	For the year	Deductions/ Adjustments	Currency Translation Adjustments	Upto 31.12.2011	As at 31.12.2011	As at 31.12.2010
Tangible Assets														
Freehold Land	580.97	-	351.10	56.64	-	**875.43**	-	-	-	-	-	**-**	**875.43**	580.97
Leasehold Land	48.05	-	-	-	-	**48.05**	10.20	-	0.78	-	-	**10.98**	**37.07**	37.85
Building	6,604.75	-	211.09	24.37	22.02	**6,813.49**	2,096.19	-	175.19	0.33	4.23	**2,275.28**	**4,538.21**	4,508.56
Leasehold Improvements	548.29	-	298.38	-	-	**846.67**	97.81	-	104.85	-	-	**202.66**	**644.01**	450.48
Plant and Machinery *	101,110.35	-	14,101.61	3,698.74	70.09	**111,583.31**	40,591.13	-	6,778.77	2,527.07	48.40	**44,891.23**	**66,692.08**	60,519.22
Furnace	1,995.27	-	-	418.88	-	**1,576.39**	1,898.38	-	38.03	397.94	-	**1,538.47**	**37.92**	96.89
Electrical Installation	155.95	0.19	2.80	-	-	**158.94**	96.18	-	6.62	-	-	**102.80**	**56.14**	59.77
Office Equipments	365.28	0.38	31.94	0.97	-	**396.63**	201.29	0.08	18.65	0.63	-	**219.39**	**177.24**	163.99
Computer Systems	298.63	1.42	66.54	0.10	0.18	**366.67**	226.00	0.18	53.32	0.05	0.43	**279.88**	**86.79**	72.63
Furniture and Fixtures	303.48	-	50.79	4.65	6.69	**356.31**	155.49	-	26.42	4.45	3.35	**180.81**	**175.50**	147.99
Vehicles	846.48	0.05	241.20	19.97	0.88	**1,068.64**	450.21	-	92.75	17.30	1.39	**527.05**	**541.59**	396.27
Others	2.49	-	1.88	-	0.31	**4.68**	1.13	-	0.58	-	0.46	**2.17**	**2.51**	1.36
Intangible Assets														
Computer Software	989.68	0.83	124.19	-	-	**1,114.70**	264.34	0.25	230.40	-	-	**494.99**	**619.71**	725.34
License Fees	17,154.47	-	1,188.86	-	-	**18,343.33**	534.68	-	993.36	-	-	**1,528.04**	**16,815.29**	16,619.79
Others	455.39	-	-	-	26.93	**482.32**	0.18	-	-	-	0.07	**0.25**	**482.07**	455.21
Sub-Total	131,459.53	2.87	16,670.38	4,224.32	127.10	**144,035.56**	46,623.21	0.51	8,519.72	2,947.77	58.33	**52,254.00**	**91,781.56**	84,836.32
Producing Properties	4,215.15	-	594.31	-	-	**4,809.46**	3,402.71	-	641.52	-	-	**4,044.23**	**765.23**	812.44
Capital Work-in-Progress	44,380.43	-	-	-	-	**70,604.24**	-	-	-	-	-	**-**	**70,604.24**	44,380.43
Total as at 31st December, 2011	**180,055.11**	**2.87**	**17,264.69**	**4,224.32**	**127.10**	**219,449.26**	**50,025.92**	**0.51**	**9,161.24**	**2,947.77**	**58.33**	**56,298.23**	**163,151.03**	**130,029.19**
As at 31st December, 2010	91,613.55	15.45	42,310.64	2,444.03	(36.08)	**131,459.53**	40,268.07	-	8,608.50	2,240.01	(13.35)	**46,623.21**	**84,836.32**	
Producing Properties	3,711.46	-	503.69	-	-	**4,215.15**	3,095.41	-	307.30	-	-	**3,402.71**	**812.44**	
Capital Work-in-Progress	49,237.04	-	-	-	-	**44,380.43**	-	-	-	-	-	**-**	**44,380.43**	
Total as at 31st December, 2010	144,562.05	15.45	42,814.33	2,444.03	(36.08)	**180,055.11**	43,363.48	-	8,915.80	2,240.01	(13.35)	**50,025.92**	**130,029.19**	

*Gross Block of Plant and Machinery includes the amount added on revaluation on 1st April, 1998 and 1st October, 2002.

Notes:

i) Plant and Machinery (Gross Block) includes assets capitalised under finance lease of ₹ 806.14 Million (Previous period ₹ 730.49 Million) and corresponding accumulated depreciation of ₹ 274.24 Million (Previous period ₹ 88.19 Million).

ii) Out of the Depreciation for the year, an amount of ₹ 0.49 Million (Previous period ₹ 3.80 Million) is transferred to "Pre-Operative Expenditure Pending Allocation".

SCHEDULES TO CONSOLIDATED BALANCE SHEET (Continued)

(₹ in Million)

	As at 31st Dec., 2011	As at 31st Dec., 2010
SCHEDULE 6: INVESTMENTS		
LONG TERM INVESTMENTS		
QUOTED		
1. In Equity Shares (Fully paid-up) - Trade	50.84	73.84
2. In Equity Shares (Fully paid-up) - Others	167.06	434.48
UNQUOTED		
1. In Equity Shares (Fully Paid-up) - Trade	1,330.42	1,330.42
2. In Equity Shares (Fully Paid-up) - Others	417.53	325.85
3. In Preference Shares (Fully paid-up)	0.38	0.38
4. In Debentures/Bonds	3,858.30	1,000.00
5. In Other Investments	0.54	0.54
SHARE APPLICATION MONEY PENDING ALLOTMENT	5,000.00	-
CURRENT INVESTMENTS		
UNQUOTED		
1. In Bonds	50.00	50.00
2. In Units of Mutual Funds/Portfolios	208.11	272.51
TOTAL INVESTMENTS	11,083.18	3,488.02
Aggregate Book Value of Quoted Investments	217.90	508.32
Aggregate Market Value of Quoted Investments	242.63	625.92
Aggregate Book Value of Unquoted Investments/Application Money	10,865.28	2,979.70
SCHEDULE 7 : CURRENT ASSETS, LOANS AND ADVANCES		
A. Inventories		
(As taken, valued and certified by the Management)		
Raw Materials including Consumables, Stores and Spares	13,583.66	12,738.99
Work-in-Process	830.39	776.49
Finished Goods	3,800.85	3,705.92
Material in Transit and in Bonded Warehouse	2,295.62	2,943.05
Drilling and Production Materials	247.41	199.06
Crude Oil	60.51	71.70
Sim Card	78.97	164.34
(A)	20,897.41	20,599.55
B. Sundry Debtors (Unsecured)		
Outstanding for a period exceeding six months		
Considered Good	285.56	190.75
Considered Doubtful	338.40	306.69
	623.96	497.44
Less: Provision for Doubtful Debts	338.40	306.69
	285.56	190.75
Others - Considered Good	27,867.55	26,476.23
(B)	28,153.11	26,666.98

(₹ in Million)

	As at 31st Dec., 2011	As at 31st Dec., 2010
SCHEDULE 7 : CURRENT ASSETS, LOANS AND ADVANCES (Continued)		
C. Cash and Bank Balances		
Cash on hand	11.63	12.61
Cheques/Drafts on hand/in Transit	0.47	2.27
Balances with Scheduled Bank		
In Current Accounts	1,632.05	5,079.75
In Fixed Deposits	10,323.74	10,939.25
In Earmarked Accounts	259.50	-
In Dividend Warrant Accounts (Per Contra)	28.53	31.03
(C)	12,255.92	16,064.91
D. Other Current Assets		
Interest Accrued	417.71	138.51
Insurance Claim Receivable	10.71	7.32
Other Receivable	515.08	424.87
(D)	943.50	570.70
E. Loans and Advances (Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	149,563.87	61,792.03
Balance with Central Excise/Customs Department	3,246.25	2,384.14
Advance Income Tax (Net of Provision)	128.65	80.68
Advance Fringe Benefit Tax (Net of Provision)	-	0.06
Other Deposits	1,018.57	711.98
(E)	153,957.34	64,968.89
TOTAL (A to E)	216,207.28	128,871.03
SCHEDULE 8 : CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities		
Creditors for Capital Goods	9,867.97	3,181.45
Sundry Creditors		
Due to Micro, Small and Medium Enterprises	4.61	7.73
Due to Others	14,146.85	10,087.46
Bank Overdraft as per Books	82.55	306.12
Advance Billing and Prepaid Card Revenue	436.10	492.82
Interest Accrued but not due	513.53	131.23
Other Liabilities	8,046.83	8,162.58
Unclaimed Dividend (Per Contra)	28.53	31.03
(A)	33,126.97	22,400.42
B. Provisions		
Proposed Dividend - Equity Shares	159.39	301.97
Proposed Dividend - Preference Shares	33.77	46.08
Provision for Tax on Proposed Dividend	31.33	57.81
Provision for Warranty and Maintenance Expenses	632.15	638.51
Provision for Leave Encashment	67.97	65.12
Provision for Retirement Benefits	138.27	107.73
(B)	1,062.88	1,217.22
TOTAL (A+B)	34,189.85	23,617.64

SCHEDULES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT

(₹ in Million)

	12 Months ended on 31st Dec., 2011	15 Months ended on 31st Dec., 2010
SCHEDULE 9 : OTHER INCOME		
Interest Income	**743.09**	456.44
Income from Investments and Securities Division	**98.77**	116.90
Profit on Sale of Fixed Assets	**180.38**	51.29
Insurance Claim Received	**160.04**	30.57
Miscellaneous Income	**193.46**	913.89
TOTAL	**1,375.74**	1,569.09
SCHEDULE 10 : COST OF GOODS CONSUMED/SOLD		
A. Material and Components Consumed		
Opening Stock	**12,738.99**	11,129.45
Add: Purchases	**81,317.01**	94,044.05
	94,056.00	105,173.50
Less: Closing Stock	**13,583.66**	12,738.99
(A)	**80,472.34**	92,434.51
B. (Increase)/Decrease in Stock		
Closing Stock		
Finished Goods	**3,861.36**	3,777.62
Work-in-Process	**830.39**	776.49
	4,691.75	4,554.11
Opening Stock		
Finished Goods	**3,777.62**	3,669.53
Work-in-Process	**776.49**	794.40
	4,554.11	4,463.93
(B)	**(137.64)**	(90.18)
TOTAL (A+B)	**80,334.70**	92,344.33
SCHEDULE 11 : PRODUCTION AND EXPLORATION EXPENSES - OIL AND GAS		
Production and Exploration Expenses	**783.99**	1,203.84
Royalty	**245.42**	312.35
Cess	**310.38**	413.68
Production Bonus	**54.44**	79.78
Government Share in Profit Petroleum	**7,587.37**	6,765.84
Insurance Expenses	**26.16**	23.34
TOTAL	**9,007.76**	8,798.83
SCHEDULE 12 : ACCESS CHARGES, LICENSE FEES AND NETWORK EXPENSES		
Access and Roaming Charges	**4,830.65**	1,420.24
License Fees and WPC Charges	**246.71**	87.85
Rent	**3,012.58**	1,747.89
Leased Line, Port and Bandwidth Charges	**909.12**	342.58
Power and Fuel	**1,002.23**	703.74
IT Expenses	**532.26**	44.37
Other Value Added Services Charges	**100.39**	-
Network Expenses - Others	**234.01**	49.81
Site Expenses - Managed Services	**502.10**	288.76
Repairs and Maintenance - Site Buildings	**11.34**	4.07
TOTAL	**11,381.39**	4,689.31

(₹ in Million)

	12 Months ended on 31st Dec., 2011	15 Months ended on 31st Dec., 2010
SCHEDULE 13 : SALARY, WAGES AND EMPLOYEES' BENEFITS		
Salary, Wages and Other Benefits	**3,570.74**	3,096.28
Contribution to Provident and other Funds	**181.39**	167.39
Staff Welfare	**123.12**	142.34
TOTAL	**3,875.25**	3,406.01
SCHEDULE 14 : MANUFACTURING AND OTHER EXPENSES		
Rent, Rates and Taxes	**383.25**	365.43
Power, Fuel and Water	**860.71**	924.50
Repairs to Building	**16.58**	17.09
Repairs to Plant and Machinery	**63.95**	71.47
Repairs and Maintenance - Others	**213.60**	115.38
Bank Charges	**677.63**	583.36
Directors' Sitting Fees	**1.40**	2.14
Royalty	**180.76**	29.14
Printing and Stationery	**42.89**	45.31
Freight and Forwarding	**1,442.57**	1,741.03
Advertisement and Publicity	**1,615.11**	3,277.75
Sales Promotion Expenses	**125.77**	274.79
Discount and Incentive Schemes	**5,725.54**	6,588.06
Sim Cost	**127.98**	217.29
Customer Service Cost	**347.66**	211.42
Legal and Professional Charges	**897.40**	1,243.98
Liquidated Damages	**-**	84.00
Donation	**50.54**	188.70
Insurance Expenses	**78.78**	87.05
Auditors' Remuneration	**20.23**	19.88
Provision for Doubtful Debts	**94.73**	41.90
Warranty and Maintenance Expenses	**819.81**	1,052.48
Exchange Rate Fluctuation	**3,013.23**	962.34
Miscellaneous Expenses	**1,132.59**	1,554.50
TOTAL	**17,932.71**	19,698.99
SCHEDULE 15 : INTEREST AND FINANCE CHARGES		
On Fixed Period Borrowings	**14,341.16**	10,171.04
On Others	**1,222.72**	721.04
TOTAL	**15,563.88**	10,892.08

SCHEDULE 16 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A) SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of Consolidation:

a) The Consolidated Financial Statements ("CFS") relate to Videocon Industries Limited ("the Company" or "the Parent Company") and its subsidiary companies, joint ventures and associates collectively referred to as "the Group".

b) The financial statements of the subsidiary companies used in the preparation of the CFS are drawn upto the same reporting date as that of the Company i.e., 31st December, 2011.

c) The CFS have been prepared in accordance with the Accounting Standard 21 (AS 21) "Consolidated Financial Statements", Accounting Standard 27 (AS 27) "Financial Reporting of Interests in Joint Ventures" and Accounting Standard 23 (AS 23) "Accounting for investments in Associates in Consolidated Financial Statements" issued by The Institute of Chartered Accountants of India.

d) Principles of Consolidation:

The CFS have been prepared on the following basis:

i) The financial statements of the Company, its subsidiary companies and jointly controlled entities have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances/transactions and unrealised profits or losses.

ii) All separate financial statements of subsidiaries, originally presented in currencies different from the Group's presentation currency, have been converted into Indian Rupees (INR) which is the functional currency of the Parent Company. In case of foreign subsidiaries being non-integral foreign operations, revenue items have been consolidated at the average of the rate prevailing during the year. All assets and liabilities are translated at rates prevailing at the balance sheet date. The exchange difference arising on the translation is debited or credited to Foreign Currency Translation Reserve.

iii) The CFS have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as Company's separate financial statements. In case of certain foreign subsidiaries and joint ventures, where the accounts have been prepared in compliance with local laws and/or International Financial Reporting Standards, appropriate adjustments for differences in accounting policies have been made to their financial statements while using in preparation of the CFS as required by AS 21 and AS 27 except in respect of depreciation/amortisation and retirements benefits, where it was not practicable to use uniform accounting policies. However, the amount of impact of these differences is not material.

iv) The excess of the cost to the Company of its investment in subsidiary over the Company's share of equity of the subsidiary as at the date on which investment in subsidiary is made, is recognised in the CFS as Goodwill. The excess of Company's share of equity and reserve of the subsidiary company over the cost of acquisition is treated as Capital Reserve in CFS.

v) The difference between the proceeds from disposal of investment in a Subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the Consolidated Profit and Loss Account as the profit or loss on disposal of Investment in Subsidiary.

vi) Minority interest's share of net profit of Consolidated Subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to Shareholders of the Company.

vii) Minority interest in the net assets of Consolidated Subsidiaries consists of (a) The amount of equity attributable to the minority shareholders at the date on which investment in a subsidiary is made and (b) The minority shareholders' share of movements in equity since the date the Parent Subsidiary relationship came into existence.

viii) Investments in associate companies in which the Company or any of its subsidiaries has significant influence but not a controlling interest, are reported according to the equity method. The carrying amount of the investment is adjusted for the post acquisition change in the Group's share of net assets of the investee. The Consolidated Profit and Loss Account includes the Company's share of the results of the operations of the investee.

2. Basis of Accounting:

a) The financial statements are prepared under historical cost convention, except for certain Fixed Assets which are revalued, using the accrual system of accounting in accordance with the accounting principles generally accepted in India (Indian GAAP) and the requirements of the Companies Act, 1956, including the mandatory Accounting Standards as prescribed by the Companies (Accounting Standards) Rules, 2006.

b) Use of Estimates

The preparation of financial statements in confirmity with Generally Accepted Accounting Principles (GAAP) requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Example of such estimates include provisions for doubtful debts, employee retirement benefits plans, provision for income tax and the useful lives of fixed assets. The difference between the actual results and estimates are recognized in the period in which results are known or materialized.

3. Fixed Assets/Capital Work-in-Progress:

a) Fixed Assets are stated at cost, except for certain fixed assets which have been stated at revalued amounts, less accumulated depreciation/ amortisation and impairment loss, if any. The cost is inclusive of freight, installation cost, duties, taxes, financing cost and other incidental expenses related to the acquisition and installation of the respective assets but does not include tax/duty credits availed.

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.

4. License Fees:

a) The one time non refundable entry fees paid for acquiring Licenses for providing Unified Access Services (UAS), along with the related borrowing cost is capitalized as an intangible asset and is amortized over the remaining period of License as per the license agreement from the commencement of commercial operations.

b) The variable License fee and spectrum charges computed at prescribed rates of revenue share are charged to the Consolidated Profit and Loss Account in the period in which the related revenues are recognized.

5. Joint Ventures for Oil and Gas Fields:

In respect of unincorporated joint ventures in the nature of Production Sharing Contracts (PSC) entered into by the Company for oil and gas exploration and production activities, the Group'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 Group as per the PSC and the Joint Operating Agreements on a line-by-line basis in the CFS. In respect of joint ventures in the form of incorporated jointly controlled entities, the investment in such joint venture is eliminated and share in assets and liabilities as well as income and expenditure of joint venture entities are accounted for on line-by-line basis in CFS.

6. Exploration, Development Costs and Producing Properties:

The Company follows the "Full Cost" method of accounting for its oil and natural gas exploration and production activities. Accordingly, all acquisition, exploration and development costs are treated as capital work-in-progress and are accumulated in a cost centre. The cost centre is not normally smaller than a country except where warranted by major difference in economic, fiscal or other factors in the country. When any well in a cost centre is ready to commence commercial production, these costs are capitalised from capital work-in-progress to producing properties in the gross block of assets regardless of whether or not the results of specific costs are successful.

7. Abandonment Costs:

The full eventual estimated liability towards costs relating to dismantling, abandoning and restoring well sites and allied facilities is recognised as liability for abandonment cost based on evaluation by experts at current costs and is capitalised as producing property. The same is reviewed periodically.

8. Depreciation and Amortisation:

i) The Parent Company and Indian Subsidiary Companies provide depreciation on fixed assets held in India on written down value method in the manner and at the rates specified in the Schedule XIV to the Companies Act, 1956, except a) on fixed assets of Consumer Electronics Division except Glass Shell Division; b) fixed assets of Telecommunications Division and; c) on office buildings acquired after 1st April, 2000, on which depreciation is provided on straight line method at the rates specified in the said Schedule or based on useful life of assets whichever is higher. Depreciation on fixed assets held outside India is calculated on straight line method at the rates prescribed in the aforesaid Schedule or based on useful life of assets whichever is higher. Producing Properties are depleted using the "Unit of Production Method". The rate of depletion is computed in proportion of oil and gas production achieved vis-a-vis proved reserves. Leasehold Land is amortised over the period of lease.

Intangibles: One time entry fees for acquiring licenses for Unified Access Services (UAS) are amortised over the remaining period of license as per the license agreement from the date of commencement of commercial operations. Other intangible assets are amortised over a period of five years.

ii) In case of foreign subsidiaries, depreciation is charged to the income statement on a straight line basis over the estimated remaining useful life of the assets.

9. Impairment of Assets:

The Fixed Assets or a group of assets (cash generating unit) and Producing Properties are reviewed for impairment at each Balance Sheet date. In case of any such indication, the recoverable amount of these assets or group of assets is determined, and if such recoverable amount of the asset or cash generating unit to which the asset belongs is less than it's carrying amount, the impairment loss is recognised by writing down such assets and producing properties 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.

10. Pre-Operative Expenditure during construction period pending allocation:

Expenditure incurred till the commencement of commercial operations of a project is treated as "Pre-Operative Expenditure Pending Allocation" and the same is appropriately allocated upon commencement of commercial operations.

11. Investments:

a) Current Investments: Current Investments are carried at lower of cost and quoted/fair value.

b) Long Term Investments: Quoted Investment are valued at cost or market value whichever is lower. Unquoted Investments are stated at cost. The decline in the value of the unquoted investment, other than temporary, is provided for.

Cost is inclusive of brokerage, fees and duties but excludes Securities Transaction Tax.

12. Inventories:

Inventories including crude oil stocks are valued at cost or net realisable value whichever is lower. Cost of inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Weighted Average Basis.

13. Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition, construction or production of an qualifying asset are capitalised as part of the cost of that asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

14. Excise and Customs Duty:

Excise Duty in respect of finished goods lying in the factory premises and Customs Duty on goods lying in the customs bonded warehouse are provided for and included in the valuation of inventory.

15. CENVAT/Value Added Tax:

CENVAT/Value Added Tax Benefit is accounted for by reducing the purchase cost of the materials/ fixed assets/ services.

16. Revenue Recognition:

a) Revenue is recognised on transfer of significant risk and reward in respect of ownership.

b) Sale of Crude Oil and Natural Gas are exclusive of Sales Tax. Other Sales/turnover includes sales value of goods, services, 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.

c) Revenue from supply of electricity is recognised on accrual basis.

d) Revenue in respect of Telecommunications Services is recognized as and when the services are provided and are net of rebates, discounts and service tax. Activation charges recovered from subscribers is recognized as income on activation. Revenue on upfront charges for services with lifetime validity and fixed validity period of one year or more are recognized over the estimated useful life of subscribers and specified fixed validity period. The estimated useful life is consistent with estimated churn of the subscribers.

e) Insurance, Duty Drawback and other claims are accounted for as and when admitted by the appropriate authorities.

f) Dividend on investments is recognised when the right to receive is established.

17. Foreign Currency Transactions:

a) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transactions. Foreign Currency Monetary Assets and 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 Monetary Items at the end of the year is recognised, as the case may be, as income or expense for the year.

b) Forward contracts other than those entered into to hedge foreign currency risk on unexecuted firm commitments or of highly probable forecast transactions are treated as foreign currency transaction and accounted accordingly. Exchange differences arising on such contracts are recognised in the period in which they arise and the premium paid/ received is recognised as expenses/income over the period of the contract. Cash flows arising on account of roll over/cancellation of forward contracts are recognised as income/expenses of the period in line with the movement in the underlying exposure.

c) All other derivative contracts including forward contract entered into for hedging foreign currency risks on unexecuted firm commitments and highly probable forecast transactions which are not covered by the existing Accounting Standard (AS 11), are recognised in the financial statements at fair value as on the Balance Sheet date, in pursuance of the announcement of The Institute of Chartered Accountants of India (ICAI) dated 29th March, 2008 on accounting of derivatives. The resultant gains and losses on fair valuation of such contracts are recognised in the Consolidated Profit and Loss Account.

18. Employee Benefits:

a) Short Term Employees Benefits:

Short Term Employees Benefits are recognized as an expense at the undiscounted amount in the Consolidated Profit and Loss Account of the year/period in which the related services are rendered.

b) Post Employment Benefits:

In India:

i) Provident Fund - Defined Contribution Plan

The Group contributes monthly at a determined rate. These contributions are remitted to the Employees' Provident Fund Organisation, India for this purpose and is charged to Consolidated Profit and Loss Account on accrual basis.

ii) Gratuity - Defined Benefit Plan

The Group provides for gratuity to all the eligible employees. The benefit is in the form of lump sum payments to vested employees on retirement, on death while in employment, or termination of employment for an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs on completion of five years of service. Liability in respect of gratuity is determined using the projected unit credit method with actuarial valuations as on the Balance Sheet date and gains/losses are recognized immediately in the Consolidated Profit and Loss Account.

iii) Leave Encashment

Liability in respect of leave encashment is determined using the projected unit credit method with actuarial valuations as on the Balance Sheet date and gains/losses are recognized immediately in the Consolidated Profit and Loss Account.

Outside India:

In case of foreign subsidiaries, liability for retirement benefit have been provided for as per the local laws of respective country.

19. Taxation:

Income tax comprises of current tax and deferred tax. Provision for current income tax is calculated on the basis of the provisions of local laws of respective entity. 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 and recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

20. Share Issue Expenses:

Share issue expenses are written off to Securities Premium Account.

21. Premium on Redemption of Bonds/Debentures:

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

22. 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.

23. Accounting for Leases:

Where the Company is lessee:

a) Operating Leases: Rentals in respect of all operating leases are charged to Profit and Loss Account.

b) Finance Leases:

i) Rentals in respect of all finance leases entered before 1st April, 2001 are charged to Profit and Loss Account.

ii) Assets acquired on or after 1st April, 2001, under finance lease or similar arrangements which effectively transfer to the Company, substantially all the risks and benefits incidental to ownership of the leased items, are capitalised at the lower of their fair value and present value of the minimum lease payments and are disclosed as leased assets.

24. Warranty:

Provision for the estimated liability in respect of warranty on sale of consumer electronics and home appliances products is made in the year in which the revenues are recognised, based on technical evaluation and past experience.

25. Prior Period Items:

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

26. Provision, Contingent Liabilities and Contingent Assets:

Provisions are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources in respect of which reliable estimate can be made.

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

Contingent assets are not recognised in the financial statements.

27. Other Accounting Policies:

These are consistent with the generally accepted accounting principles.

B) The companies which are included in the consolidation with their respective countries of incorporation and the percentage of ownership interest therein of the Company as on 31st December, 2011, are as under:

Name of the Subsidiary	Country of Incorporation	Percentage of Ownership Interest as at	
		31st Dec., 2011	31st Dec., 2010
Middle East Appliances LLC	Sultanate of Oman	**100%**	100%
Videocon Global Limited	British Virgin Islands	**100%**	100%
Videocon Electronics (Shenzhen) Limited (Chinese name-Weiyoukang Electronic (Shenzhen) Limited)	China	**100%**	100%
Eagle ECorp Limited	British Virgin Islands	**100%**	100%
Videocon Energy Ventures Limited	British Virgin Islands	**100%**	100%
Videocon Oman 56 Limited (1)	British Virgin Islands	**100%**	100%
Videocon International Electronics Limited	India	**100%**	100%
Jumbo Techno Services Private Limited (2)	India	**99%**	99%
Senior Consulting Private Limited (2)	India	**90%**	90%
Videocon Telecommunications Limited (2)	India	**99.9%**	99.9%
Datacom Telecommunications Private Limited (3)	India	**99.9%**	99.9%
Videocon Oil Ventures Limited	India	**100%**	100%
Videocon Estelle Limited (w.e.f. 14th January, 2011) (4)	Mauritius	**100%**	-
Videocon Ivory Limited (w.e.f. 14th January, 2011) (4)	Mauritius	**100%**	-
Videocon Hydrocarbon Holdings Limited (4)	Cayman Islands	**100%**	100%
Videocon JPDA 06-103 Limited (5)	Cayman Islands	**100%**	100%
Videocon Mozambique Rovuma 1 Limited (5)	British Virgin Islands	**100%**	100%
Videocon Indonesia Nunukan Inc. (5)	Cayman Islands	**100%**	100%
Videocon Energy Brazil Limited (5)	British Virgin Islands	**100%**	100%
Videocon Australia WA-388-P Limited (5)	Cayman Islands	**100%**	100%
Oil Services International S.A.S. (5)	France	**100%**	100%
Pipavav Energy Private Limited	India	**100%**	100%
Chhattisgarh Power Ventures Private Limited	India	**100%**	100%
Triumph Energy Private Limited (upto 20th October, 2011)	India	**-**	100%
Senator Energy Private Limited (upto 20th October, 2011)	India	**-**	100%
Prosperous Energy Private Limited (w.e.f. 1st March, 2011)	India	**100%**	-
Liberty Videocon General Insurance Company Limited (w.e.f. 19th December, 2011)	India	**100%**	-
Videocon Energy Limited	India	**100%**	100%
Videocon Power Ventures Limited (upto 20th October, 2011) (6)	India	**-**	100%
Proficient Energy Private Limited (6)	India	**100%**	100%
Applied Energy Private Limited (7)	India	**100%**	100%
Instant Energy Private Limited (upto 20th October, 2011) (7)	India	-	85.7%

Name of the Subsidiary	Country of Incorporation	Percentage of Ownership Interest as at	
		31st Dec., 2011	31st Dec., 2010
Orchid Energy Private Limited (upto 20th October, 2011) (7)	India	**-**	100%
Comet Power Private Limited (8)	India	**51%**	100%
Unity Power Private Limited (8)	India	**51%**	100%
Galaxy Power Private Limited (upto 20th October, 2011) (8)	India	**-**	100%
Percept Energy Private Limited (upto 20th October, 2011) (8)	India	**-**	100%
Aim Energy Private Limited (upto 20th October, 2011) (9)	India	**-**	100%
Viable Energy Private Limited (upto 20th October, 2011) (9)	India	**-**	100%
Vital Power Private Limited (upto 20th October, 2011) (9)	India	**-**	100%
Marvel Energy Private Limited (upto 20th October, 2011) (9)	India	**-**	100%
Flair Energy Private Limited (w.e.f. 2nd March, 2011 to 20th October, 2011)	India	**-**	-

Name of the Associate/Joint Venture	Country of Incorporation	Percentage of Ownership Interest as at	
		31st Dec., 2011	31st Dec., 2010
IBV Brasil Petroleo Limitada (10)	Brazil	**50%**	50%
Videocon Infinity Infrastructure Private Limited	India	**50%**	50%
Goa Energy Private Limited (11)	India	**26%**	26%
Radium Energy Private Limited	India	**26%**	26%
Northwest Energy Private Limited (w.e.f. 15th September, 2011)(12)	India	**47%**	-

Notes:

1. Subsidiary of Videocon Energy Ventures Limited
2. Subsidiary of Videocon International Electronics Limited
3. Subsidiary of Videocon Telecommunications Limited
4. Subsidiary of Videocon Oil Ventures Limited
5. Subsidiary of Videocon Hydrocarbon Holdings Limited
6. Subsidiary of Videocon Energy Limited
7. Subsidiary of Proficient Energy Private Limited
8. Subsidiary of Applied Energy Private Limited
9. Subsidiary of Videocon Power Ventures Limited
10. Joint Venture of Videocon Energy Brazil Limited
11. The Company holds 2,600 Shares of Goa Energy Private Limited which constitute 26% of the paid-up capital of the said company. However, this entity (associate) has been excluded from consolidation as, the investment is held with a view of its subsequent disposal in the near future.
12. Associate of Proficient Energy Private Limited

C) NOTES TO ACCOUNTS:

(₹ in Million)

1. Contingent Liabilities not provided for:	**As at 31st Dec., 2011**	As at 31st Dec., 2010
a) Letters of Guarantees	**49,655.61**	38,002.14
b) Letters of Credit opened including standby letters of credit	**29,921.44**	17,806.63
c) Customs Penalty	**6.00**	11.00
d) Customs Duty demands under dispute	**441.02**	400.74
[Amount paid under protest ₹ 0.07 Million (Previous period ₹ 0.07 Million)]		
e) Income Tax demands under dispute	**494.74**	351.13
f) Excise Duty and Service Tax demand under dispute	**610.88**	324.55
[Amount paid under protest ₹ 4.21 Million (Previous period ₹ 4.21 Million)]		
g) Sales Tax demands under dispute	**919.84**	108.04
[Amount paid under protest ₹ 360.08 Million (Previous period ₹ 30.92 Million)]		
h) Others	**1,062.64**	422.33
[Amount paid under protest ₹ 50.00 Million (Previous period ₹ 50.00 Million)]		

i) Show Cause Notices (SCNs) have been served on the Operator of the Ravva Oil & Gas Field Joint Venture (Ravva JV) for non payment of Service Tax and Educational Cess on various services for the period July 2003 to 31st March, 2011. The amount involved relating to Ravva Block is ₹ 412.56 Million (Previous period ₹ 420.55 Million).

The Operator is contesting the SCNs/demands before Commissioner of Service Tax and has filed writ petition before Hon'ble High Court of Madras challenging service tax demands on some of the services and believes that its position is likely to be upheld. The ultimate outcome of the matter cannot be presently 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 upto ₹ 103.14 Million (Previous period ₹ 105.14 Million).

j) Disputed Income Tax demand amounting to ₹ 22.29 Million (Previous period ₹ 22.29 Million) in respect of certain payments made by Ravva Oil & Gas Field Joint Venture is currently pending before the Honourable High Court of Madras. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made 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 upto ₹ 5.57 Million (Previous period ₹ 5.57 Million)

2. a) There is a dispute regarding the deductibility of certain cost in the computation of post tax rate of return. A Partial/Interim Award was issued by an International Arbitration Tribunal under the UNCITRAL Rules on 31st March, 2005 in favour of the Company in respect of a dispute between the Company and Government of India ("GOI") inter-alia regarding deductibility of Oil and Natural Gas Corporation Limited Carry costs ("ONGC Carry") while computing the Post Tax Rate of Return ("PTRR") under the Ravva Production Sharing Contract ("PSC"). However, the Company and the GOI were not able to agree upon the amounts due to /payable by the Company in terms of the Partial/Interim Award, and therefore the Company on 7th July, 2005 filed Interim Applications before the Arbitral Tribunal seeking a determination of the amounts due to/payable by the Company on the basis of the calculations made by the Company in these Applications and interest payable/receivable on such final determined amounts. The said Partial/Interim Award was challenged by GOI on 10th May, 2005 before the High Court in Malaysia with a prayer for setting aside the Partial Award dated 31st March, 2005. The Company challenged the jurisdiction of the High Court in Malaysia and therefore the maintainability of such a proceeding before that Court. The High Court in Malaysia, by a pronouncement dated 5th August, 2009, upheld the contentions of the Company and dismissed the challenge filed by the GOI to the Award dated 31st March, 2005 on the ONGC Carry issue. The GOI filed a Notice of Appeal in December, 2010 before the Appellate Court at Malaysia. The Company has also moved an application on 13th October, 2009 before the High Court of Justice, Queen's Bench Division, Commercial Court at London seeking a declaration that the Seat of the arbitration in respect of the said Arbitration matter between the Company and the GOI is London, England.

b) GOI has filed OMP 255 of 2006 dated 30th May, 2006 before the Hon'ble Delhi High Court under section 9 of the Arbitration and Conciliation Act, 1996, seeking a declaration that the seat of the arbitration as regards the disputes between the Company and the GOI is Kuala Lumpur and not London. The Hon'ble Arbitral Tribunal vide its' letter dated 11th April, 2007 has indicated that it shall continue with the arbitration proceedings, in respect of the disputes referred above, after receiving the judgement of the Hon'ble Delhi Court in OMP 255 of 2006. The Hon'ble Delhi High Court has held, vide judgement dated 30th April, 2008, that it has the jurisdiction to hear the matters arising out of arbitration process and that the matter be heard on merits as against the Company's contention that the said petition itself was not maintainable. The Company has, in this respect, filed Special Leave Petition (SLP) (Civil) No. 16371 of 2008 before the Hon'ble Supreme Court of India to decide the issue of maintainability of OMP 255 of 2006. The Hon'ble Supreme Court, after hearing the Parties, has on 11th May, 2011, passed judgement in the matter allowing the Company's SLP while setting aside the judgement dated 30th April, 2008 of the Hon'ble Delhi High Court and dismissing OMP No. 255 of 2006.

c) GOI has filed Suit being C.S. (OS) No.3314/2011 dated 22nd December, 2011 before the High Court of Delhi seeking, inter alia, an injunction against the Company from proceeding with the English Court Proceedings filed by the Company, inter alia, on the ground that the judgment of the Hon'ble Supreme Court of India dated 11th May, 2011 observing that seat of arbitration remains at Kuala Lumpur cannot be the subject matter of any further adjudication in any court whatsoever including the High Court of Justice, Queens Bench Division, Commercial Court, London. On 23rd December, 2011, after hearing parties, the Delhi High Court passed an ad-interim order to the effect, inter alia, that the parties shall not take any further steps in the English Court Proceedings. The Delhi High Court by judgment dated 5th March, 2012 passed in I.A. No.21069 of 2011 in C.S. (OS) No.3314 of 2011, passed an interim injunction restraining the Company from proceeding with the English Court Proceedings. The Company has filed an Appeal against the judgment dated 5th March, 2012 being F.A.O. (OS) No.132 of 2012 before Divisional Bench, Delhi High Court, which has been admitted and is listed for hearing on 27th August, 2012.

d) In the Appeal filed by the GOI before the Court of Appeal, Malaysia, the GOI has filed a notice of motion to amend the grounds of appeal. The amendment is sought on the GOI's submission that the judgement dated 11th May, 2011 of the Supreme Court of India is res-judicata between the parties on the issue of seat of arbitration. The Court of Appeal has granted permission to the Company to file reply and the Company has filed its reply to the Applications and Affidavits. The matter is next listed for hearing before the Court of Appeal on 18th June, 2012.

e) There is a dispute with regards to conversion of US$ into Indian Rupees for payment of invoice for sale of crude. A dispute regarding the rate of conversion from US$ into Indian rupees applicable to the Nominees of the GOI for the purpose of payment of amount of the invoices for sale of the Crude Oil by the Company under the Ravva PSC was referred to an International Arbitral Tribunal under the UNCITRAL Rules in accordance with the provisions of the Ravva PSC. The Tribunal by its Partial / Interim Award dated 31st March, 2005 held that the payment to the Company should be made after converting the US$ amount into Indian Rupees at the average of the State Bank of India TT Buying and TT Selling Rate (the "Middle Rate"). While accepting the said Award, the Company has worked out and submitted a computation on 30th June, 2005 to GOI indicating the amount receivable at ₹ 121.43 Million being the amount short paid by GOI nominees up to 19th June, 2005 and interest thereon also calculated up to 19th June, 2005. The Company further sent various communications updating its claim receivable from GOI Nominees. The last updated claim was made vide its' letter dated 31st January, 2012 wherein total amount receivable from GOI Nominees is computed at ₹ 839.70 Million, being the amount short paid by GOI Nominees up to 31st December, 2011 including interest thereon of ₹ 120.10 Million also calculated up to 31st December, 2011. The payments to be made by the GOI's nominees in terms of the Award dated 31st March, 2005 is also pending before the Arbitral Tribunal in terms of the Interim Applications filed. The GOI has filed an Original Miscellaneous Petition (OMP) 329 of 2006 dated 20th July, 2006 before Hon'ble Delhi High Court challenging the award in respect of this issue. Another OMP 223 of 2006 dated 9th May, 2006 has been filed by GOI's nominees HPCL and BRPL in the Hon'ble Delhi High Court challenging the Partial Award dated 31st March, 2005 in respect of Conversion/Exchange Rate Matter. The Hon'ble Delhi High Court has on 31st October, 2011 reserved its judgement in respect of both OMP 223 of 2006 and OMP 329 of 2006. The Ministry of Petroleum and Natural Gas (MoPNG) vide its letter dated 11th October, 2011 advised the GOI nominees to make payment against the amounts claimed by the Company on ad-hoc basis after obtaining appropriate indemnity from the Company. Accordingly, during the year such short payment of ₹ 719.60 Million calculated till 31st December, 2011 has been accounted for as Sales/Income from Operations and amount of ₹ 120.10 Million has been recognised as Interest. However, the GOI nominees have not released such amounts as yet and continue to make payments at the exchange rate without considering the directives of the Hon'ble Arbitral Tribunal and the MoPNG in this regard.

f) In respect of disputes with regards to additional profit petroleum, the GOI had vide its' letter dated 3rd November, 2006 raised a collective demand of ₹ 334.13 Million on account of additional profit petroleum payable and interest on delayed payments of profit petroleum calculated up to 30th September, 2006 pursuant to the Partial Arbitral Award dated 31st March, 2005 in the Dispute stated above and Interim Award dated 12th February, 2004 and Partial Award dated 23rd December, 2004. The Company has disputed such demand and is instead seeking refund of US$ 16.70 Million equivalent to ₹ 668.67 Million already excess paid by the Company to the GOI with interest thereon. Subsequently, GOI has in June 2008 through its Nominees deducted a further sum of ₹ 372.21 Million being its' claim of additional profit petroleum and interest on delayed payment of profit petroleum computed up to 30th April, 2008. Such deduction, also being in contravention of the above referred Arbitral Awards, is disputed by the Company.

g) Dispute with regards to quantum allowed as the Base Development Costs (the "BDC") and consequent effect of the same to additional profit petroleum payable on account of disputed BDC was referred to international arbitration. The GOI had contended that the Contractors had claimed BDC to the extent of US$ 499 Million which is in excess of the admissible BDC of US$ 261.57 Million thus impacting the profit petroleum figures for the period upto FY 2008-09. The GOI had contended that it was eligible for sharing profit petroleum, to be calculated each year upto FY 2008-09 in respect of excessive BDC claimed by the Contractors. The Hon'ble Arbitration Tribunal has passed the Arbitral Award on 18th January, 2011 substantially in favour of the Company. However, the Arbitration Tribunal held that the GOI is entitled to be credited by the Contractors with US$ 22.31 Million (out of which the Company's share is US$ 5.58 Million being 25% of US$ 22.31 Million) in the final settlement of cost recovery accounts in relation to Development Costs incurred during contract year 1994-95 to 1999-2000 in excess of US$ 198.43 Million. Accordingly the Operator on behalf of the Company has revised the cost recovery accounts statement and calculation of the Companies' PTRR, in the DGH format, for the years 1997-98 till 2009-10, based on the findings of the Arbitration Award, and such revised statements are submitted on 29th April, 2011. The GOI has not yet responded to such communication of the Operator. Instead, the GOI has preferred an appeal against the said Arbitral Order before the Hon'ble Malaysian Federal Court at Kuala Lumpur in April 2011 and also before the Hon'ble High Court of Delhi in April 2011 seeking quashing of the Arbitral Award. The Hon'ble High Court of Delhi has vide its judgement dated 25th April, 2012 dismissed such petition. Also, the Contractors (including the Company) had filed an Anti-Suit application before the Hon'ble Malaysian Federal Court at Kuala Lumpur in June, 2011 which has since been dismissed. The Contractors (including the Company) has filed an appeal against such order and the same is listed for case management on 1st June, 2012.

Any further sum required to be paid or returnable in respect of dispute referred above at (a) to (g) in accordance with the determination of the amount by the Hon'ble Arbitral Tribunal/relevant courts in this behalf shall be accounted for on the final outcome in those matters.

3. a) Videocon Telecommunications Limited (VTL), a subsidiary, had been awarded licenses to provide Unified Access Services (the UASL or the Telecom License) in 21 circles in India with effect from 25th January, 2008 which were valid for 20 years. Till the end of the financial year VTL had also been allotted spectrum in 20 circles out of which VTL has launched its services in 16 circles.

Subsequent to the Balance Sheet date, Hon'ble Supreme Court of India, vide its judgment dated 2nd February, 2012 in two separate writ petitions filed by Centre for Public Interest Litigation and by another, has quashed all the UASL licences granted on or after 10th January, 2008 pursuant to two press releases issued on 10th January, 2008 and the subsequent allocation of spectrum to the licencees. This includes 21 Telecom Licenses issued to VTL and the spectrum allotted to it in 20 circles. The Hon'ble Supreme Court further directed that its Order of quashing the Telecom Licenses and the allocation of the spectrum shall be operative after four months. from 2nd February, 2012. On 24th April, 2012 the Hon'ble Supreme Court of India modified its Order and postponed the operation of its Order of quashing of the Telecom Licenses and the allocation of the spectrum to 7th September, 2012. The Hon'ble Supreme Court of India had also directed, in its Judgment of 2nd February, 2012, Telecom Regulatory Authority of India (TRAI) to make fresh recommendations for grant of licences and allocation of spectrum (TRAI has since issued its recommendations on 23rd April, 2012) and the Central Government to grant fresh licenses and allocation of spectrum by auction thereafter. The Central Government has announced that it will complete the auction of licenses and allocation of spectrum on or before 31st August, 2012. VTL has decided to participate in such auction. Assuming successful participation by VTL in such auction of the licenses and the spectrum, it is continuing its business as a going concern.

b) During the year, VTL has incurred a net loss of ₹ 17,471.79 Million resulting into accumulated losses of ₹ 28,308.79 Million as at 31st December, 2011, which has eroded its net worth. The ability of VTL to continue as a going concern is substantially dependent on its ability to fund its operating and capital funding requirements. The management is confident of mobilizing the necessary resources for continuing the operations of VTL as per the business plan, as may evolve.

Accordingly, the financial statements have been prepared by VTL on a going concern basis.

4. VTL, a subsidiary, had received a notice dated 14th December, 2010 from the Department of Telecommunications (Access Service Division) ('DoT'), Ministry of Communications & IT directing it to show cause why the Unified Access Services (UAS) Licenses issued for 21 Service Areas should not be terminated as, prima facie, VTL was not in compliance with one of the eligibility conditions of the Guidelines No.10-21/2005-AS-I (Vo.II)/49 dated 14th December, 2005 for the UAS Licenses. According to the DoT, the Authorised Share Capital of VTL on date of application for grant of UAS Licenses was less than the required paid-up equity capital as per Clause 9 of the aforesaid Guidelines.

VTL in its response to the said show cause Notice has denied the allegation made against it and has submitted that as on the date of filing of the application, it had the required authorised and paid-up capital and there was no violation of the eligibility conditions of the said UASL Guidelines and accordingly the said show cause notice is not sustainable on facts and in law for the reasons given therein.

Based on the legal advice obtained, VTL, is of the view it had complied with the eligibility conditions of the said UASL Guidelines.

5. The Department of Telecommunications ('DoT') had issued demand notices for Liquidated Damages aggregating to ₹ 534.50 Million for 20 out of the 21 circles (all the circles except Delhi) allotted to VTL on account of delay in meeting 10% roll-out obligations as stipulated in the Unified Access Service License ('UASL'). Against these demand notices, VTL has paid a total sum of ₹ 419.30 Million of which it has charged to the Profit and Loss Account of ₹ 169.50 Million and the remaining amount of ₹ 249.80 Million has been shown under Loans and Advances as the same are disputed and paid 'under protest'.

i) VTL is confident that eventually it will not be required to pay any claim of Liquidated Damages for 7 circles and pay lesser claim for other circles.

ii) VTL challenged before the Telecom Dispute Settlement Appellate Tribunal ('TDSAT') the claim of Liquidated Damages in respect of 10 circles (i.e. Andhra Pradesh, Assam, Haryana, Jammu & Kashmir, Karnataka, Kolkata, Madhya Pradesh, North East, Uttar Pradesh – East and West Bengal) seeking interim stay and finally setting aside the demand, inter alia, on the ground that (1) there has been a delay in the allocation of start-up spectrum; (2) delay in SACFA clearance should have been calculated on the actual maximum delay and not the average delay; and (3) delay in meeting 10% roll-out obligations was on account of introduction by the DoT of new and onerous conditions in the license agreement (e.g. LI Testing, security clearance of equipment, etc).

iii) The TDSAT has passed an order on 13th January, 2012 whereby it has set aside the demands of DoT in respect of 10 circles and directed DoT to give opportunity to the licensee before raising fresh demands for liquidated damages. The Hon'ble TDSAT, vide its said judgment has also directed DoT to refund the amount of ₹ 242.30 Million paid by VTL as liquidated damages in respect of 10 circles along with 12% interest and VTL has been directed to deposit bank guarantees for the amount of liquidated damages originally demanded.

The final demands payable by VTL is, therefore, unascertainable.

6. Liberty Videocon General Insurance Company Limited (LVGICL) was incorporated on 1st November, 2010 as a Company under the Companies Act, 1956, to undertake and carry on the business of general insurance. The LVGICL has made an application to the Insurance Regulatory and Development Authority (IRDA) for grant of a license to carry on general insurance business in India. The requisite approval is awaited as of 31st December, 2011.

7. Secured Loans:

a) Non-Convertible Debentures

The Non-Convertible Debentures are secured by first 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 ranking *pari-passu* with the charge created/ to be created in favour of Financial Institutions/Banks in respect of their existing and future financial assistance. Also guaranteed by Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.

The Debentures are redeemable at par on 1st January, 2012.

b) Term Loans

The Term Loans are secured by mortgage of immovable assets, existing and future, 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 rank *pari-passu* inter-se for all intents and purposes. The above loans are guaranteed by Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.

A part of loans from banks are secured by first *pari-passu* charge on book debts of consumer electronics and home appliances division which are not charged to bankers for securing working capital loans.

A part of loans from banks are secured by the assignment of fixed and floating charge on all moneys received/to be received by the Company in relation to and from the Ravva Joint Venture, including all receivables of the Ravva Oil and Gas field, 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/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 the Trustee.

A part of loan is secured by Equitable Mortgage on *pari-passu* basis on immovable property situated at Videocon Tower, New Delhi and Equitable Mortgage on *pari-passu* basis on immovable property including land, building and machinery situated at Village Manjra, Warora, Dist. Chandrapur.

A part of loan is secured by mortgage of immovable assets and first charge on movable assets, cash flows and intangible assets pertaining to the 5.75 MW multi Crystelline Silicon photovoltaic Technology Project at Warora.

A part of term loans from banks are secured by first *pari-passu* charge on existing and future assets of the Subsidiary Company viz. Videocon Telecommunications Limited (VTL), assignment of all telecom licenses held VTL by way of tripartite agreement to be executed between the Department of Telecommunications, VTL and Lenders and personal guarantees of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.

A part of term loan is secured by mortgage and first charge on entire immovable properties, both present and future of the Subsidiary Company viz. Comet Power Private Limited, first charge on cash flows, receivables, book debts and revenues, first charge on entire intangible assets, both present and future, first charge by way of hypothecation/ mortgage/assignment of all the rights, titles, interest, benefits, claims and demands in project documents and power purchase agreement, clearances in letter of credit, guarantee, performance bond, corporate guarantee provided by project documents, first charge on trust and retention account and personal gurantee of Mr. Venugopal N. Dhoot.

A part of loan is secured by mortgage and first charge on immovable assets of the Subsidiary Company viz. Chhattisgarh Power Ventures Limited, first charge on right, title, interest benefits, claims and demands, first charge on LC, trust and retention accounts, DSRA and personal guarantee of Mr. Venugopal N. Dhoot.

A part of loan is guaranteed by 10% cash margin in the form of fixed deposit under lien and personal guarantee of Mr. Venugopal N. Dhoot.

A part of loan is secured primarily by assignment of certain receivables of Videocon Hydrocarbon Holding Limited (VHHL), pledge of shares of subsidiaries of VHHL and charge over accounts.

Some of the loans are also secured by pledge of certain investments.

c) External Commercial Borrowings are secured by a first ranking *pari-passu* charge over all the present and future, movable and immovable fixed assets. The loan is further secured by personal guarantees of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.

d) Vehicle Loans from Banks are secured by way of hypothecation of Vehicles acquired out of the said loan. The loans are also secured by personal guarantee of Mr. Venugopal N. Dhoot.

e) 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 personal guarantees of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.

8. Unsecured Loans:

a) Unsecured Rupee Loans from Banks are guaranteed by Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot, the directors of the Company.

b) The Company has availed interest free Sales Tax Deferral under Special Incentive to Prestigious Unit (Modified) Scheme. Out of total outstanding, ₹ 31.02 Million is repayable in two equal annual installments commencing from 30th May, 2012, ₹ 8.78 Million is repayable in seven monthly installments commencing from 20th October, 2013, ₹ 12.48 Million is repayable in seven monthly installments commencing from 20th October, 2014 and ₹ 4.16 Million is repayable on 31st March, 2016.

9. The Parent Company had during the year 2010, issued 2,000 Foreign Currency Convertible Bonds of US$ 100,000 each (Bonds) due on 16th December, 2015, out of which 1,944 (Previous period 2,000) Bonds are outstanding.

i) The Bonds are convertible at the option of the bondholders at any time on or after 25th January, 2011 to 7 days before maturity date i.e. 16th December, 2015, at a fixed exchange rate of ₹ 45.255 per 1 US$ and at initial conversion price of ₹ 239.5265 per share being at premium of 3% over reference share price. The conversion price will be subject to adjustment for, among other things, subdivision or consolidation of shares, rights issues, capital distributions, stock dividends and other dilutive events.

ii) The Bonds are redeemable in whole but not in part at the option of the Company on or after 15th December, 2013, if the closing price of shares for each of the 30 consecutive trading days prior to the date on which notice of such redemption is given was at least 130% of the conversion price.

iii) The Bonds are redeemable at maturity date i.e. on 16th December, 2015 at its principal amount, if not redeemed or converted earlier.

10. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 29,837.97 Million (Previous period ₹ 28,867.50 Million).

(₹ in Million)

11. The major components of deferred tax liabilities/assets are as under:	**As at 31st Dec.,2011**	As at 31st Dec.,2010
a) Deferred Tax Liabilities		
i) Related to Depreciation on Fixed Assets and Amortisation	**7,875.13**	6,766.62
ii) Others	**-**	371.62
(a)	**7,875.13**	7,138.24
b) Deferred Tax Assets		
i) Expenses charged in the financial statements but allowable as deduction in future years under the Income Tax Act, 1961	**64.02**	312.41
ii) Others	**459.92**	84.60
(b)	**523.94**	397.01
Net Deferred Tax Liability **(a-b)**	**7,351.19**	6,741.23

12. Joint Venture Disclosure:

A. The Financial Statements reflect the share of the Group 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 Group incorporates its share in the operations of the Joint Venture based on statements of account received from the Operator. The Group has, in terms of Accounting Policy No. A-7 above, recognised abandonment costs based on the technical assessment of current costs as cost of producing properties and has provided Depletion thereon under 'Unit of Production' method as part of Producing Properties in line with the Guidance Note on Accounting of Oil and Gas Producing Activities issued by The Institute of Chartered Accountants of India.

B. Unincorporated Joint Ventures

a) The Company has participating interest of 25% in Ravva Oil and Gas Field Joint Venture (JV) through a Production Sharing Contract (PSC). Other members of the JV are Oil and Natural Gas Corporation Ltd, Cairn Energy India Pty Limited and Ravva Oil (Singapore) Pte. Ltd. The parties have pursuant to the PSC, entered into a Joint Operating Agreement. Cairn Energy India Pty Ltd. is the Operator.

b) The Company has participating interest of 8.4% in Block WA-388-P in exploration permit for a term of 6 years from 28th August, 2006. The Joint Venture (JV) comprises of the Company, Oilex Limited, Gujarat State Petroleum Corporation Limited, Hindustan Petroleum Corporation Limited, Bharat Petroleum Corporation Limited, Sasol Petroleum Australia Ltd and Apache Northwest Pty Limited ("Apache"). Apache is the Operator with 40% interest in JV. The Capital Commitments based on estimated minimum work programme in relation to it's participating interest is ₹ 1.96 Million (Previous period ₹ 7.69 Million).

c) On 15th November, 2006, the consortium, comprising Videocon JPDA 06-103 Limited ("Videocon JPDA") one of the wholly owned subsidiaries, Oilex (JPDA 06-103) Limited – as Operator, Bharat PetroResources JPDA Limited and GSPC (JPDA) Limited, was allotted the petroleum block JPDA 06-103, under a Production Sharing Contract (PSC) by the Timor Sea Designated Authority. This block is located in the Timor Sea between Australia and Timor-Leste. Videocon JPDA had originally a participating interest of 25% in the PSC. Oilex has farmed-out 15% of its 25% Participating Interest to Japan Energy. Videocon JPDA has farmed-out 5% of its Participating Interest to Pan Pacific Petroleum of Australia reducing the same to 20%.

Out of the four commitment wells, two exploration wells at Lore and Lolotoe were drilled unsuccessfully during the period in question. Autoridade Nacional do Petroleo (ANP) has agreed to a 12 months extension to the primary Exploration period, subject to a 25% relinquishment of the PSC area. The Joint Venture (JV) has proposed to drill one out of the two remaining commitment wells in lieu of excess seismic data acquired, to which ANP has reserved its position until the results of the drilling of the third commitment well are available. The JV has further acquired 200 sq. kms. 3D Seismic Survey in the northern part of the Block and based on processing thereof, decision to spud third commitment exploration well at Bazartete prospect has been taken. The capital commitment of Videocon JPDA, based on work programme is ₹ 483.65 Million (Previous period ₹ 261.17 Million).

d) Videocon Mozambique Rovuma 1 Limited (VMRL), one of the wholly owned subsidiaries, has executed a participation agreement with Anadarko Mozambique Area 1 Limitada, a wholly owned subsidiary of Anadarko Petroleum Corporation, USA. Pursuant to this Agreement, VMRL has acquired 10% participating interest in the Oil Block covering Area 1 Offshore of the Rovuma Block, Republic of Mozambique. The Agreement was closed on 26th December, 2008 (the Closing Date).

The discoveries have been made in five wells which have proven the presence of gas rich hydrocarbons in a new offshore exploration province. Windjammer well drilled in February, 2010 encountered 169 meter net gas, Barquentine well drilled in October, 2010 intersected over 127 meter net gas, Lagosta well has encountered over 168 meter net gas in November, 2010, Tubarao well has encountered 34 meter net gas in February, 2011 and Camarao well encountered 116 meter net gas in October, 2011. The JV is assessing prospects similar to the play types proven by the existing discoveries as the JV undertakes further exploration drilling/testing and extensive appraisal in 2012. The Windjammer, Barquentine, Lagosta and Camarao wells are currently being assessed for various commercialization options. Discovered resources (15-31Tcf) exceed the resource size threshold necessary to support two trains of Liquefied Natural Gas (LNG) with possibility to upgrade to four trains. The capital commitment of VMRL for the next year, based upon the work programme is ₹ 6,860.45 Million (Previous period ₹ 3,886.54 Million).

e) On 4th September, 2009, Videocon Indonesia Nunukan Inc. (VIN), one of the wholly owned subsidiaries, has executed a Farmout Agreement with Anadarko Indonesia Nunukan Company - a wholly owned subsidiary Anadarko Petroleum Corporation, USA along with the related Joint Operating Agreement. The transaction was completed on 28th December, 2009 (the Closing Date). Pursuant to this agreement, VIN has acquired a 12.50% participating interest in the Production Sharing Contract, covering the area referred to as Nunukan Block, located offshore Indonesia, with effect from 1st August, 2009 (the Effective Date). Other members of the consortium are Anadarko Indonesia Nunukan Company, PT Medco E&P Nunukan and BPRL Ventures Indonesia, BV (a step down wholly owned subsidiary of Bharat Petroleum Corporation Limited). Badik-1 well intersected 133 net feet of Oil and gas pay, which has been notified as a discovery. 1600 sq. km. 3D seismic data has been acquired in the Block to locate possible well location and identify further leads and prospects for drilling two appraisal wells and one commitment exploration well in the exploration phase. The Capital commitment of the company for next year based on minimum work program is ₹ 1,207.84 Million (Previous period ₹ 155.22 Million).

C. Incorporated Jointly Controlled Entities:

a) IBV Brasil Petroleo Limitada (IBV), a company incorporated in Brazil, is 50:50 joint venture between Videocon Energy Brazil Limited (VEBL), a wholly owned subsidiary of the Company and Bharat PetroResources Limited, a wholly owned subsidiary of Bharat Petroleum Corporation Limited. IBV has interests in following four concessions with ten deep water offshore exploration blocks in Brazil.

i) Campos Concession: A discovery of hydrocarbons has been made in Wahoo well prospect (BMC-30 Concession) in the Campos Basin. VEBL has 12.50% participating interest in the Wahoo Concession. The Concession is presently in five year Evaluation Phase.

ii) Sergipe Concession: Another discovery of hydrocarbons was announced on 27th October, 2010 in Barra structure in Sergipe Concession. In the Block 497 in Sergipe Concession, Capela, MEP well was spudded on 26th August, 2011 and is under drilling to target Aptian/Barremian reservoirs to a total depth (TD) of 6,300 meters. VEBL has 20% participating interest in the Sergipe Concession.

iii) Potiguar Concession: The first phase of exploration in Potiguar Concession located in the North-eastern region of Brazil, has been extended by one year up to 14th January, 2013 with a commitment to drill exploration well in Block POT-M-760. VEBL has 10% participating interest in the Potiguar Concession.

iv) Espirito Santos Concession: The first exploration Phase in the Espirito Santos Concession comprising of three Blocks ES-M-588, ES-M-663 and ES-M-661, has been completed but no commercial hydrocarbon was found. VEBL has 15% participating interest in the Espirito Santos Concession. The second phase of exploration in Block ES-M-M-588/663 is expiring on 5th January, 2013 and in Block EM-M-661 on 3rd September, 2012.

Anadarko Corporation U.S.A. through its Brazilian subsidiary is the operator in Campos Concession whereas Petroleo Brasiliero S.A. is the operator in the other three Concessions. The capital commitment of the Company for next year based on minimum work program is ₹ 9,670.04 Million (Previous period ₹ 3,380.12 Million).

b) Videocon Infinity Infrastructures Private Limited is a 50 : 50 Joint Venture Company incorporated in India, with Infinity Infotech Parks Limited to carry on the business of infrastructure development like construction of IT/ITes Parks, Biotech Parks etc. The Joint Venture Company has not commenced its commercial operations. The capital commitment of Videocon Infinity Infrastructures Private Limited is ₹ 93.75 Million (Previous period ₹ Nil).

c) The financial interest of the Group in the jointly controlled incorporated entities based on audited/unaudited financial statement received from these Joint Venture entities are as under:

(₹ in Million)

Group's share in	31st Dec., 2011	31st Dec., 2010
Assets	**18,984.69**	13,336.30
Liabilities	**17,992.60**	12,771.19
Other Income	-	698.86
Expenses	-	47.39
Tax	**(379.58)**	192.17

(₹ in Million)

13. Earnings Per Share:

		Year ended 31st Dec., 2011	Period ended 31st Dec., 2010
a)	Net Profit/(Loss) attributable to Equity Shareholders		
	Net Profit/(Loss) as per Profit and Loss Account	**(13,580.22)**	(2,970.19)
	Less: Short Provision of Income Tax for earlier years	**57.44**	57.83
	Less: Transfer from Pre-Operative Expenditure pending Allocation	**-**	408.85
		(13,637.66)	(3,436.87)
	Less: Dividend on Preference Shares including Tax on the same	**39.25**	53.73
	Net Profit/(Loss) attributable to Equity Shareholders	**(13,676.91)**	(3,490.60)
	Add: Changes (net) related to FCCBs	**-**	328.47
	Adjusted Net Profit/(Loss) for Diluted EPS	**(13,676.91)**	(3,162.13)
b)	Weighted Average Number of Equity Shares considered for calculation of Basic EPS	**302,308,789**	263,129,174
	Weighted Average Number of Equity Shares considered for calculation of Diluted EPS	**302,308,789**	287,605,936
c)	Basic Earnings per Share	**₹ (45.24)**	₹ (13.27)
	Diluted Earnings per Share	**₹ (45.24)**	₹ (10.99)
d)	Reconciliation of Weighted Average Number of Equity Shares considered for calculation of:		
	For Basic EPS	**302,308,789**	263,129,174
	Add: Adjustment for Diluted EPS	**-**	24,476,762
	For Diluted EPS	**302,308,789**	287,605,936

14. Disclosure pursuant to Accounting Standard (AS) 15 (Revised)

i) Defined Contribution Plans:

Amount of ₹ 181.39 Million (Previous period ₹ 167.39 Million) is recognised as an expense and shown under the head "Salary, Wages and Employees' Benefits" (Schedule 13) in the Consolidated Profit and Loss Account.

(₹ in Million)

ii) Defined Benefit Plans:	Gratuity 31st Dec., 2011	Gratuity 31st Dec., 2010	Leave Encashment 31st Dec., 2011	Leave Encashment 31st Dec., 2010
a) The amounts recognised in the Balance Sheet as at the end of the year/period				
i) Present Value of Defined Benefit Obligation	**193.01**	157.78	**67.36**	64.34
ii) Fair value of Plan Assets	**54.74**	50.05	**-**	-
iii) Funded Status – Surplus/(Deficit)	**(138.27)**	(107.73)	**(67.36)**	(64.34)
iv) Net Assets/(Liability)	**(138.27)**	(107.73)	**(67.36)**	(64.34)
b) The amounts recognised in Profit and Loss Account/ Pre-operative Expenditure pending Allocation for the year/period				
i) Current Service Cost	**37.87**	42.44	**18.61**	29.92
ii) Interest Cost	**12.47**	11.32	**4.96**	4.73
iii) Actuarial (Gains)/Losses	**14.31**	16.78	**11.59**	16.76
iv) Actual Return on Plan Assets	**4.31**	6.36	**-**	-
v) Total Expenses	**60.34**	62.33	**35.16**	51.41
c) The changes in Obligations during the year/period				
i) Present value of Defined Benefit Obligation at the beginning of the year	**157.78**	110.39	**64.34**	41.44
ii) Current Service Cost	**37.87**	40.59	**18.61**	29.92
iii) Interest Cost	**12.47**	11.32	**4.96**	4.73
iv) Actuarial (Gains)/Losses	**14.31**	16.78	**11.59**	16.76
v) Benefit Payments	**29.42**	21.30	**32.14**	28.51
vi) Present value of Defined Benefit Obligation at the end of the year/period	**193.01**	157.78	**67.36**	64.34
d) The changes in Plan Assets during the year/period				
i) Plan Assets at the beginning of the year	**50.05**	43.60	**-**	-
ii) Contribution by Employer	**8.57**	9.67	**-**	-
iii) Actual Benefit Paid	**8.19**	9.58	**-**	-
iv) Plan Assets at the end of the year/period	**54.74**	50.05	**-**	-
v) Actual return on Plan Assets	**4.31**	6.36	**-**	-

e) Actuarial assumptions:

i) Discount Rate	8% per annum
ii) Mortality	L.I.C. (1994-96) Ultimate
iii) Turnover Rate	5% at younger ages reducing to 1% at older ages
iv) Future Salary Increase	5% per annum

15. 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.

16. The Balances of some of the Debtors, Creditors, Deposits, Advances and Other Current Assets are subject to confirmation.

17. In the opinion of the Board, the value on realisation of Current Assets, Loans and Advances in the ordinary course of the business would not be less than the 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.

(₹ in Million)

18. The details of Pre-Operative Expenditure Pending Allocation are as under:	**As at 31st Dec., 2011**	As at 31st Dec., 2010
a) Balance at the beginning of the year	**832.51**	6,433.86
b) Incurred during the year/period (net)	**1,489.63**	5,929.70
c) Expenditure apportioned over cost of Fixed Assets/Capital work-in-progress	**80.62**	11,122.20
d) Charged to Profit and Loss Account	**43.84**	408.85
e) Balance at the end of the year/period	**2,197.68**	832.51

19. The effect of acquisition and disposal of subsidiaries during the year on the Consolidated Financial Statements is as follows:

(₹ in Million)

	Name of the Company	Effect on Consolidated Profit/(Loss)	Net Assets as at 31st Dec.,2011
a)	**Acquisitions/Incorporations**		
	Prosperous Energy Private Limited (w.e.f. 1st March, 2011)	(0.02)	0.07
	Liberty Videocon General Insurance Company Limited (w.e.f. 19th December, 2011)	(5.01)	44.59
	Videocon Estelle Limited (w.e.f. 14th January, 2011)	(0.16)	1.15
	Videocon Ivory Limited (w.e.f. 14th January, 2011)	(0.26)	(0.24)
b)	**Disposals/Cessation**		
	Triumph Energy Private Limited	(0.01)	0.08
	Senator Energy Private Limited	(0.01)	0.08
	Videocon Power Ventures Limited	(0.01)	0.46
	Aim Energy Private Limited	(0.01)	0.01
	Viable Energy Private Limited	(0.01)	0.01
	Vital Power Private Limited	(0.01)	0.01
	Marvel Energy Private Limited	(0.01)	0.08
	Instant Energy Private Limited	(2.21)	20.11
	Orchid Energy Private Limited	(3.31)	(4.39)
	Galaxy Power Private Limited	(0.02)	0.03
	Percept Energy Private Limited	(0.02)	(0.95)
c)	**Acquisitions and Disposal/Cessation during the year**		
	Flair Energy Private Limited	0.01	-

20. Related Party Disclosures:

As required under Accounting Standard 18 on "Related Party Disclosures", the disclosure of transaction with related parties as defined in the Accounting Standard are given below:

a) List of Related Parties where control exists and related parties with whom transactions have taken place and relationship:

i) Associates:
- Goa Energy Private Limited - Associate - 26%
- Radium Energy Private Limited - Associate - 26%
- Northwest Energy Private Limited - Associate - 47%

ii) Key Management Personnel:
- Mr. Venugopal N. Dhoot - Chairman & Managing Director
- Mr. Rajkumar N. Dhoot - Chairman & Managing Director (Videocon Telecommunications Limited)
- Mr. Pradipkumar N. Dhoot - Whole Time Director
- Mr. S. K. Jain - Senior Vice President
- Mr. Shekhar Jyoti- Vice President
- Mr. C. M. Singh - Vice President (w.e.f. 1st January, 2011)
- Mr. J. R. Rathore - Senior Vice President (w.e.f. 1st January, 2011)
- Mr. Abhijit Kotnis - Vice President
- Mr. Bipin Jain - Chief Executive Officer (Chhattisgarh Power Ventures Private Limited)
- Mr. Roopam Asthana - Chief Executive Officer (Liberty Videocon General Insurance Company Limited)
- Mr. Surinder Pal Anand - Chief Executive Officer (Pipavav Energy Private Limited)

b) Transactions/outstanding balances with Related Parties:

The Company has entered into transactions with certain related parties during the year as listed below. The Board considers such transactions to be in normal course of business:

(₹ in Million)

Particulars	Associates	Key Management Personnel
Nature of Transactions		
Interest Recovered	**90.42** (44.63)	
Advances/Loans given	**5.90** (-)	
Advances/Loans received back	**-** (48.00)	
Remuneration		**53.49** (60.86)
Outstanding as at 31st December, 2011		
Advances/Loans given	**368.58** (362.68)	
Investments	**0.05** (0.05)	

c) Material transactions with Related Party during the year are:

Interest recovered from Goa Energy Private Limited ₹ 90.42 Million (Previous period ₹ 44.63 Million); Advances/Loans given to Goa Energy Private Limited ₹ 5.39 Million (Previous period ₹ Nil) and Radium Energy Private Limited ₹ 0.51 Million (Previous period ₹ Nil).

21. Reserves:

Share of the Company in remaining reserves on proved and probable basis (as per Operator's estimates) in Ravva Oil & Gas field (Unincorporated) Joint Venture.

Particulars	**Unit of measurement**	**As at 31st Dec.,2011**	As at 31st Dec.,2010
Crude Oil	Million Metric Tonnes	**1.53**	1.85
Natural Gas	Million Cubic Meters	**240.29**	359.13

22. As required by Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets" issued by The Institute of Chartered Accountants of India, the disclosure with respect to provisions are as follows:

(₹ in Million)

Warranty and Maintenance Expenses	**Year ended 31st Dec.,2011**	Period ended 31st Dec.,2010
a) Amount at the beginning of the year	**638.51**	618.73
b) Additional provision made during the year/period	**596.46**	617.91
c) Amount used	**602.82**	598.13
d) Amount at the end of the year/period	**632.15**	638.51

23. a) Operating Lease:

i) Lease payments under cancellable leases are recognised as an expenses in the Consolidated Profit and Los Account.

ii) The maximum obligation on long-term non-cancellable operating leases entered on or after 1st April, 2001 payable as per the rentals stated in respective agreements are as follows:

(₹ in Million)

Minimum Lease Payments	**As at 31st Dec.,2011**	As at 31st Dec.,2010
Not later than 1 year	**73.77**	71.18
Later than 1 year and not later than 5 years	**404.01**	316.83
More than 5 years	**397.52**	484.90
Total	**875.30**	872.91

b) The Subsidiary Company viz. Videocon Telecommunications Limited (VTL) has entered into composite IT outsourcing agreements, wherein vendors have supplied the fixed assets and IT related services to VTL. Based on the risk and rewards incidental to the ownership, the fixed asset and liability are recorded at the fair value of the leased assets at the time of the receipt of the assets, since it is not possible for VTL to determine the extent of fixed assets and services under the contract at the inception of the contract. Such fixed assets received have been accounted for as finance lease. These assets are depreciated over the stated useful lives applicable to similar assets of VTL. Since the entire amount payable to vendors towards the supply of fixed assets and services during the period is accrued, the disclosures as per Accounting Standard 19 are not applicable.

24. Segment Information:

The Company and its subsidiaries have identified four reportable segments viz. Consumer Electronics and Home Appliances, Crude Oil and Natural Gas, Telecommunications and Power. Segments have been identified and reported taking into account nature of products and services, the differing risks and return.

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) Primary Segment Information - Business segment:

(₹ in Million)

Particulars	Consumer Electronics and Home Appliances		Crude Oil and Natural Gas		Telecommunications		Power		Total	
	Year ended 31.12.2011	Period ended 31.12.2010	**Year ended 31.12.2011**	Period ended 31.12.2010	**Year ended 31.12.2011**	Period ended 31.12.2010	**Year ended 31.12.2011**	Period ended 31.12.2010	**Year ended 31.12.2011**	Period ended 31.12.2010
1. Segment Revenue										
- External	**115,651.15**	135,403.79	**14,934.64**	13,203.33	**6,227.05**	1,679.75	**32.23**	-	**136,845.07**	150,286.87
- Inter Segment	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Total Segment	**115,651.15**	135,403.79	**14,934.64**	13,203.33	**6,227.05**	1,679.75	**32.23**	-	**136,845.07**	150,286.87
2. Segment Result before Interest	**12,313.78**	16,418.09	**4,771.93**	3,742.58	**(12,393.32)**	(9,394.87)	**(25.14)**	(12.88)	**4,667.25**	10,752.92
Less: Interest Expenses	**-**	-	**-**	-	**-**	-	**-**	-	**15,563.88**	10,892.08
Add: Other Unallocable Income/ (Expenses)	**-**	-	**-**	-	**-**	-	**-**	-	**(831.48)**	591.21
Profit/(Loss) before Taxation	**-**	-	**-**	-	**-**	-	**-**	-	**(11,728.11)**	452.05
Add: Share in Profit/(Loss) of Associates	**-**	-	**-**	-	**-**	-	**-**	-	**(0.19)**	-
Add: Profit/(Loss) on Disposal/ Dilution of holding in Subsidiaries/ Associates	**-**	-	**-**	-	**-**	-	**-**	-	**49.74**	(173.41)
Less: Provision for Current Tax	**-**	-	**-**	-	**-**	-	**-**	-	**1,304.87**	1,812.40
Less: Provision for Deferred Tax	**-**	-	**-**	-	**-**	-	**-**	-	**602.00**	1,438.36
Profit/(Loss) before Minority Interest	**-**	-	**-**	-	**-**	-	**-**	-	**(13,585.43)**	(2,972.12)
Add: Minority Interest	**-**	-	**-**	-	**-**	-	**-**	-	**5.21**	1.93
Profit/(Loss) for the year/period	**-**	-	**-**	-	**-**	-	**-**	-	**(13,580.22)**	(2,970.19)

3. Other Information

(₹ in Million)

Particulars	Consumer Electronics and Home Appliances		Crude Oil and Natural Gas		Telecommunications		Power		Others/Unallocable		Total	
	Year ended 31.12.2011	Period ended 31.12.2010	**Year ended 31.12.2011**	Period ended 31.12.2010	**Year ended 31.12.2011**	Period ended 31.12.2010	**Year ended 31.12.2011**	Period ended 31.12.2010	**Year ended 31.12.2011**	Period ended 31.12.2010	**Year ended 31.12.2011**	Period ended 31.12.2010
Segment Assets	**166,207.17**	143,513.66	**69,550.51**	28,693.98	**52,020.73**	48,753.39	**16,516.86**	10,219.35	**88,421.90**	32,078.78	**392,717.17**	263,259.16
Segment Liabilities	**97,156.88**	75,247.79	**65,573.63**	24,947.98	**65,329.78**	44,590.11	**11,034.44**	4,729.97	**80,832.65**	29,585.41	**319,927.38**	179,101.26
Capital Expenditure	**7,625.90**	1,728.71	**28,082.51**	8,369.71	**1,610.65**	16,834.07	**6,060.10**	5,334.47	**109.34**	104.86	**43,488.50**	32,371.82
Depreciation	**5,244.73**	6,568.80	**795.49**	577.75	**3,015.73**	1,685.19	**32.97**	0.05	**71.83**	80.21	**9,160.75**	8,912.00

d) Secondary Segment Information:

(₹ in Million)

Particulars	**Within India**		**Outside India**		**Total**	
	Year ended 31.12.2011	Period ended 31.12.2010	**Year ended 31.12.2011**	Period ended 31.12.2010	**Year ended 31.12.2011**	Period ended 31.12.2010
Segment Revenue - External Turnover	**131,112.77**	143,253.07	**5,732.30**	7,033.80	**136,845.07**	150,286.87
Segment Assets	**311,973.89**	230,377.54	**80,743.28**	32,881.62	**392,717.17**	263,259.16
Segment Liabilities	**250,737.41**	157,032.01	**69,189.97**	22,069.25	**319,927.38**	179,101.26
Capital Expenditure	**16,004.81**	24,474.25	**27,483.69**	7,897.57	**43,488.50**	32,371.82

25. The figures of the current year are not comparable with those of the previous period, as: a) the current year's figures do not include operations of certain subsidiaries, consequent to their cessation to be subsidiaries of the Company in the previous period and include operations of certain subsidiaries for part of the year, consequent to their acquisition as stated in Note No. B above; b) the figures for the current year are for a period of 12 months as against 15 months in previous period. Figures in respect of previous period have been regrouped, reclassified and recasted wherever necessary to make them comparable with those of current year.

26. The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February, 2011 and 21st February, 2011, respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

STATEMENT PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT, 1956

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Amount in	Exchange Rate	Capital	Share Application Money Received	Reserves	Total Assets*	Total Liabilities **	Investments (other than investments in Subsidiaries)	Turnover/ Total Income	Profit Before Tax	Provision for Tax (net of write back)	Profit after Tax	Proposed Dividend	Country
1.	Chhattisgarh Power Ventures Private Limited	₹	₹ Mn.		0.10	1,000.00	(0.04)	2,973.04	1,972.98	-	-	(0.04)	(0.01)	(0.02)	-	India
2.	Eagle ECorp Limited	US$	₹ Mn.	53.62	0.54	-	1,166.39	1,169.58	2.66	-	-	(0.07)	-	(0.07)	-	British Virgin Island
			US$ Mn.		0.01	-	21.75	21.81	0.05	-	-	(0.001)	-	(0.001)	-	
3.	Middle East Appliances LLC	RO	₹ Mn.	139.69	314.54	559.52	(720.20)	220.62	66.75	-	29.81	(71.86)	-	(71.86)	-	Sultanate of Oman
			RO Mn.		2.25	4.01	(5.16)	1.58	0.48	-	0.21	(0.51)	-	(0.51)	-	
4.	Pipavav Energy Private Limited	₹	₹ Mn.		5,500.00	-	(6.46)	9,052.24	3,558.70	-	-	(5.28)	-	(5.28)	-	India
5.	Prosperous Energy Private Limited	₹	₹ Mn.		0.10	-	(0.03)	409.52	409.45	-	-	(0.02)	(0.005)	(0.02)	-	India
6.	Videocon Electronics (Shenzen) Limited (Chinese Name - Weiyoukang Electronics (Shenzhen) Co., Ltd.)	CNY	₹ Mn.	8.44	7.76	-	(1.84)	45.80	39.88	-	47.39	0.70	0.23	0.47	-	China
			CNY Mn.		0.92	-	(0.22)	5.43	4.72	-	5.62	0.08	0.03	0.06	-	
7.	Videocon Global Limited	US$	₹ Mn.	53.62	0.13	-	213.01	15,375.37	15,162.23	-	1,906.86	(1,968.33)	-	(1,968.33)	-	British Virgin Island
			US$ Mn.		0.003	-	3.97	286.75	282.77	-	35.56	(36.71)	-	(36.71)	-	
8.	Videocon Energy Ventures Limited	US$	₹ Mn.	53.62	0.05	-	(9.79)	1,340.50	1,350.24	-	-	(9.40)	-	(9.40)	-	British Virgin Island
			US$ Mn.		0.001	-	(0.18)	25.00	25.18	-	-	(0.18)	-	(0.18)	-	
9.	Videocon Oman 56 Limited	US$	₹ Mn.	53.62	0.05	-	0.02	0.16	0.08	-	655.40	655.27	-	655.27	-	British Virgin Island
			US$ Mn.		0.001	-	0.000	0.003	0.002	-	12.22	12.22	-	12.22	-	
10.	Videocon Energy Limited	₹	₹ Mn.		1,000.00	-	(7.14)	993.53	0.67	-	-	(0.05)	-	(0.05)	-	India
11.	Videocon Oil Ventures Limited	₹	₹ Mn.		1,000.00	9,000.00	(65.31)	15,236.87	5,302.18	-	-	(25.21)	-	(25.21)	-	India
12.	Proficient Energy Private Limited	₹	₹ Mn.		0.10	-	11.60	532.68	596.18	75.20	17.25	17.22	5.60	11.62	-	India
13.	Applied Energy Private Limited	₹	₹ Mn.		0.10	-	5.63	261.50	255.78	-	8.20	8.18	2.54	5.64	-	India
14.	Comet Power Private Limited	₹	₹ Mn.		207.32	-	5.04	962.64	750.27	-	13.58	(27.88)	-	(27.88)	-	India
15.	Unity Power Private Limited	₹	₹ Mn.		0.10	-	(0.03)	562.47	562.40	-	0.18	(0.01)	-	(0.01)	-	India
16.	Videocon International Electronics Limited	₹	₹ Mn.		20,000.00	-	(1,098.99)	30,577.45	15,534.74	3,858.30	0.31	(460.00)	-	(460.00)	-	India

FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

STATEMENT PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT, 1956

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Amount in	Exchange Rate	Capital	Share Application Money Received	Reserves	Total Assets*	Total Libilities **	Investments (other than investments in Subsidiaries)	Turnover/ Total Income	Profit Before Tax	Provision for Tax (net of write back)	Profit after Tax	Proposed Dividend	Country
17.	Jumbo Techno Services Private Limited	₹	₹ Mn.		1,000.00	-	1,222.48	3,312.55	1,090.07	-	-	(0.03)	-	(0.03)	-	India
18.	Senior Consulting Private Limited	₹	₹ Mn.		10.00	-	(2.97)	1,386.36	1,379.33	-	-	(0.04)	-	(0.04)	-	India
19.	Videocon Telecommunications Limited	₹	₹ Mn.		15,000.00	10,000.00	(28,308.79)	52,020.93	55,329.74	0.02	6,233.66	(17,471.79)	0.003	(17,471.79)	-	India
20.	Datacom Telecommunications Private Limited	₹	₹ Mn.		0.50	-	(0.27)	1.83	1.60	-	0.80	(0.11)	-	(0.11)	-	India
21.	Videocon Hydrocarbon Holdings Limited	US$	₹ Mn.	53.62	10,884.86	3,646.16	(155.51)	55,303.54	40,928.02	-	10.33	(311.56)	-	(311.56)	-	Cayman Island
			US$ Mn.		203.00	68.00	(2.90)	1,031.40	763.30	-	0.19	(5.81)	-	(5.81)	-	
22.	Videocon JPDA 06-103 Limited	US$	₹ Mn.	53.62	0.05	-	(317.26)	5,415.36	5,732.57	-	21.76	21.50	-	21.50	-	Cayman Island
			US$ Mn.		0.001	-	(5.92)	101.00	106.91	-	0.41	0.40	-	0.40	-	
23.	Videocon Mozambique Rovuma 1 Limited	US$	₹ Mn.	53.62	0.54	-	(16.58)	16,372.48	16,388.53	-	-	(4.99)	-	(4.99)	-	British Virgin Island
			US$ Mn.		0.01	-	(0.31)	305.34	305.64	-	-	(0.09)	-	(0.09)	-	
24.	Videocon Indonesia Nunukan Inc.	US$	₹ Mn.	53.62	0.05	-	(1.24)	2,466.08	2,467.27	-	-	(0.29)	-	(0.29)	-	Cayman Island
			US$ Mn.		0.001	-	(0.02)	45.99	46.01	-	-	(0.01)	-	(0.01)	-	
25.	Videocon Energy Brazil Limited	US$	₹ Mn.	53.62	0.05	-	188.56	26,681.41	26,492.80	-	-	(2.46)	(440.43)	437.97	-	British Virgin Island
			US$ Mn.		0.001	-	3.52	497.60	494.08	-	-	(0.05)	(8.21)	8.17	-	
26.	Videocon Australia WA-388-P Limited	US$	₹ Mn.	53.62	0.000	-	(0.79)	-	0.79	-	-	(0.23)	-	(0.23)	-	Cayman Island
			US$ Mn.		0.000	-	(0.01)	-	0.01	-	-	(0.004)	-	(0.004)	-	
27.	Oil Services International S.A.S.	€	₹ Mn.	69.67	0.01	-	(0.32)	0.01	0.33	-	-	(0.32)	-	(0.32)	-	France
			€ Mn.		0.000	-	(0.005)	0.000	0.005	-	-	(0.005)	-	(0.005)	-	
28.	Videocon Estelle Limited	US$	₹ Mn.	53.62	1.34	-	(0.19)	1.62	0.47	-	-	(0.19)	-	(0.19)	-	Mauritius
			US$ Mn.		0.03	-	(0.004)	0.03	0.01	-	-	(0.004)	-	(0.004)	-	
29.	Videocon Ivory Limited	US$	₹ Mn.	53.62	0.05	-	(0.30)	0.33	0.58	-	-	(0.30)	-	(0.30)	-	Mauritius
			US$ Mn.		0.001	-	(0.01)	0.01	0.01	-	-	(0.01)	-	(0.01)	-	
30.	Liberty Videocon General Insurance Company Limited	₹	₹ Mn.		49.60	-	(47.84)	20.07	18.31	-	-	(47.84)	-	(47.84)	-	India

* Total Assets excludes Investments (other than Investments in Subsidiaries)

** Total Liabilities excludes Share Application Money Received

TEAR HERE

ATTENDANCE SLIP

VIDEOCON INDUSTRIES LIMITED

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

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.
Joint Shareholders may obtain additional slip on request.

DP ID*		Registered Folio No.	
Client ID*			

NAME AND ADDRESS OF SHAREHOLDER ______________________________

____

No. of Share(s) Held: ______________________________

I hereby record my presence at the **TWENTY-THIRD ANNUAL GENERAL MEETING** of the Company to be held on Friday, 29th June, 2012 at 12.00 Noon at the Registered Office of the Company at 14 K.M. Stone, Aurangabad - Paithan Road, Village: Chittegaon, Taluka: Paithan, District: Aurangabad - 431 105 (Maharashtra).

Signature of the Shareholder/Proxy ______________________________

*Applicable for investors holding shares in electronic form

PROXY FORM

VIDEOCON INDUSTRIES LIMITED

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

DP ID*		Registered Folio No.	
Client ID*			

I/we ______________________________ of ______________________________ being a member / members of Videocon Industries Limited hereby appoint ______________________________ of ______________________________ or failing him ______________________________ as my / our proxy to vote for me / us and on my / our behalf at the **TWENTY-THIRD ANNUAL GENERAL MEETING** of the Company to be held on Friday, 29th June, 2012 at 12.00 Noon at the Registered Office of the Company at 14 K.M. Stone, Aurangabad - Paithan Road, Village: Chittegaon, Taluka: Paithan, District: Aurangabad - 431 105 (Maharashtra), at any adjournments thereof.

Signed on this ______________________________ day of ______________ 2012

Signature ______________________________

No. of Shares held ______________________________

Affix Revenue Stamp of ₹ 1/-

*Applicable for investors holding shares in electronic form

Note: The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Offce of the Company, not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a member of the Company.

Please read errata for typesetting matter.

GREEN INITIATIVE

Ministry of Corporate Affairs ("MCA") has launched a "Green Initiative in Corporate Governance" by allowing paperless compliances by the companies. MCA has issued circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011, respectively, allowing companies to send official documents to their shareholders in electronic mode.

Keeping in view the underlying theme and the circular(s) issued by MCA, the Company proposes to send Notices of General Meeting(s), Financial Statements, Annual Reports and other shareholders' communications in electronic mode. This will be sent to the shareholders' e-mail address(es) provided by the depositories and registered with the Company.

E-mail Communications to the shareholders will result in multiple benefits as under:

- Timely receipt of all communications without any transit loss.
- Helping in protecting environment and conservation of resources.
- Easy storage in soft copy, thereby eliminating the requirement of storage of bulky documents for subsequent reference.

The Company will simultaneously display full text of the Annual Report and other shareholders' communications on its website www.videoconworld.com, as soon as the same is e-mailed to the shareholders and will also be made available for inspection at the Registered Office of the Company during the office hours.

Members who hold shares in physical form and desire to receive the documents in electronic mode are requested to provide their details (name, folio no., e-mail id) on the Company's e-mail address viz. secretarial@videoconmail.com. Members who hold shares in electronic form are requested to get their details updated with the respective depositories.

The shareholders of the Company, receiving the documents in electronic mode, will be entitled to be furnished, free of cost, a printed copy of the Annual Report and other shareholders' communications of the Company, upon receipt of a requisition from shareholder, at any time.

BOOK-POST

If undelivered, please return to:

MCS Limited
Unit: Videocon Industries Limited
Kashiram Jamnadas Building, Office No. 21/22, Ground Floor,
5, P.D'mello Road (Ghadiyal Godi), Masjid (East), Mumbai 400 009.

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